



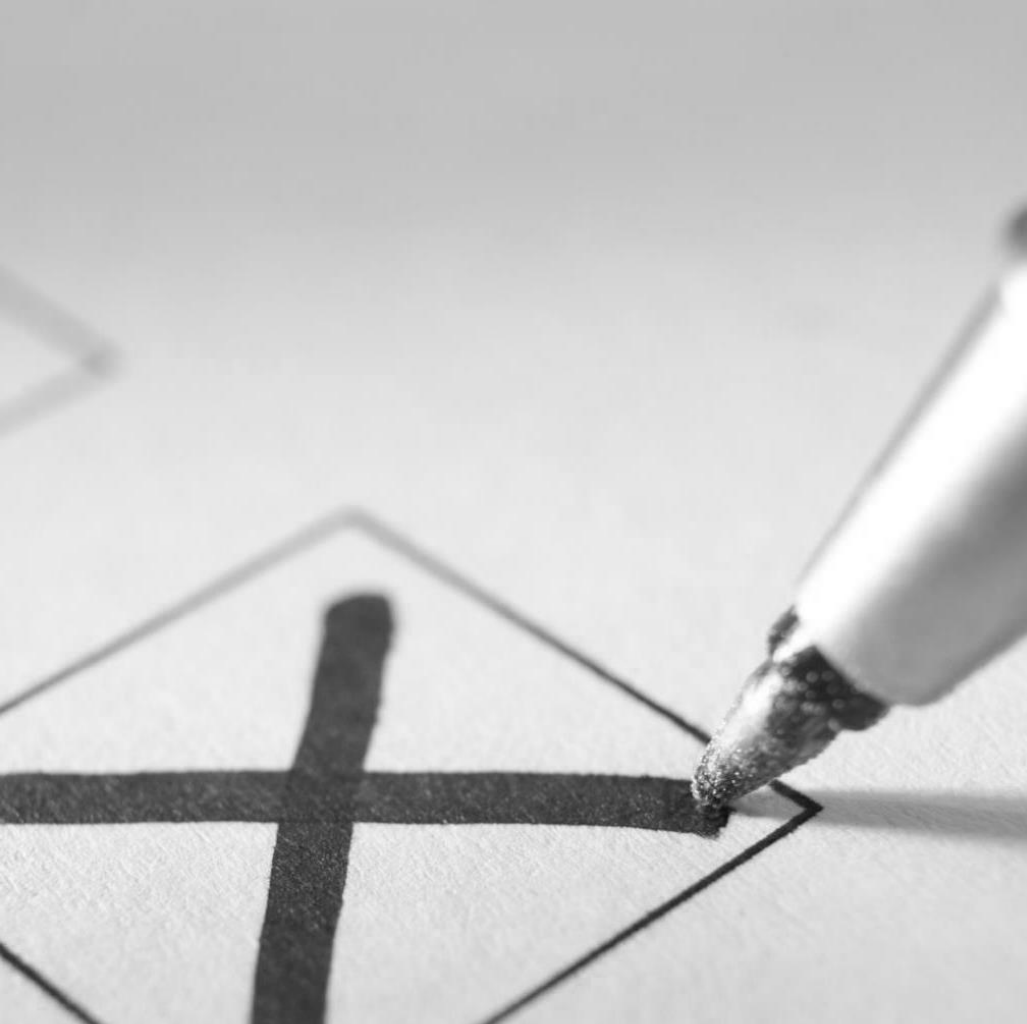
PAYDAY Webinar: Year-End

Best Practices and reminders

PRESENTED BY: Damon Britt, CPP | Payroll Tax
Specialist

Agenda

- FUTA
- \$100K Payrolls
- Bonus payrolls
- Deposit frequencies
- Rates
- Minimum wage



Audience Poll

FUTA

- What it is
 - It's the Federal Unemployment Tax Act. It is a tax paid by employers to fund the unemployment account of the federal government which pays employees who leave a company involuntarily.
- When it is due
 - FUTA tax is typically due by the last day of the month following the quarter end month (April 30, July 31, Oct 31, and Jan 31).
- When we collect for it
 - It is collected with each payroll ran until the taxable wage limit of 7k has been met by the employee.
- Credit Reduction
 - It is a reduction in the amount of credit the employer can claim on their 940 FUTA return. Reported on the 940 Schedule A.

