

Brown Plus

ACCOUNTANTS + ADVISORS

YEAR-END PAYROLL & INFORMATION REPORTING SEMINAR BOOKLET 2025

Geared towards bookkeepers, CFOs, controllers and payroll professionals.



Presented by:

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- ✔ **Sherry Cracium-Bolin, CPA** – Tax Principal
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- ✔ **Brian Marchuck, CPA** – Audit Principal

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OUR PRESENTERS



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Joe is a Principal and Shareholder at Brown Plus and is one of the key members of the Firm's Tax Department. As a senior member of the Tax Department, Joe's expertise is focused on income tax planning and compliance matters. He is also a Certified Valuation Analyst (CVA) which allows him to assist clients with business valuation matters, including estate and gift transfers, and buying and selling a business. Joe is located in Brown Plus' Camp Hill, Pennsylvania, office. He received his Bachelor of Science degree from Bloomsburg University.



Sherry Cracium-Bolin, CPA – Tax Principal, Brown Plus

Sherry is a Principal and Shareholder at Brown Plus with over 20 years of progressive public accounting experience. Sherry assists small and mid-sized businesses through tax planning, management advisory services and compliance services. She also specializes in tax planning and compliance for individuals, estates and trusts. Sherry is located in Brown Plus' Westminster, Maryland, office. She received her Bachelor of Science degree in Accounting from York College of Pennsylvania.



Abbie Cawood, CB – Outsourced Accounting Senior Manager, Brown Plus

Abbie is an Outsourced Accounting Senior Manager at Brown Plus. She is a certified bookkeeper with the American Institute of Professional Bookkeepers (AIPB) and is also certified in QuickBooks® Online as a ProAdvisor. Abbie has over 10 years of experience handling bookkeeping, payroll, sales tax and corporate tax work as well as QuickBooks® training for small business clients. Abbie is located in Brown Plus' Lancaster, Pennsylvania, office. She received her Bachelor of Science degree in Business Management from Millersville University.



Karen MacDonald – Outsourced Accounting Senior Manager, Brown Plus

Karen is an Outsourced Accounting Senior Manager at Brown Plus. Karen handles bookkeeping, payroll and payroll taxes, sales tax and financial statements, as well as QuickBooks® setup and training. She is a QuickBooks® ProAdvisor and has over 20 years' experience with QuickBooks®, Sage, MIP and numerous industry-specific accounting packages. Karen is located in Brown Plus' Westminster, Maryland, office. She received her Bachelor of Science degree in Music from Messiah College and has completed several Accounting courses through Harrisburg Area Community College.



