


<u>Date</u>	<u>Deposit Date</u>		<u>Completed</u>
<u>Payroll Date</u> May 29 – 31 June 1 – 4 5 – 7 8 – 11 12 – 14 15 – 18 19 – 21 22 – 25 26 – 28 29 – 30	June 5 7 12 14 19 21 26 28 July 3 8	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 second quarter.	
12		Michigan sales and use tax deposit for month of May to claim early payment discount.	
16		Father's Day.	
17		Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during May. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and second quarter.	
17		Corporations with fiscal year ending June 30, September 30, December 31, or February 28: <ul style="list-style-type: none"> • Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit. 	
17		Corporations with fiscal year ending March 31: <ul style="list-style-type: none"> • Federal Income Tax Return - Form 1120 or 1120-S. • Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. • Pay accrued compensation, charitable contributions, retirement plan contributions, etc. 	
17		Corporations with fiscal year ending February 28, May 31, August 31, or November 30: <ul style="list-style-type: none"> • Pay CIT estimate to State of Michigan. 	
17		Second voucher due for individual income tax estimates - both State and Federal.	
20		Michigan combined Sales, Use, Withholding and CIT Estimate Return for the month of May.	
20 – 23		South Haven Harborfest	
21		Summer begins at 1:04 AM, EDT.	
29 – 30		Grand Haven Art Festival.	
July 1		Corporations with fiscal year ending February 28: <ul style="list-style-type: none"> • File CIT return and pay balance due to State of Michigan. 	



MAY

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	

JUNE

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						

JULY

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			



EMPLOYING A BUSINESS OWNER'S CHILDREN

One unique aspect of owning your business is the ability to hire your children. Whether doing so makes sense for you and your business is more than a business decision. For your children, the answer depends a great deal on your intentions for passing the business to future generations, the child's interest and aptitude, and your feelings about how much a parent should "help" a child and how much they should "make it on their own." However, some real benefits are available when you employ your children.

- **Reducing Income Taxes.** Usually, children (especially minors) are subject to lower tax rates than their parents. In this case, shifting taxable income away from the parents and to their children is an effective way to lower the family's tax burden. Although the "Kiddie Tax" potentially taxes the unearned income of children under age 24 at their parent's marginal rate, wages are earned income, so they are not subject to the Kiddie Tax. Also, dependents usually are limited to a standard deduction of \$1,000 (for 2013). However, the standard deduction for a dependent with earned income equals his or her earned income plus \$350 (up to \$6,100 for 2013). Thus, up to \$6,100 of earned income can be completely sheltered from tax. And, the next \$8,925 of wages will be taxed at only 10%.
- **Funding an IRA for Your Children.** Paying a child wages means an IRA can be funded for that child (the funds can actually come from you as a gift). Thus, paying your child wages of \$5,500 this year will allow the maximum amount to be contributed to your child's traditional or Roth IRA. However, as a Roth IRA potentially allows all earnings to be tax-free, it may be the best option if your child has a low current tax rate, a long horizon for saving, and will likely be in a higher tax bracket when distributions are made. It may also be a good way to fund some college costs as distributions are tax free up to the amount of contributions that have been made to it. In any case, the ability to compound income either tax-deferred or tax-free for many years is a powerful way to build wealth.
- **Reducing Payroll and SE Taxes.** If your business is operated as a sole proprietorship (or partnership where you and your spouse are the only partners), employing your children under age 21 can reduce payroll taxes. This is because wages paid to a child under age 21 are exempt from the FUTA tax. They are also exempt from FICA tax if the child is under age 18. Furthermore, the wages reduce your self-employment (SE) income and, thus, reduce SE tax. (This exemption doesn't apply if your business is operated as a C or S corporation, or as a partnership with partners other than your spouse.)
- **Executing a Business Succession Plan.** It's never too early to start planning to transition ownership of your business to the next generation. The business' continued success depends on the existence of a capable and experienced successor to the owner. Furthermore, it's important for your key employees to be confident in the abilities of your successor. Thus, if your children are your intended successors, it is critical that they become involved in the business several years before the ownership transition is made.

Wages paid to your child should be comparable to what would be paid to a nonfamily member for the same work; otherwise, the IRS is likely to question them. Also, the tasks performed should be reasonable for your child's age and skill level. While 12-year-olds or 13-year-olds can likely work a few hours a week, it's probably not realistic to pay them more than minimum wage. Older children could likely be expected to work more hours and command a higher wage. However, fair labor laws must be considered.

Employing your family members can have many benefits other than those we've described. Often, working together in the family business strengthens the family bond. Of course, aspects such as wanting children to learn to work for an unrelated employer and the reality of spending a great deal of time together also come into play. In many situations, employing family members makes good tax and business sense.