

Reporter

Spring 2016

A Newsletter for Employees

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What you need to know about retirement plans

Read recent developments that may affect your retirement plan:

- [Changes to Voluntary Correction Program compliance fees](#) – includes reduced fees for most 401(a) and 403(b) plans
- [Disaster relief for retirement plan and IRAs](#) – determine when certain retirement plan and IRA deadlines may be extended for affected taxpayers
- [Revisions to the Employee Plans Determination Letter Program](#) (Notice 2016-3) – changes include extension of the period from April 30, 2016, to April 30, 2017, during which certain employers may establish or adopt a defined contribution pre-approved plan on or after January 1, 2016, and may, if eligible, apply for a determination letter.
- [Treatment of same-sex marriages](#) – additional guidance for retirement plans (Notice 2015-86)
- [IRS Video Portal](#) – view webinars on retirement plan issues

To make sure you receive the latest retirement plans news, [subscribe](#) to the free IRS newsletter Employee Plans News. Also, visit (and bookmark) the [Tax Information for Retirement Plans](#) Web page on IRS.gov for other retirement plan resources. 



Stay in compliance with APA's Payroll Tax Forum

Payroll is one of the most regulated aspects of any business. The cost of noncompliance is steep. By attending an American Payroll Association (APA) Payroll Tax Forum, a one-day course offered in 18 cities nationwide, June 13 - 24, 2016, you can avoid penalties by learning about the latest payroll-related changes from Congress and federal agencies such as the IRS, SSA, DOL, and the Department of Homeland Security.

Topics include: the health insurance data reporting required by the Affordable Care Act, the taxation and reporting of executive employee compensation, preparing for the proposed increase to the white collar exemption minimum salary requirement, and planning for the accelerated W-2 and 1099 filing due dates.

The class also includes a review of recent legislative and regulatory changes, a review of the annually adjusted wage bases and benefit limits, and a discussion of revisions to IRS forms and publications. Payroll directors and managers, tax and compliance officers, controllers, CFOs, treasurers, and anyone else involved in your organization's payroll should not miss this opportunity. For more information, visit the APA [website](#). 

A review of payroll record retention requirements

Once you complete your year-end payroll processes, you should consider cleaning up your old files. Determining which records you can destroy and which records you must retain can be tricky. This year, you may also need to add Affordable Care Act (ACA) healthcare information to your record retention process. Because of the complexities involved, the APA offers this basic guideline of payroll record retention requirements.

The Internal Revenue Code requires all employers that withhold and pay federal income, social security, and Medicare taxes to maintain certain records for each employee. Failure to meet these requirements can result in sizable penalties and large settlement awards if you are unable to provide the required information when requested by the IRS or in an employment-related lawsuit.

Income, Social Security, and Medicare Taxes

Employers must keep income, social security, and Medicare tax records for at least four years after the due date of the employee's personal income tax return (generally, April 15) for the year in which the payment was made, including:

- The Employer Identification Number (EIN);
- The employee's name, address, occupation, and social security number;
- The total amount and date of each payment of compensation and any amount withheld for taxes or otherwise, including reported tips and the fair market value of non-cash payments;
- The amount of compensation subject to withholding for federal income, social security, and Medicare taxes, and the corresponding amount withheld for each tax (also the date withheld if withholding occurred on a different day than the payment date);
- The pay period covered by each payment of compensation;
- If applicable, the reason(s) why the total compensation and the taxable amount for each tax rate are different;
- The employee's Form W-4, *Employee's Withholding Allowance Certificate*;
- Each employee's beginning and ending dates of employment;
- Any statements provided by the employee reporting tips received;
- Fringe benefits provided to the employee and any required substantiation;
- Adjustments or settlements of taxes; and
- Amounts and dates of tax deposits.

In addition, employers must hold onto information regarding wage continuation payments made to the employee by an employer or third party under an accident or health plan. This should

include the beginning and ending dates of the period of absence from work and the amount and weekly rate of each payment (including payments made by third parties). You also need to keep copies of the employee's Form W-4S, *Request for Federal Income Tax Withholding From Sick Pay*. If applicable, you should also retain copies of Form 8922, *Third-Party Sick Pay Recap*. These items must also be kept for four years after the due date of the employee's personal income tax return for the year in which the payment was made.

Likewise, copies of returns filed (on paper or electronically), including Forms 941 (with Schedule B, D, and/or R, as applicable), 943, 944, 945, 941-X, W-3, Copy D of Form W-2, and any Forms W-2 sent to employees but returned as undeliverable, must be retained for at least four years after the due date of the tax (or the date the tax is actually paid, if later) for the return period to which the records relate. If you can electronically reproduce the undeliverable Forms W-2, you may destroy the originals.

