



<u>Date</u>			<u>Completed</u>
<u>Payroll Date</u> Dec. 25 - 27 28 - 31 Jan. 1 - 3 4 - 7 8 - 10 11 - 14 15 - 17 18 - 21 22 - 24 25 - 28 29 - 31	<u>Deposit Date</u> Jan. 2 6 8 10 15 17 23 24 29 31 Feb 5	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 2 & 6).	
1	<b><i>New Year's Day!</i></b>		
10 – 11	Ice Sculpting Competition, Downtown Holland.		
13	Michigan sales and use tax deposit for the month of December or fourth quarter to claim early payment discount.		
15	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 2013 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.		
15	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.		
15	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.		
15	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.		
15	Corporations with fiscal year ending March 31, June 30, September 30, or December 31: * Pay CIT estimate to State of Michigan.		
18	Chili Cook Off, Fenn Valley Winery-122 <sup>nd</sup> Ave, Fennville, 1-4 p.m.		
20	Martin Luther King, Jr. Federal Holiday.		
21	Michigan combined Sales, Use, Withholding and CIT estimate return for month of December or fourth quarter.		
23-26	Winterfest, Downtown Grand Haven.		
25	State Employer's Quarterly Wage/Tax Report (Form UA-1028). Pay to State of Michigan - Unemployment Agency.		
31	Corporations with fiscal year ending September 30: * File CIT 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.		

<u>Date</u>		<u>Completed</u>
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 be 56 cents per mile for 2014, a decrease from 56.5 cents for 2013. 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 23.5 cents per mile for 2014, down from 24 cents for 2013.

### **TRANSFERRING DATA FILES ELECTRONICALLY**

Did you know that you can upload your data files to us electronically through our website? This allows a much safer and more efficient transfer of files, such as Word, Excel, PDF, and QuickBooks data files. The process is simple and secure. No more flash drives! To get started, go to [www.dbccpa.com](http://www.dbccpa.com), click on File Transfer and then register. Once you receive your registration confirmation, you will receive specific instructions on how to log onto our portal and upload your files. You will make your electronic files (portable file, accountant's review copy, etc.) as you usually do, but instead of copying it to a flash drive you can upload via our website. Very efficient and green!

### **TAX SEASON OFFICE HOURS**

From February 3 through April 14, 2014, our offices will be open during the following hours:

Monday through Thursday	8:00 a.m. – 6:00 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	



January 2014

## **PAYROLL TAX CHANGES FOR 2014**

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 2014. 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, 2013. These new withholding amounts reflect the annual inflation adjustments to 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 has issued new withholding tables for wages paid after December 31, 2013. The annual exemption amount has increased to \$4,000, while the rate remains at 4.25%.

### **SOCIAL SECURITY AND MEDICARE**

The wage base for the social security tax has increased to \$117,000. Employers must also withhold a 0.9% additional Medicare tax on wages paid to any employee in excess of \$200,000 per employee during the year.

	<b><u>Social Security</u></b>	<b><u>Medicare</u></b>
Employer's tax rate	6.2%	1.45%
Employee's tax rate	6.2%	1.45%
Wage base	\$ 117,000	Unlimited
Maximum withholding per employee	\$ 7,254	Unlimited
Employee's additional tax on wages over \$200,000	N/A	0.9%

2014 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 \$15,480, up from \$15,120 in 2013. For workers who reach full retirement age during 2014, the maximum is \$41,400 or \$3,450 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**

The social security portion of the self employment tax will remain at 12.4% for 2014. Self employment earnings in excess of a threshold amount will also be subject to a 0.9% additional Medicare tax (\$200,000 for single returns, \$250,000 for joint returns).

	<b><u>Social Security</u></b>	<b><u>Medicare</u></b>
Tax rate	12.4%	2.9%
Earning base	\$ 117,000	Unlimited
Maximum tax per self-employed individual	\$ 14,508	Unlimited
Additional tax on earnings over threshold	N/A	0.9%

## **PAYROLL TAX CHANGES FOR 2014 (CONTINUED)**

### **MICHIGAN UNEMPLOYMENT**

	<u>2014</u>	<u>2013</u>
Wage base	\$ 9,500	\$ 9,500

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.

### **FEDERAL UNEMPLOYMENT**

For 2013, Michigan is no longer considered a credit reduction state for federal unemployment tax (FUTA) purposes because it has repaid money that was borrowed from the federal government to pay unemployment benefits. There is no 2013 credit reduction or penalty tax rate for Michigan wages.

	<u>2014</u>	<u>2013</u>
Net tax rate	0.6%	0.6%
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, 2014 and to the Internal Revenue Service by February 28, 2014.

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.