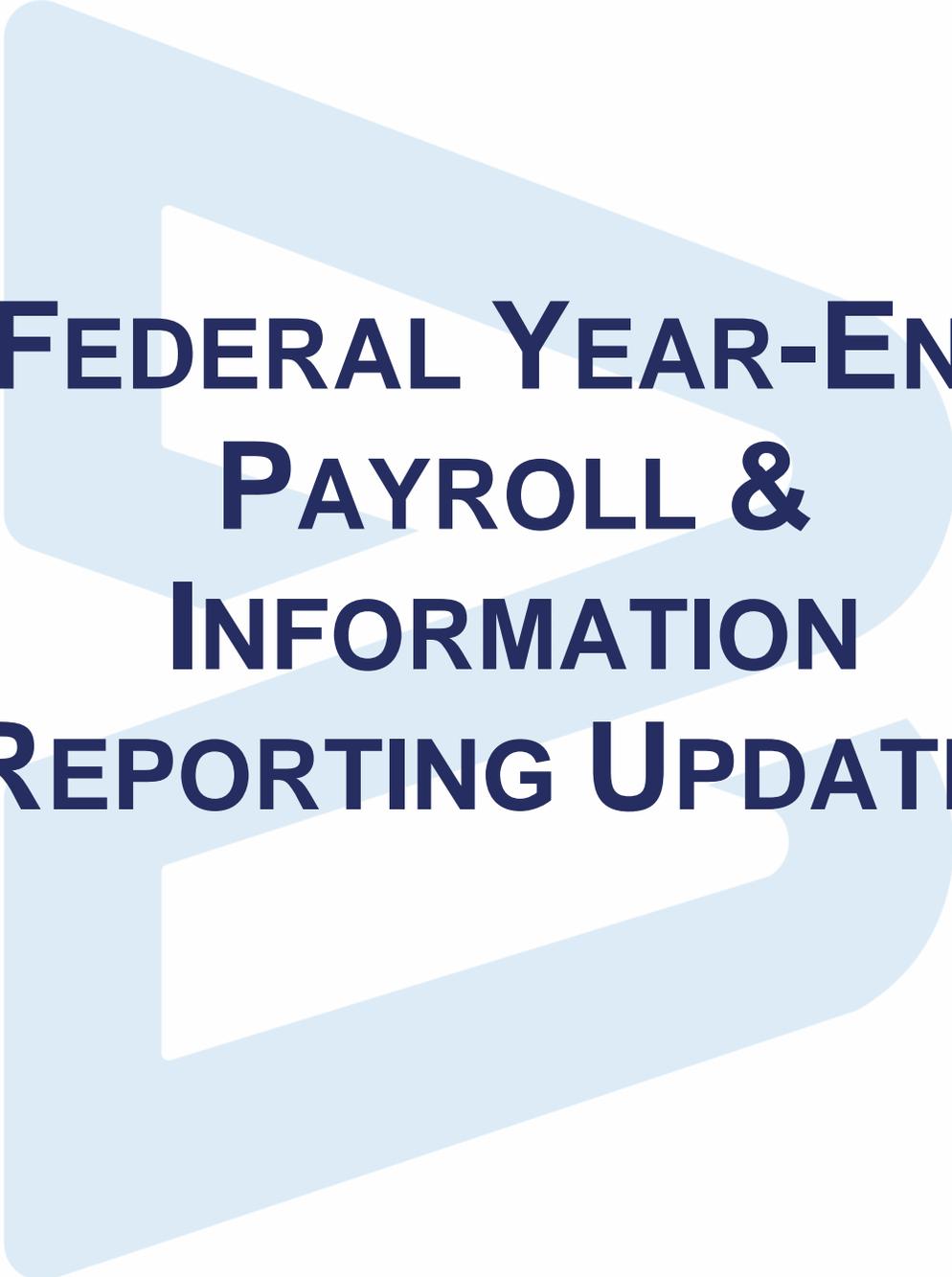
Brian Marchuck, CPA – Audit Principal, Brown Plus

Brian is a Principal and Shareholder at Brown Plus with over 15 years of experience providing accounting, auditing and tax services. Brian is a key member of the Firm's local government and nonprofit auditing team. He also performs outsourced Chief Financial Officer (CFO) services for municipalities and other local governmental entities. Brian is located in Brown Plus' Camp Hill, Pennsylvania, office. He earned his Bachelor of Science degree in Accounting and Finance from Millersville University.

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FEDERAL YEAR-END PAYROLL & INFORMATION REPORTING UPDATES

Payroll Reporting



H.R. 1 PROVISIONS RELATED TO W-2 REPORTING

No Tax on Tips

New Deduction: Effective for 2025 through 2028, employees and self-employed individuals may deduct qualified tips received in occupations listed by the IRS as customarily and regularly receiving tips on or before December 31, 2024, and that are reported on a Form W-2, Form 1099, or other specified statement furnished to the individual or reported directly by the individual on Form 4137.