If an employer files a claim for refund, credit, or abatement of withheld income and employment taxes, records related to the claim must be retained for at least four years after the filing date of the claim.

Employers with a health insurance, cafeteria, educational assistance, adoption assistance, or dependent care assistance plan providing benefits that are excluded from income must also keep whatever records are needed to determine whether the plan meets the requirements for excluding the benefit amounts from income.

Employers must also keep records substantiating any information returns and employer statements to employees regarding tip allocations for at least three years after the due date of the return or statement to which they relate.

Affordable Care Act Information

In *IRS Tax Tip 2015-74*, the IRS explains that the following ACA Forms are considered information returns and that issuers should retain copies of the returns or have the ability to reconstruct the data for at least three years from the reporting due date:

- Form 1094-B, *Transmittal of Health Coverage Information Returns*;
- Form 1095-B, *Health Coverage*;
- Form 1094-C, *Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns*; and
- Form 1095-C, *Employer-Provided Health Insurance Offer and Coverage*.

Unemployment Tax

The Federal Unemployment Tax Act (FUTA) also requires that employers retain records pertaining to compensation earned and unemployment contributions made. Such records must be retained for four years after the due date of the Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, or the date the required FUTA tax was paid, whichever is later. Employers must retain records substantiating:

- The total amount of employee compensation paid during the calendar year;
- The amount of compensation subject to FUTA tax;
- State unemployment contributions made, with separate totals for amounts paid by the employer and amounts withheld from employees' wages (currently, Alaska, New Jersey, and Pennsylvania require employee contributions);
- All information shown on Form 940 (with Schedule A and/or R as applicable); and
- If applicable, the reason why total compensation and the taxable amounts are different.

Department of Labor, State Requirements

Record retention requirements are also set by the federal Department of Labor (DOL) and state wage-hour and unemployment insurance agencies. You can read the DOL's rules by visiting their site [here](#). Links to state agencies can be found by visiting APAs site [here](#). APA

Here's a free no-fee, retirement savings option

The U.S. Department of the Treasury is offering **myRA[®]**, a new, starter retirement savings option. It's safe (with no risk of loss), affordable (no costs or fees) and it is designed to make saving easy for people who need it most – especially workers who don't have access to a retirement savings plan at their job or lack other savings options. New this year, taxpayers can direct deposit all or a portion of their federal tax refund into a myRA[®] account once they enroll. Go to <https://myra.gov> for more details. IRS

IRS payment options are available for many

Paying your taxes on time and in full is best. Doing so eliminates costly penalty and interest charges.

You can explore options for paying your taxes on the IRS website at IRS.gov/payments.

For individuals, including sole-proprietors, IRS Direct Pay is an easy, secure and free way to pay your income taxes through an electronic debit from your bank account. Individuals can make estimated tax payments, schedule a payment with their return or pay with their extension of time to file. To see all the types of payments you can make and to use the service visit Direct Pay on our website.

For employers, the Electronic Federal Tax Payment System is required for making payroll tax deposits. EFTPS can also be used to pay other business taxes and to monitor your payroll tax deposits if you use a payroll service. Once enrolled in EFTPS, it is the convenient and secure way to pay taxes online or by phone. Individuals can also enroll in and use EFTPS. To see all that EFTPS has to offer, visit EFTPS.

Both Direct Pay and EFTPS also allow users to check on the status of payments, modify or cancel payments and see their payment history.

Individuals and businesses that cannot pay on time may be able to set up an IRS payment plan. If you qualify, you can set up the payment plan online in the time it takes to fill out a written application and put it in the mail. And with the online application, you get immediate notification of approval, no waiting for the IRS to get back to you. To see if you qualify and what you will need to apply visit the Online Payment Agreement application at IRS.gov.

Before you decide a payment plan is right for you, you should know that a late payment penalty and interest apply to overdue federal taxes. And the longer it takes you to pay off what you owe, the larger the penalty and interest charges will be. For many, borrowing or paying



by credit card is less expensive than an IRS payment plan. If borrowing is not an option, paying as much as possible with your tax return and paying off the balance quickly will keep penalties and interest to a minimum.

If you decide a payment plan is the way to go, the IRS encourages you to make your payments by direct debit from your bank account. With direct debit, your payments are automatic until the balance is paid: No writing and mailing a check every month. In addition, there is a lower setup fee and less chance of missed or late payments resulting in more penalty and interest charges.

Short-term payment plans of 120-days or less are also an option. There is no setup fee for short-term plans and remember, the faster you pay the less you pay.

If you have explored all your options and don't think you can pay the full amount you owe, an Offer in

Compromise may be possible. An Offer in Compromise is an agreement between you and the IRS to settle your tax debt for less than the full amount owed. Not everyone qualifies for an offer. To see if you qualify and get an estimate of how much the IRS will ask you to pay to settle your tax debt, use our online Offer in Compromise Pre-Qualifier tool.