FUTA

Standard FUTA Tax



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Standard Rate = 6%

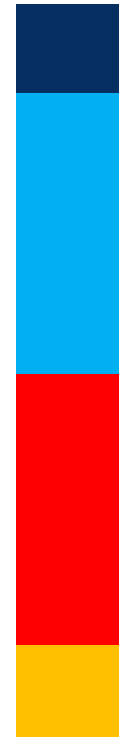
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Standard Credit = 5.4%
(if State Unemployment
is paid and paid on time)

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Standard Net Rate = 0.6%

Credit Reduction



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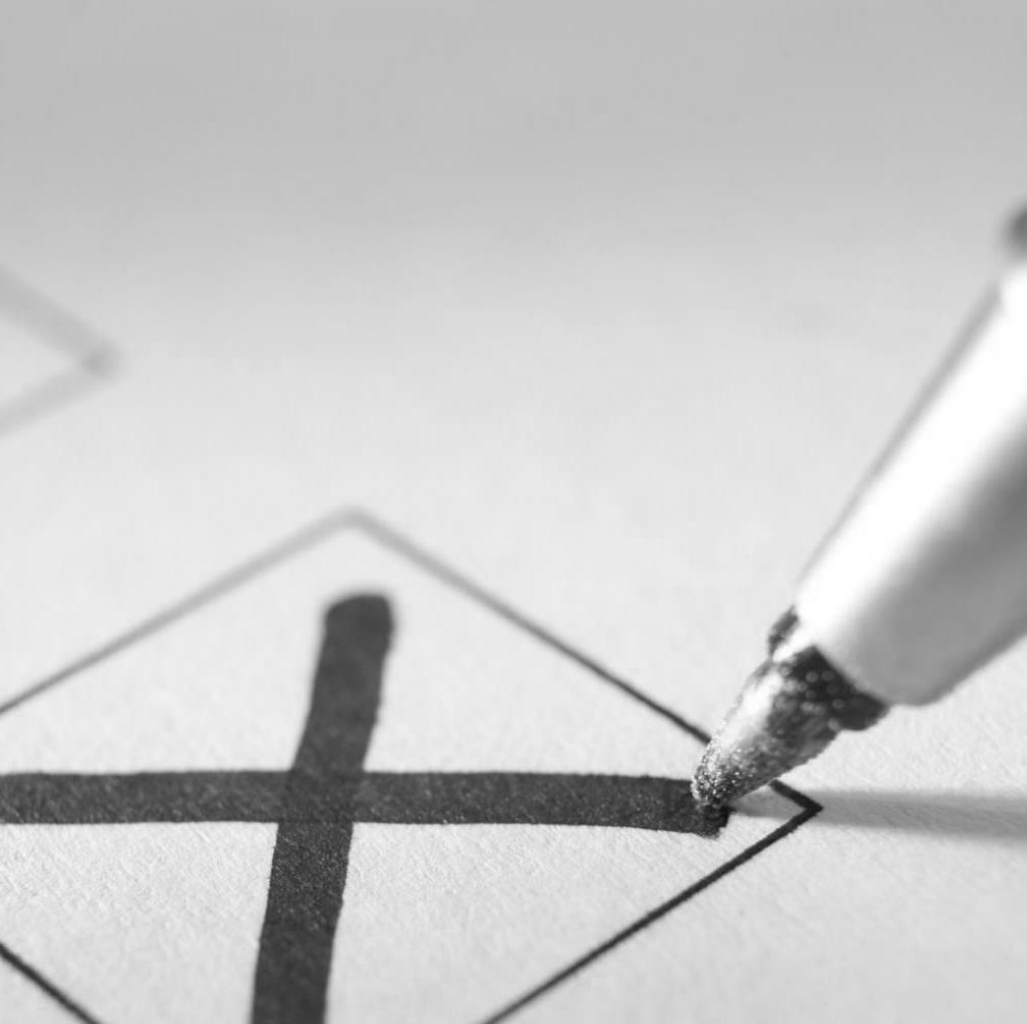
CA Credit Reduction = 1.8% (2016)
CA Expected = 2.1% (2017)

\$100K Payrolls

- What is the significance
 - Payrolls that have Federal liabilities of \$100k or more automatically move the employer to a semi-weekly depositing schedule and quarterly filing schedule.
- When they are due
 - They are due by the next business day after the check date.
- How we collect funding for them
 - \$100k payrolls are collected via a wire transmission from the employers bank to PAYDAY's.