Qualified Tips:

- Qualified tips must be paid in cash or an equivalent medium, such as check, credit card, debit card, gift card, tangible or intangible tokens that are readily exchangeable for a fixed amount in cash, or another form of electronic settlement or mobile payment application (excluding most digital assets) denominated in cash.
- Qualified tips must be received from customers or, in the case of an employee, through a mandatory or voluntary tip-sharing arrangement, such as a tip pool.
- Qualified tips must be paid voluntarily by the customer and not be subject to negotiation. Qualified tips do not include some service charges. For instance, in the case of a restaurant that imposes an automatic 18% service charge for large parties and distributes that amount to waiters, bussers and kitchen staff; if the charge is added with no option for the customer to disregard or modify it, the amounts distributed to the workers from it are not qualified tips.
- Any amount received for illegal activity, prostitution services, or pornographic activity is not a qualified tip.

Qualified Occupations:

- **Categories:**
 - 100s – Beverage and Food Service
 - 200s – Entertainment and Events
 - 300s – Hospitality and Guest Services
 - 400s – Home Services
 - 500s – Personal Services
 - 600s – Personal Appearance and Wellness
 - 700s – Recreation and Instruction
 - 800s – Transportation and Delivery
- **Detailed List** available: <https://home.treasury.gov/system/files/136/Tipped-Occupations-Detailed-8-27-2025.pdf>

The IRS will provide transition relief for tax year 2025 for taxpayers claiming the deduction and for employers and payors subject to the new reporting requirements.

No Tax on Overtime

New Deduction: Effective for 2025 through 2028, individuals who receive qualified overtime compensation may deduct the pay that exceeds their regular rate of pay (such as the “half” portion of “time-and-a-half” compensation) that is required by the Fair Labor Standards Act (FLSA) and reported on a Form W-2, Form 1099, or other specified statement furnished to the individual.

The Fair Labor Standards Act (FLSA) requires OT pay of at least “time and a half” x regular hourly compensation, or regular rate of pay for each hour worked over 40 hours in the workweek. Some states and employers may use a daily or other calculation for overtime pay. The amount that is to be reported is the premium portion paid for overtime over 40 hours per week.

Calculation: Jane works for YZ Company and her regular rate of pay is \$20/hour. She works a total of 48 hours in a work week. Her earnings would be calculated as follows:

Regular Pay: 48 hours x \$20 = \$960.00
OT Premium Pay: 8 hours x \$10 = \$80.00
Total Pay: \$1,040.00

Under H.R. 1, YZ Company will include OT pay of \$80 in W-2 reported amount.

Reporting: Employers and other payors are required to file information returns with the IRS (or SSA) and furnish statements to taxpayers showing the total amount of qualified overtime compensation paid during the year.

The IRS will provide transition relief for tax year 2025 for taxpayers claiming the deduction and for employers and other payors subject to the new reporting requirements.

FEDERAL DEPOSIT REQUIREMENTS

Base Period

Frequency of deposits depends on the liability in the “base period.” Deposit ruling is applicable for the entire year unless a \$100,000 liability occurs, then requirements automatically switch to semiweekly.

Base period for 2026 = Qtrs 3 and 4 of 2024
Qtrs 1 and 2 of 2025

Deposit Schemes and Rules

Quarterly

- Liability < \$50,000 in base period **and** < \$2,500 at the end of the quarter.
- Deposit due prior to the end of the month following quarter's end or pay with Form 941.

Monthly

- Liability < \$50,000 in the base period.
- Deposit due prior to the 15th of the next month.

Semiweekly

- Liability > \$50,000 in the base period, and specific current liability is less than \$100,000.
- Deposit due depending on what day of the week is payday.
 1. Payday - Saturday, Sunday, Monday, or Tuesday – Deposit due on the next Friday.
 2. Payday - Wednesday, Thursday, Friday – Deposit due on the next Wednesday.

One-day deposit

- Liability > \$100,000 at any time during any normal monthly or semiweekly depositing period.
- Deposit due the next banking day.