Finally, if you are struggling financially the IRS may be able to delay the collection process temporarily. Keep in mind, this does not mean your tax debt goes away. Penalty and interest charges continue to grow and the IRS will review your financial situation periodically to see if you can pay. We may also file a Notice of Federal Tax Lien to protect the government's interest in your assets. To request a temporary delay of the collection process, contact the IRS at 1-800-829-1040 or call the phone number on your bill or notice.

Complete information for individual and business taxpayers filing or paying late is available on our website at IRS collection procedures. Information about your rights as a taxpayer is also available, see Taxpayer Bill of Rights. **IRS**

IRS news is just a click away

Get IRS news in your inbox by subscribing to free e-newsletters including:

- **e-News for Payroll Professionals** for information about federal payroll reporting such as legislative changes, news releases, special announcements and employment tax procedures.
- **e-News for Small Businesses** for information of interest to small business owners and self-employed individuals such as important tax dates, reminders and tips, news releases and special announcements. **IRS**

Your employees can make a payment to apply for an extension

Your employees can apply for an automatic extension of time to file by making an electronic payment by April 18. There's no need to file a paper or electronic Form 4868. An extension of time to file is not an extension to pay. Taxes are still due by the original due date.

IRS offers several electronic payment options for you and your employees. You can pay online, by

phone or from your mobile device. Go to IRS.gov/Payments for the payment options, telephone numbers, and easy secure ways to pay your taxes.

Accessing our mobile-friendly payment options like IRS Direct Pay, a free and secure way to make a payment directly from your bank account is easy. You can also make a credit or debit card payment using one of our approved payment pro-

cessor for a fee. You can also download IRS2Go for free from Google Play, the Apple App Store or Amazon for free.

All of the electronic payment options are quick, easy, and secure and can be used by individual taxpayers to apply for an automatic extension of time to file. **IRS**

IRS unveils revamped Tax Calendar YouTube videos

The IRS Tax Calendar [YouTube video](#) is one of the newer approaches businesses can use to learn about different methods to view the calendar. The one-minute updated video explains the functions of the IRS Tax Calendar and shows how to access the calendar on [IRS.gov](#).

Users can access the electronic calendar in either [English](#) or [Spanish](#) via a computer, smartphone or tablet.

Other tax calendar options include:

RSS feed

Subscribers receive an email notification one to two weeks in advance of form and payment due dates by subscribing to the [RSS feed](#) ([Spanish](#)).

Calendar

Business owners can customize the tax calendar and have deposit dates instantly available.

Users can view all events or filter them by monthly depositor, semiweekly depositor, excise or general event types.

Desktop Calendar Tool

The IRS CalendarConnector also provides access to tax calendar events right from the desktop, even when offline. The desktop tool automatically updates new events.

A new version of the IRS CalendarConnector is available. If a business owner has the original version installed on a home computer, the user may wish to uninstall it, as IRS CalendarConnector 2 has a few new features:

- The IRS separated employer events into Monthly Depositor and Semiweekly Depositor categories. Users can use checkboxes to select as many event categories as they would like to display:
 - General
 - Monthly Depositor
 - Semiweekly Depositor
 - Excise



Users can easily access any of the calendar options from Publication 1518A, Tax Calendar Options for Businesses and Self-Employed, in [English](#) or [Spanish](#) or the [IRS Tax Calendar for Businesses and Self-Employed](#) page on [IRS.gov](#).

Users can access the IRS Tax Calendar YouTube video in [English](#), [Spanish](#) or [American Sign Language](#). [APA](#)

- When users minimize IRS CalendarConnector 2, it positions itself in the Windows System Tray or in the Mac Dock, so that it's readily accessible and doesn't consume screen space unless it's open.

Subscribe to or download into other calendar programs

Users have the option to subscribe to the IRS CalendarConnector using Outlook 2007, Outlook 2010 or Mac iCal. Outlook 2003 doesn't have the ability to subscribe, but users can download the tax events from the calendar.

- **Subscribing** adds Web calendar data to the user's calendar program. If they have an iPhone or iPad, they can subscribe through Mac iCal and have the information wherever they go.
- **Subscribing** allows the Web calendar data to update automatically with any IRS changes, but they aren't able to make manual changes to it.
- **Downloading** lets business owners add a one-time "snapshot" of the calendar events to their calendar program (Outlook for example).
- **Downloading** allows them to edit this imported calendar data in Outlook, but will not automatically refresh when the IRS updates data.

Users can view the [Instructions to Subscribe or Download the Tax Calendar](#) ([Spanish](#)) to learn more.

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