Bonus Payrolls





- Let us know when they are a bonus
 - Bonus payrolls typically have different taxing requirements, so letting your Account Manager know it's a bonus could allow adjustment to the taxes that can be favorable to the employee if desired.
- Timing is everything
 - Because bonus payrolls can push the Federal tax liabilities over \$100k requiring a next day deposits, it is important they are ran with ample time to meet any depositing deadlines that may result.
- Should employees be able to see them
 - There are options to mask the bonus payment. Your Account Manager can discuss these options. For bonuses using the same check date as a regular payroll, be sure to run the regular payroll first.




Audience Poll

Deposit Frequencies

- New frequencies for 2018
 - State, federal, and even local frequencies often change. Due to things such as a look back period, the frequency may be accelerated or reduced.






	Department of Treasury Internal Revenue Service	Notice	CP136
		Notice date	October 2, 2016
		Taxpayer ID number	
		To contact us	
		Page 1 of 2	




Important information about your federal deposit requirements

We determined your 2015 deposit requirements for Form 941

In October, we determined your deposit requirements for 2015 based on the total tax you reported on your Forms 941 for the quarterly periods beginning July 1, 2013, and ending June 30, 2014.

Quarter Ending	Liability for Quarter
Sept 30, 2013	\$ 
Dec 31, 2013	
Mar 31, 2014	
June 30, 2014	
Total	\$ 

What you need to do	Semi-weekly scheduled depositor
	<ul style="list-style-type: none">• You must deposit taxes on the semi-weekly schedule because your total tax liability for the four quarters was more than \$50,000.• Semi-weekly depositors must follow our schedule that divides the calendar week into two (semi-weekly) periods.• Your deposit of accumulated taxes for wages paid on:<ul style="list-style-type: none">– Wednesday, Thursday, or Friday is due by the following Wednesday– Saturday, Sunday, Monday, or Tuesday is due by the following Friday• If the tax amount we used to determine your deposit requirement differs from your tax records, then you should determine the appropriate deposit schedule.

Electronic deposit requirements	You are required to use electronic funds transfer (EFT), such as the Electronic Federal Tax Payment System (EFTPS), to make your federal tax deposits. If you mail a deposit instead of depositing electronically, we may assess a 10% penalty on each non-electronic deposit. If you have questions or need to enroll, visit www.eftps.gov or call EFTPS Customer Service 24 hours a day, 7 days a week, at 
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2018 Tax Year Look-back Period: July 1, 2016 to June 30, 2017

Monthly

- Employers with <\$50k in Federal tax liabilities (941) in look-back period.
- Due Dates
 - 15th of every month for the prior month's liabilities.