Payroll tax deposits are generally required to be made by Electronic Funds Transfer (EFT). See pages 44 and 45 for more on the Electronic Federal Tax Payment System (EFTPS). The only exceptions are payments that can be made with tax returns - such as deposits for employment taxes under \$2,500 that can be made with a quarterly Form 941 or the annual Form 940. The EFTPS requirement covers corporate income and estimated taxes, FICA taxes, withheld FIT, non-payroll taxes (such as backup withholding), FUTA and excise taxes.

Shortfall Rule

If certain conditions are met, the IRS allows a “safe harbor” shortfall, so employers are not penalized for depositing an amount less than the entire amount of their deposit obligation. An employer satisfies its deposit obligation if the amount of the shortfall is no more than the greater of \$100 or 2% of the entire amount due, so long as the original deposit is made timely, and the shortfall is deposited by the appropriate “make-up date” (time by which shortage must be covered).

- Monthly depositors - Deposit by the return due date.
- Semiweekly and one-day depositors - Deposit by the earlier of the first Wednesday or Friday (whichever comes first) that falls on or after the 15th of the month following the month in which the shortfall occurred or the due date of the return (for the return period of the tax liability).

For example, if a semiweekly schedule depositor has a deposit shortfall during May 2025 the shortfall makeup date is June 13, 2025 (Friday). However, if the shortfall occurred on the required deposit date of October 1, 2025 (Wednesday), deposit due date for the September 26, 2025 (Friday), pay date, the return due date for the September 26 pay date (October 31, 2025) would come before the November 1, 2025 (Friday), shortfall makeup date. In this case, the shortfall must be deposited by October 31, 2025.

End of Quarter vs. End of Deposit Period Problems

Semiweekly filers may encounter two payrolls which are in two different quarters but are within the same deposit period.

Example:

- First quarter 20XX ends on Thursday, March 31, 20XX.
- Company's biweekly payday structure:
 - o Nonmanagement personnel paid on Thursdays.
 - o Management personnel paid on Fridays.
 - Pay dates Thursday, March 17, and Friday, March 18, were deposited on Wednesday, March 23, with one payment.
 - Pay date Thursday, March 31, must be deposited by Wednesday, April 6, using a deposit designated as "941 - 1st quarter."
 - Pay date Friday, April 1, also must be deposited by Wednesday, April 6, but using a deposit designated as "941 – 2nd quarter."

When using the EFTPS website, filers have the ability to select their own tax period and settlement dates. There are no defaults for tax periods. Remember, you must schedule payments by 8 p.m. Eastern time the day before the due date for your payment to be timely filed.

SICK PAY

Origination of Sick Pay

- Employee after-tax contributions - 100% nontaxable.
- Employer contributions - taxable for FICA, FUTA and SUTA subject to the coverage period and the type of disability. If the employee pays 100% of the cost of insurance with pretax dollars under a flexible benefits plan, the insurance is “deemed” to be provided by employer contributions. Therefore, 100% of the sick payments are taxable. The sick payments may also be subject to either mandatory or voluntary federal income tax withholding, depending on who pays it.
- If an insurance company is paying the participants, they need to be informed of the date of origination so that taxability is handled correctly.

Coverage Period

- Payments made during the first six months beginning after the month in which the sickness or disability occurs = **TAXABLE**.
- Payments made after six months following disability, even if earned during the first six-month period = **NONTAXABLE**.
 - **Example:**
Participant becomes disabled January 13, 2025. Disability payments begin January 20, 2025. Payments made January 20, 2025, through July 31, 2025, are taxable for FICA, FUTA and SUTA. Any subsequent payments are not taxable for FICA, FUTA and SUTA purposes.
- If an employee returns to work, even for one day, the coverage period starts over.

Employer Pays Employee Sick Pay – Treated as Normal Wages

- All payments are subject to federal income tax withholding.
- Payments are subject to FICA, FUTA and SUTA during the coverage period.
- Payments for **total and permanent disability** are not subject to FICA, FUTA or SUTA.

