

BWC

It might be helpful to briefly review the prior process. In the past you would report your payroll on the Payroll Report and pay a premium twice a year, but always 6 months in arrears. BWC called this a retrospective system for determining liability.

With the new prospective system, you will pay for your insurance coverage in advance. Instead of making those semi-annual payments, you will now make payments through-out the year. You can choose to pay the premiums monthly, quarterly, bi-monthly, semiannual, or annually.

On May 1st of each year, you will receive an estimate of annual premium. You will have until May 15th to change the payment schedule, yes just once a year! The first installment payment is due June 30th. A word of caution! If your payroll is running significantly ahead or below the previous year, you need to call BWC in early May to make any adjustments to your payments.

The instalment agreements are nice for those employers with HUGE premiums, such as contractors and transportation companies, who had to come up with large premiums twice a year, this allows them to spread that liability out.

Instead of the semi-annual filing of the Payroll Report, you will now file an annual **True-Up Report** by August 15th of each year. Because your premiums are based on an estimate from the prior year, this reconciliation is done to determine if an amount is due or a refund is coming. BWC will send a due date reminder in early July for this report. If you don't file, you will be pulled from any discounting or group rating programs you currently benefit from. To receive the Go Green discount, you must complete the True-Up Report on-line. Be sure to set-up an account today if you don't have one!

Set-up your on-line account at www.bwc.ohio.gov.

The new minimum payment is now \$120.00!



Municipal Income tax Changes for 2016

This past summer the Ohio House passed Municipal Tax Reform. There are 251 cities and 681 villages in Ohio, with most having some form of municipal income tax ordinances. This reform was an attempt to make the laws more uniform and thus easier for businesses to comply.

On the payroll side, the big change is The Casual Entrant Exemption. What does that mean? If you work in a city for 20 or fewer days, you don't have to pay tax in that city. The old limit was 12 days. This is huge! The painters, HVAC companies, and landscapers are going to love this! No longer paying their accountants and payroll providers to comply with these rules and the time they spent tracking the time.

You may want to discuss the following two areas with your accountants:

Extensions

If a timely filed federal extensions is made, this is acceptable to all cities. In the past, some cities wanted their own form filed.

NOL's

Uniform reporting rules will be phased-in over 5 years



Employee VS. Independent Contractor

In the past 15 years, we've seen only one IRS employment audit, so the likelihood of you being audited by the IRS for this topic is remote. Unless of course you are in an industry that uses a lot of IC's, such as; general contractors, landscapers, or hair salons or I you have an unhappy I/C!

It's more likely that you will get an audit notice from Ohio Unemployment (ODJFS) or the Ohio BWC. These agencies randomly select clients for audit. Again, your chances of an audit increase based on your industry. We see these auditors in our offices on a weekly basis,

You are required to provide a 1099 to all IC's if you pay them over \$600.00 in a calendar year. You collect the necessary information from your IC's on Form W-9. Have you seen the new W-9's? If you're an LLC, you must now provide your tax reporting status.

Things to do to protect yourself, have the IC's complete an IC agreement, have them complete a W-9(don't pay them until they provide), get a business card, don't provide them any equipment, and be sure they send you a bill on their letter-head. In addition, get a certificate of insurance and a copy of their BWC certificate.

Common Law Rules

Under common-law rules, anyone who performs services for you is your employee ***if you can control what will be done and how it will be done.*** This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed

Facts that provide evidence of the degree of control and independence fall into three categories:

1. **Behavioral:** Does the company control or have the right to control what the worker does and how the worker does his or her job?
2. **Financial:** Are the business aspects of the worker's job controlled by the payer? (these include things like how worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
3. **Type of Relationship:** Are there written contracts or employee type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?

Businesses must weigh all these factors when determining whether a worker is an employee or independent contractor. Some factors may indicate that the worker is an employee, while other factors indicate that the worker is an independent contractor. There is no "magic" or set number of factors that "makes" the worker an employee or an independent contractor, and no one factor stands alone in making this determination. Also, factors which are relevant in one situation may not be relevant in another.

The keys are to look at the entire relationship, consider the degree or extent of the right to direct and control, and finally, to document each of the factors used in coming up with the determination.