Semi-Weekly

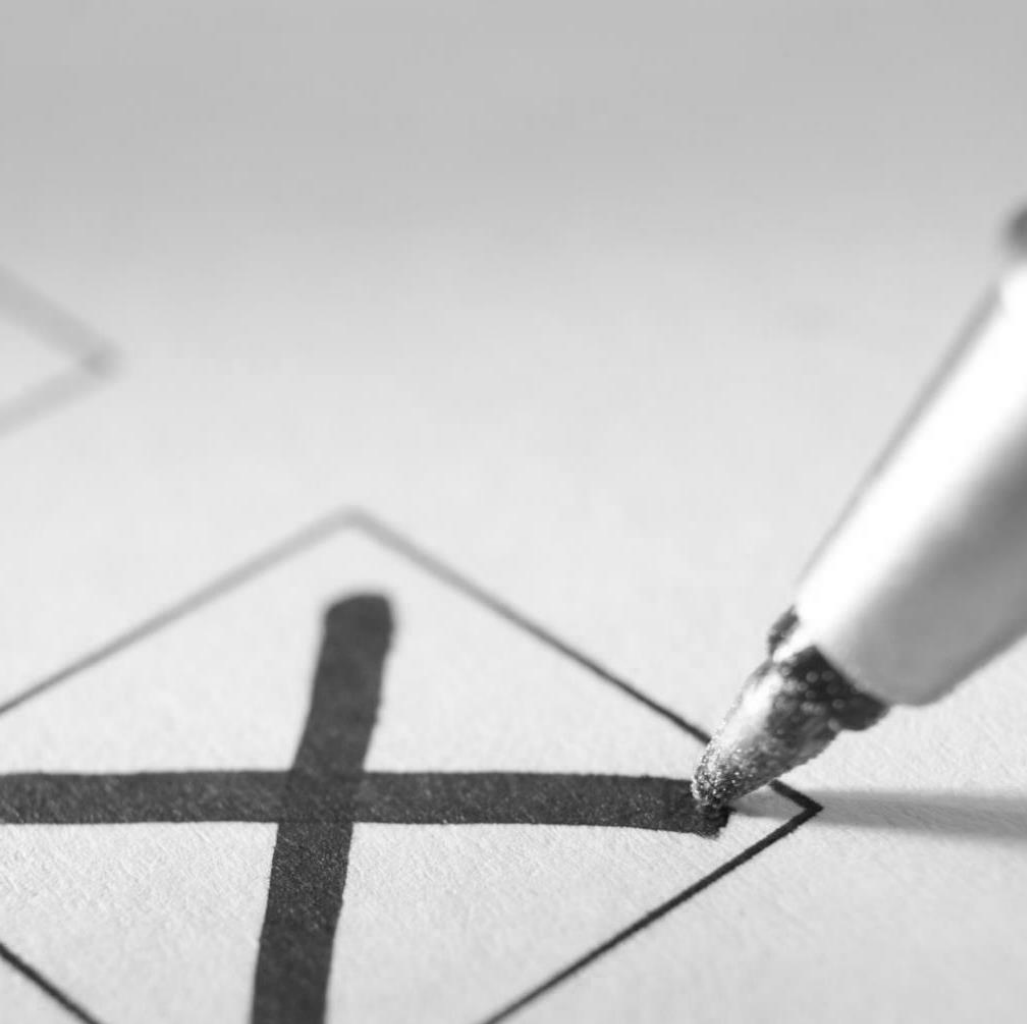
- Employers with >\$50k in Federal tax liabilities (941) in look-back period.
- Due Dates
 - Wed – Fri check dates due the following Wed.
 - Sat – Tues check dates due Fri.

Next Day

- Any payroll(s) in period exceeding \$100k in Federal tax liabilities (941).
- Due Dates
 - Next Business Day following check date that caused >\$100k

Deposit Frequencies

- Let your Tax Department know
 - The quicker the tax department is advised of a change in the depositing frequency, the sooner an adjustment can be made to the account ensuring proper depositing of liabilities by the mandated due dates.
- Taxes@paydayonesource.com
 - This is the email address that all tax related correspondence should be sent to. It is monitored by the entire tax team which ensures the notice(s) will be looked into and addressed in a timely manner.



Audience Poll

Rates

- New SUI rates for 2018
 - SUI rate change from year to year depending on state laws and UI claims that may have been awarded by the state for a particular employer.
- The importance of timely notification
 - The sooner your Account Manager is made aware of the change, the sooner we can make a correction to the account ensuring that the amount remitted doesn't exceed, nor is an underpayment, of the amount due to the agency.
- Let your Tax Department know
 - Please forward all agency rate notices to PAYDAY. The sooner that are received, the sooner updates to the account can be made to keep it compliant.
- Taxes@paydayonesource.com
 - This is the email address that all tax related correspondence should be sent. It is monitored by the entire tax team which ensures the notice will be looked into and addressed in a timely manner

Letter ID: 
 Issued Date: 
 Account ID: 

**NOTICE OF CONTRIBUTION RATES AND
 STATEMENT OF UI RESERVE ACCOUNT FOR
 THE PERIOD OF JANUARY 1, 2014, TO
 DECEMBER 31, 2014**

IMPORTANT NOTICE

This is not a bill, do not pay this amount. This is to inform you of your **UI, ETT, and SDI** contribution rates for the year shown above. The following is a breakdown of your UI reserve account balance and the factors used to calculate your UI contribution rate **YOUR UI RESERVE BALANCE IS NON-REFUNDABLE.**

Your Unemployment Insurance (UI) Contribution Rate is	6.20%
UI Rate Schedule is	F+
Your Employment Training Tax (ETT) rate is	0.00%

Your SDI Rate is	1.00%
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The Annual Taxable Wage Limit Per Employee for: UI and ETT is	\$7,000.00
SDI is	\$101,636.00