Agent Pays Employee

- Agent (third-party) is paid on a cost-plus-fee basis by the employer, so therefore bears no insurance risk.
- Agent is not treated as employer.
- Payments are subject to federal income tax withholding.
- Payments are subject to FICA, FUTA and SUTA during the coverage period.
- Payments for **total and permanent disability** are not subject to FICA, FUTA or SUTA.

Third-Party Pays Employee

- Third-party is paid an insurance premium by employer, so therefore bears the insurance risk.
- Third-party is treated as the employer.
- Federal income tax must be requested to be withheld (using Form W-4S).
- Payments are subject to FICA, FUTA and SUTA during the coverage period.
- Payments for **total and permanent disability** are not subject to FICA, FUTA or SUTA.
- Can be responsible for “employer portion” of FICA taxes or transfer responsibility back to employer.
 - a) Third-party retains responsibility for taxes:
 - Considered employer so responsible for all filings. Employer does not have any reporting responsibility.
 - b) Third-party transfers responsibility for taxes back to employer.
 - For transfer to occur, third-party must:
 1. Withhold employee’s share of FICA.
 2. Deposit such tax according to deposit requirements.
 3. Notify the employer of the amount of wages and withholdings within sufficient time for employer’s next deposit.
- See table on following page.
- If the insurance company issues W-2s under its EIN, then the employer should issue “dummy” W2s.
- Since the employer and the insurance company are sharing the tax responsibilities, wages reported by the third-party can be added to the employer’s FICA, FUTA and SUTA wage bases, and vice versa. This could result in significant savings if an employee with earnings greater than the Social Security wage base becomes disabled.

Third-Party Transfers Responsibility for Taxes Back to Employer

ITEM	THIRD-PARTY'S RESPONSIBILITIES	EMPLOYER'S RESPONSIBILITIES
FICA	Withhold employee's portion Deposit tax according to deposit requirements	Match withheld portion (employer's portion) Deposit tax according to deposit requirements
Form 941, Line 2	Payments are not included as wages	Payments made by third-party are included as wages
Form 941, Line 3	Federal income tax, if withheld, is included on this line	Federal income tax, if withheld by third-party, is not included on this line
Form 941, Lines 5a, 5c and 5d	Payments are included as taxable Social Security or Medicare wages	Payments made by third-party are included as taxable Social Security and Medicare wages on lines 5a and 5c. Payments included on 5d are those subject to the additional Medicare tax withholding
Form 941, Lines 6 and 8	Employer's portion is included on line 8 and subtracted from amount on line 6	Employee's withheld portion is included on line 8 and subtracted from amount on line 6
Form W-2	No - File Form 8922	Employees are issued "normal" W-2s showing: Employer's name, address and EIN Wages paid plus third-party sick pay Federal income tax withheld by both Social Security tax withheld by both Medicare tax withheld by both Social Security taxable wages (include sick pay) Medicare taxable wages (include sick pay)
Form W-3	N/A	Totals of W-2s as normally completed. If federal income tax was withheld by third-party, amount is included in applicable box, and also in box 14, "Income tax withheld by third-party payer"
Other requirements	Furnish a statement to employer by January 15 showing: Employee's name and Social Security number Total sick pay paid Amount of withholdings	N/A

Form 8922, Third-Party Sick Pay Recap

The purpose of the form is to reconcile employment tax returns, such as Form 941, with Forms W-2 when third-party sick pay is paid. The agent or insurer must file the form if sick pay is reported on Forms W-2 under the name and EIN of the employer. The employer files the form only if sick pay is reported on Forms W-2 under the name and EIN of the agent or insurer. The form must be filed by March 2, 2026.

