



<u>Date</u>			<u>Completed</u>
<u>Payroll Date</u> Dec. 28 – 30 31 Jan. 1 – 3 4 – 6 7 – 10 11 – 13 14 – 17 18 – 20 21 – 24 25 – 27 28 – 31	<u>Deposit Date</u> Jan. 5 6 6 11 13 19 20 25 27 Feb. 1 3	Semi-Weekly Payroll Tax Deposits. Employers that are semi-weekly depositors generally must deposit taxes withheld and FICA taxes on payrolls paid on Wednesday, Thursday or Friday on or before the following Wednesday, and deposit taxes from payments on other days on or before the following Friday. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and first quarter (fourth quarter for December payroll deposits due January 5 & 6).	
1	<i>New Year's Day!</i>		
6 – 7	Ice Sculpting Competition, Downtown Holland.		
12	Michigan sales and use tax deposit for the month of December or fourth quarter to claim early payment discount.		
16	Martin Luther King, Jr. Federal Holiday.		
17	Voucher #4 due for individual income tax estimates, both State and Federal. To avoid any additional interest and/or penalty charges, taxpayers should have paid in at least 90% of their projected 2011 tax liability (or 100% of the prior year's tax if eligible, or 110% of the prior year's tax). Also see January 31 below.		
17	Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during December. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and fourth quarter.		
17	Corporations with fiscal year ending January 31, April 30, July 31 or September 30: * Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit		
17	Corporations with fiscal year ending October 31: * Federal Income Tax Return - Form 1120 or 1120S. * Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. * Pay accrued compensation, charitable contributions, retirement plan contributions, etc.		
17	Businesses with fiscal year ending March 31, June 30, September 30, or December 31: * Pay MBT estimate to State of Michigan.		
20	Michigan combined Sales, Use, Withholding and MBT estimate return for month of December or fourth quarter.		
25	State Employer's Quarterly Tax Report (Form UA - 1020) and Wage Detail Report (Form UA - 1017). Pay to State of Michigan - Unemployment Agency with Form 1020.		
26	Michigan Admission Day – Michigan became the 26 th state on this day in 1837.		
26 – 29	Winterfest, Grand Haven.		
31	Businesses with fiscal year ending September 30: * File MBT return and pay balance due to State of Michigan.		
31	Form 1040 - Individual income tax return can be filed in lieu of fourth quarter payment of estimated tax.		

Date		Completed
31 	Quarterly and Annual payroll reports and deposits: ❄ Form 940 - Employer's Annual Federal Unemployment Tax Return; deposit balance due electronically. Indicate Form 940, Balance Due on Return, and fourth quarter. ❄ Form 941 - Employer's Quarterly Federal Tax Return; deposit balance due electronically. Indicate Form 941, Balance Due on Return, and fourth quarter. ❄ Form 943 - Employer's Annual Tax Return for Agricultural Employees; pay balance due electronically. Indicate Form 943, Balance Due on Return, and fourth quarter. ❄ Form 944 - Employer's Annual Federal Tax Return; pay balance due electronically or with return to United States Treasury. ❄ Form 945 - Annual Return of Withheld Federal Income Tax for nonpayroll payments; pay balance due electronically or with return to United States Treasury. ❄ Form W-2 - Annual Wage and Tax Statement must be given to employees. ❄ Form 1099 - must be given to certain recipients of interest, dividends, rents, royalties, commissions and other miscellaneous types of income.	

NEW BUSINESS MILEAGE RATE

The IRS has announced that the standard mileage rate for business travel will remain at 55.5 cents per mile for 2012. Employers may use the standard mileage rate to pay for auto expenses incurred by employees under a reimbursement or expense allowance arrangement, provided that accountable plan requirements are satisfied. Reimbursement in excess of the standard rate creates taxable compensation subject to payroll taxes.

The standard mileage rate for charitable use of a vehicle remains at 14 cents per mile. The rate for use of a vehicle to obtain medical care or in connection with an employment-related move will be 23 cents per mile for 2012.

NEW EMPLOYEE PAYROLL FORMS REMINDERS

When hiring new employees, ensure the correct forms are filled out by the employee and retained in your files. The following forms should be completed for each new employee: Form W-4, Federal Withholding Certificate; Form MI-W4, Michigan Withholding Certificate; Form I-9, Employment Eligibility Verification; and Form MI-3281, Michigan New Hire Reporting Form. Please note that federal Form W-4 cannot be used in place of the MI-W4. Form 3281 must be reported to the State for each employee hired (or rehired after a 30 day or more lapse of employment) including part-time, seasonal or temporary, within 20 days of hire. A copy of the MI-W4 may be sent as a substitute for Form 3281.

TAX SEASON OFFICE HOURS

From January 30 through April 16, 2012, our offices will be open during the following hours:

Monday through Thursday	8:00 a.m. – 6:30 p.m.
Friday	8:00 a.m. – 5:00 p.m.
Saturday	8:00 a.m. – 12:00 p.m.

Appointments may also be scheduled at other times by calling one of our offices.



DECEMBER

SU	M	T	W	TH	F	SA
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JANUARY

SU	M	T	W	TH	F	SA
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY

SU	M	T	W	TH	F	SA	
				1	2	3	4
5	6	7	8	9	10	11	
12	13	14	15	16	17	18	
19	20	21	22	23	24	25	
26	27	28	29				



January 2012

PAYROLL TAX CHANGES FOR 2012

With the New Year comes a new payroll tax year. Since many payroll tax rates and bases have changed once again, now is a good time to review the various payroll taxes for 2012. You may wish to keep this annual payroll tax summary on hand as a reference throughout the year.