1. Previous reserve balance as of 7/31/12		-\$1,470.00
2. UI Contributions paid from 8/1/12 to 7/31/13	\$434.00	
3. Interest earned by the UI Fund (for positive reserve account employers only)	\$0.00	
4. Negative balance reduction (for negative reserve account employers only)	\$176.85	
5. Benefit overpayments collected	\$4.59	
6. Positive reserve balances cancelled	\$4.85	
7. Other income to the UI Fund	\$0.45	
8. TOTAL CREDITS		+ \$620.74
9. UI benefits charged to your reserve account from 7/1/12 to 6/30/13	\$0.00	
10. Increase in the total of all negative reserve account balances	\$103.82	
11. Benefit overpayments established	\$7.75	
12. UI benefits not charged to reserve accounts	\$18.07	
13. Other expenses of UI Fund	\$1.10	
14. TOTAL CHARGES		- \$130.74
15. New reserve account balance as of 7/31/13		-\$980.00
16. UI taxable payroll for calendar years 2010-2011-2012	\$14,000.00	
17. Ratio (Line 15 divided by the average of Line 16)	-0.2100	

COMPUTATION OF SHARED CREDITS AND CHARGES: Lines 5, 6, 7, 10, 11, 12 and 13 are credits and charges shared by all California employers. The shared amounts are computed using fiscal year UI taxable wages.

Your UI taxable wages from 7/1/12 through 6/30/13 were	\$7,000.00
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Minimum Wage

- New minimums for 2018
 - Minimum wage laws sometimes change from year to year. Awareness of the upcoming change will ensure that employees are being paid at the correct federal/state/local level which prevents hefty fines by the Department of Labor.
- Employer-base
 - Minimum wage can also be different for employers with varying numbers of employees so it is crucial close attention be paid to any change in the minimum wage law.
 - For example, effective Jan 1, 2018, the minimum wage for all industries in CA will be 11.00 per hour for employers with 26 or more employees and 10.50 for employers with 25 or less employees.

Minimum Wage (CA)

Schedule for California Minimum Wage rate 2017-2023.

Date	Minimum Wage for Employers with 25 Employees or Less	Minimum Wage for Employers with 26 Employees or More
January 1, 2017	\$10.00/hour	\$10.50/hour
January 1, 2018	\$10.50/hour	\$11.00/hour
January 1, 2019	\$11.00/hour	\$12.00/hour
January 1, 2020	\$12.00/hour	\$13.00/hour
January 1, 2021	\$13.00/hour	\$14.00/hour
January 1, 2022	\$14.00/hour	\$15.00/hour
January 1, 2023	\$15.00/hour	

Minimum Wage (City Ordinances)



Minimum Wage (City Ordinances)



2017 Tax & Limits Quick -Help

Federal

Internal Revenue Service: www.irs.gov
 Social Security Administration: www.ssa.gov
 US Department of Labor: www.dol.gov

Minimum Wage:	\$7.25
Minimum Cash Wage (Tipped Employee):	\$2.13
Maximum Tip Credit:	\$5.12
Youth Sub-Minimum Wage:	\$4.25

FICA (Social Security)

Maximum Taxable Earning:	\$127,200.00
<small>(\$118,500 in 2016)</small>	
ER/EE Deduction:	6.2%
Max Deduction:	\$7,886.40/\$7886.40
<small>(\$7886.40 6.2% in 2016)</small>	
Self-Employment Tax:	12.40%

FICA (Medicare)

Maximum Taxable Earning:	No Limit
ER/EE Deduction:	1.45%
<small>* All wages earned over \$200,000 will be taxed at 2.35% for EE ded.</small>	
Max Deduction:	No Limit
Self-Employment Tax:	2.90%

FUTA (Employer-Paid)

Maximum Taxable Earning:	\$7,000.00
Percent of Taxable Wages:	6.00%
Max Credit:	5.40%
Normal Net Tax:	.60%

Supplemental Wage/Bonus Rate

Flat rate withholding method:	25%
If pay is over \$1 Million:	39.6%

401(k) and Simple IRA for 2017

Maximum 401(k) Employee Deferral:	\$18,000.00
Maximum 401(k) Catch-Up Deferral:	\$6,000.00
Simple IRA Limit:	\$12,500.00
Simple IRA Catch-Up limit:	\$3,000.00