SUPPLEMENTAL WAGE PAYMENTS

Throughout the year, some employers pay their employees special or irregular types of payments, in addition to their regular wages. If these wages were to be combined with the regular wages, the federal income tax required to be withheld, in accordance with the IRS tax tables, could be higher than the standard amount. Therefore, the IRS permits these wages to be classified as “supplemental wages.” Supplemental wages include, but are not limited to, tips, bonuses, commissions, overtime pay, payments for accumulated sick leave, severance pay or payments to employees for moving expenses they cannot deduct.

If you pay supplemental wages along with regular wages but do not specify the amount of each, you must withhold income tax as if the total wages were a single payment for a regular payroll period. If you pay supplemental wages separately (or combine them in a single payment and specify the amount of each), the income tax withholding method depends partly on the amount of income tax you withhold from your employee's regular wages.

- **If you withhold income tax from an employee's regular wages**, you can use one of the following methods for the supplemental wages:
 1. Withhold a flat 22% or
 2. Aggregate method – Include the supplemental wages with the regular wages for the most recent payroll period this year. Then figure the income tax as if the total wages were a single payment. Subtract the tax already withheld from the regular wages. Withhold the remaining tax from the supplemental wages. Tax withholding on supplemental wages cannot be determined by using the tax tables unless these wages are aggregated with regular wages.
- **If you did not withhold income tax from the employee's regular wages**, use method “2” above.
- **If a supplemental wage payment**, together with other supplemental wage payments made to an employee during the calendar year exceeds \$1,000,000, the excess will be subject to withholding at 37% (or the highest rate of income tax for the year).

Vacation pay can be considered supplemental wages if the payment made is in addition to regular wages for the vacation period. Otherwise, vacation pay is subject to withholding as if it were a regular wage payment. If the vacation pay is for a time longer than your usual payroll period, spread it over the pay periods for which it would normally be paid.

TAX CREDIT FOR FICA PAID ON TIP INCOME

To ease the payroll-tax burden on restaurant employers and other food and beverage businesses where employees commonly receive tips for serving food and beverages to customers, the general business credit was expanded to include an amount equal to an employer's FICA tax obligation (7.65%) on reported tips in excess of the amount of tips treated as wages for purposes of the Fair Labor Standards Act (FLSA). The credit is calculated on Federal Form 8846.

COMMON PAYMASTER

- A group of related corporations who concurrently employ the same individual(s).
- Considered a single taxpayer of OASDI (Social Security), Medicare and FUTA; thus, reducing employment tax expense.
- To qualify as a related corporation, you must satisfy **one** of the following tests:
 1. The corporations are members of a controlled group of corporations where 50% of the stock of one corporation is owned by one or more of the other corporations.
 2. For a nonstock corporation, either 50% or more of the members of one corporation's board of directors are members of the other's board of directors or hold 50% or more of the voting power with respect to the other corporation.
 3. 50% or more of one corporation's officers are concurrently officers of the other corporation(s).
 4. 30% or more of one corporation's employees are concurrently employees of the other corporation(s).
- Concurrent employment means the simultaneous existence of an employment relationship between one or more individual(s) and two or more corporations. The employee must perform services which are of value to each company of which he or she is an employee; it is not sufficient that services performed are of a general benefit to all companies in the group.
- Related corporations are jointly and severally liable for their appropriate share of employment taxes.
- Certain states, including both Pennsylvania and Maryland, do not recognize common paymasters for unemployment tax purposes. Therefore, credit for SUTA (as computed on Form 940) must be calculated as if each related corporation was a separate employer.
- Can be used separately for different classes of employees.
- Permission from IRS to pay tax under common paymaster is not required; however, it is advisable to submit a letter of explanation with the first Form 941 filed.

Example:

Corporation A and Corporation B have the same officers and shareholders. There are four employees who work concurrently for both corporations. These corporations qualify for use of a common paymaster under Item 3 above. Each employee receives \$100,000 in compensation from each corporation.