FEDERAL WITHHOLDING

The Internal Revenue Service has issued new federal wage-bracket withholding tables and formulas for wages paid after December 31, 2011. These new withholding amounts reflect the annual inflation adjustments for the tax rate brackets, standard deductions and personal exemptions. Employees with changes in withholding status should also submit a new Form W-4, Employee's Withholding Allowance Certificate, at this time.

MICHIGAN WITHHOLDING

The Michigan Department of Treasury withholding tables for 2012 are unchanged from 2011. The annual exemption amount remains at \$3,700 and the rate remains at 4.35%.

SOCIAL SECURITY AND MEDICARE

For 2012, the employee tax rate for social security remains at 4.2% (at least through February 29, 2012), while the employer rate remains at 6.2%. The wage base for the social security tax has increased to \$110,100.

	<u>Social Security</u>	<u>Medicare</u>
Employer's tax rate	6.2%	1.45%
Employee's tax rate	4.2%	1.45%
Wage base	\$ 110,100	Unlimited
Maximum withholding per employee	\$ 4,624	Unlimited

2012 also has an increase in the amount of earned income a recipient of Social Security can receive without losing benefits. The maximum amount for a beneficiary under full retirement age is \$14,640, up from \$14,160 in 2011. For workers who reach full retirement age during 2012, the maximum is \$38,880 or \$3,240 per month for the months prior to full retirement age. There is no earnings limit for beneficiaries once they reach full retirement age.

SELF EMPLOYMENT

	<u>Social Security</u>	<u>Medicare</u>
Tax rate (at least through February 29, 2012)	10.4%	2.9%
Earning base	\$ 110,100	Unlimited
Maximum tax per self-employed individual	\$ 11,450	Unlimited

MICHIGAN UNEMPLOYMENT

	<u>2012</u>	<u>2011</u>
Wage base	\$ 9,000	\$ 9,000

The Michigan unemployment rate is assigned annually to each employer during the first quarter of the year based on an experience-rated formula. Be sure to forward a copy of your Rate Determination notice to our office if we prepare your payroll tax returns.

PAYROLL TAX CHANGES FOR 2012 (CONTINUED)

FEDERAL UNEMPLOYMENT

For 2011, Michigan is again considered a credit reduction state for federal unemployment tax (FUTA) purposes because it has not repaid money that was borrowed from the federal government to pay unemployment benefits. The 2011 credit reduction or penalty tax rate for Michigan wages is an additional 0.9%. Before July 1, 2011, the base FUTA tax rate was 0.8%. After June 30, 2011, the base FUTA tax rate decreased to 0.6%. The credit reduction of 0.9% results in an additional FUTA tax of up to \$63 per employee (.009 x \$7,000). This additional 0.9% on total 2011 taxable wages should be added to the FUTA tax liability on the Form 940 and paid as part of the fourth quarter deposit by January 31, 2012. The 2012 penalty rate, if any, has not yet been determined. Therefore, deposits for the first three quarters of 2012 need only be computed at the base rate of 0.6%.

	<u>2012</u>	<u>2011</u>
Base tax rate (January – June / July – December)	0.6%	0.8% / 0.6%
Additional penalty rate (credit reduction) on Michigan wages	?	0.9%
Wage base	\$ 7,000	\$ 7,000

REPORTING AND DEPOSIT REMINDERS

FORM 1099

Payments of rents, dividends, interest and certain other payments made in the course of a trade or business must be reported to the recipient and the Internal Revenue Service on Form 1099. One type of payment that is often overlooked is fees of \$600 or more paid to subcontractors, corporate directors, attorneys and other service providers who are not employees or corporations. Accounting fees of \$600 or more paid to us in connection with your business must be reported since De Boer, Baumann & Company, P.L.C. is not a corporation. (Our Taxpayer Identification Number is 38-1968022.) If you do not have the necessary addresses and identification numbers to complete Form 1099, use Form W-9 to request this information from your vendor. Mail Form 1099 to each recipient by January 31, 2012 and to the Internal Revenue Service by February 28, 2012.

Attorneys' fees of \$600 or more paid in the course of a trade or business continue to be reportable in box 7 of Form 1099-MISC. However, for payments in the course of a trade or business to an attorney where the portion that is for legal fees cannot be determined, the total amount paid to the attorney (gross proceeds) must be reported in box 14. Also, the exemption from reporting payments made to corporations does not apply to payments for legal services. Therefore, attorneys' fees or gross proceeds paid to attorneys must also be reported for payments to corporations that provide legal services.

Any person who must file a Form 1099-MISC with the Internal Revenue Service for services performed in Michigan must also file a copy with the Michigan Department of Treasury. These forms should be submitted along with the Annual Sales, Use and Withholding Taxes Annual Return Form 165.

PERSONAL USE OF COMPANY VEHICLES

The value of any personal use of company vehicles by employees is generally a taxable benefit that must be included on Form W-2 in boxes 1, 3, 5 and 16. It can either be included with regular cash compensation or shown on a separate Form W-2. Alternatively, employers may treat 100% of employees' auto use as personal use, entitling the individual to claim the business portion as an employee business deduction on Form 2106. Employers must also report the value of the benefit separately in box 14.

S-CORPORATIONS

The cost of fringe benefits such as health insurance premiums and disability insurance premiums paid for the benefit of a 2% S-Corporation shareholder and certain family members must be included in the employee's income as additional compensation. These amounts are considered wages, which must be reported on Form W-2 and are subject to withholding. These amounts are exempt from social security tax and unemployment taxes if the payments are made under a written plan for employees and their dependents.