California

Franchise Tax Board: www.ftb.ca.gov
 Employment Development Dept: www.edd.ca.gov
 Department of Industrial Relations: www.dir.ca.gov

Minimum Wage for 25 Employees or less:	\$10.00
Minimum Wage for 26 Employees or more:	\$10.50
<small>(Local minimum wages vary)</small>	
Minimum Cash Wage (Tipped Employee):	\$10.00
Maximum Tip Credit:	Not Allowed

Supplemental Wage Rate

Flat Rate Withholding Method:	6.60%
<small>Except 10.23% for bonuses & earnings from stock options</small>	

SUI / ETT (Employer Paid)

ER 2017 Tax Rates:	1.5% - 6.2%
<small>(Includes emergency 15% surcharge)</small>	
<small>(Plus 0.1% training fund contribution if Reserve account balance is positive)</small>	
Maximum Taxable Earnings:	\$7,000
EE Deduction:	None
Standard 2017 New Employer Rate:	3.40%
<small>(Plus 0.1% training fund contribution)</small>	
Voluntary Contribution Permitted:	No

Disability Insurance

Maximum 2017 Taxable Earnings:	\$110,902.00
<small>(\$106,742.00 in 2016)</small>	
EE Deduction:	0.9%
<small>(.9% in 2016)</small>	
EE Maximum 2017 Withholding:	\$998.12
<small>(\$960.68 in 2016)</small>	
ER Contribution:	None

Cafeteria Plans 2017 Maximum Employee Contribution

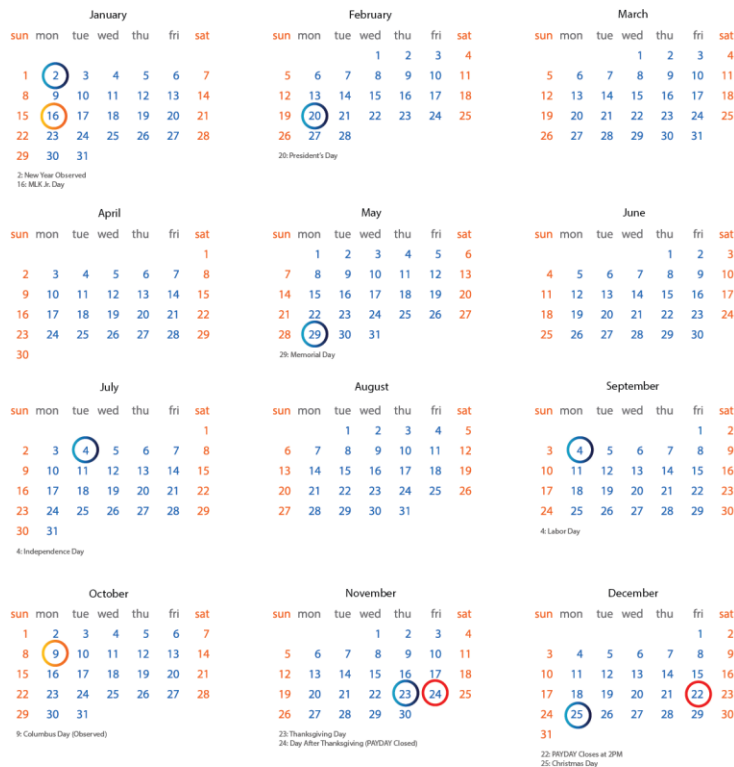
FSA (Flexible Spending Account):	\$2,600.00
HSA Health:	\$3,400.00/Individual \$6,750.00/Family

PAYDAY does not provide wage, tax or legal advice. The Tax and Limits Quick-Help is based on information provided by agencies at the time of distribution. Please contact the proper agency or legal counsel for more detailed information.

Minimum Wage (City Ordinances)



2017 Payroll Calendar



- Federal Bank Holiday; Direct deposit will not be available.
- PAYDAY Holiday; PAYDAY will be closed as noted.
- Federal Bank Holiday; Both banks & PAYDAY will be closed. No direct deposit available.

On these days, please plan to submit payroll early to ensure that normal service will not be interrupted.

Modern Technology. Old Fashioned Service.

625 The City Drive South, Suite 250
 Orange, CA 92668
 Ph: (714) 467-3434 | Fax: (714) 467-4359
 www.paydayonesource.com



Q&A