Wages paid from each company:

FICA tax	\$	100,000 x 4 x 7.65%	=	\$	30,600.00
FUTA tax		7,000 x 4 x 0.60%	=		168.00
SUTA tax		10,000 x 4 x 3.6890%	=		1,475.60
Employment taxes per corporation					<u>32,243.60</u>
					x 2
Total employment taxes					<u>64,487.20</u>

Wages paid through common paymaster:

FICA tax	\$	184,500 x 4 x 6.20%	=	\$	45,756.00
		200,000 x 4 x 1.45%	=		11,600.00
FUTA tax		7,000 x 4 x 0.60%	=		168.00
SUTA tax		10,000 x 4 x 3.6890%	=		1,475.60
		10,000 x 4 x 3.6890%	=		<u>1,475.60</u>
Total employment taxes through common paymaster					<u>60,475.20</u>
Employment tax savings					<u>4,012.00</u>

Additional Notes

Wages are combined for each employee, equaling \$200,000 per employee. This amount is greater than the Social Security taxable limit (for 2026); therefore, only the first \$184,500 of wages is taxable for the Social Security portion of FICA tax.

FORM W-4

All employers must retain a Form W-4 for each employee. This form needs to be completed by the employee on their first day of work based on their current personal tax situation. The employer needs to provide the most current W-4 available to the employee and the form needs to be properly completed and signed by the employee.

The IRS made substantial changes to Form W-4 in 2020 due to the new tax law. Instead of claiming allowances, the form provides the employer with information needed to determine the amount of income tax to withhold. The IRS website has a “Withholding Estimator” to assist the employee in determining the amount of federal withholding. The calculator can be found at <https://www.irs.gov/individuals/tax-withholding-estimator>.

If a completed Form W-4 is not received by the first payroll, the employer will need to withhold using single with no allowances. An employer can reject a Form W-4 if the form is incomplete, is altered with additions or deletions or if the employer knows that the provided information is false. The form needs to be retained for all current employees and for four years from the April 15th that follows the tax year the Form W-4 was submitted by terminated employees.

If an employee marks the form that they are “Exempt”, meaning the employer does not withhold any federal taxes, there are only two things that they can be exempt: 1) they received a refund of all federal taxes withheld in the prior year because they had no tax liability, and they expect the same thing to happen in the current year. Employees who complete the form as exempt will need to submit a new W-4 every year.

EMPLOYMENT ELIGIBILITY VERIFICATION (FORM I-9)

All U.S. employers must complete and retain a Form I-9 for every individual they hire for employment in the United States. This includes citizens and noncitizens. On the Form, the employer must examine the employment eligibility and identity document(s) an employee presents to determine whether the document(s) reasonably appear to be genuine and relate to the individual and record the document information on the Form I-9. The list of acceptable documents can be found on page 171. The United States Citizenship and Immigration Services (USCIS) had released a revised Form I-9 on August 1, 2023, and as of November 1, 2023, employers must use this revised form. This revised form has an expiration date of May 31, 2027. Form I-9 can be completed as an interactive fillable PDF to reduce errors. Once completed, the employer must still print the Form, obtain the appropriate signatures and retain the Form based on the retention rules.

Changes made to the 2017 revised Form I-9 included revisions to the Form I-9 instructions and revisions related to the list of acceptable documents.

The revised Form I-9 and related instructions are included on pages 170 through 181.

An employer needs to ensure that the employee fully completes Section 1 of Form I-9 no later than the first day of employment and reviews the employee’s document(s) and fully completes Section 2 of Form I-9 within three business days of the first day of work. Section 3 is utilized for recertification, such as verifying a name change, reverifying a temporary work authorization or reverification in the case of certain rehires.

You **DO NOT** need to complete a Form I-9 for persons who are:

1. Hired on or before November 6, 1986, who are continuing in their employment and have a reasonable expectation of employment at all times;
2. Employed for casual domestic work in a private home on a sporadic, irregular or intermittent basis;
3. Independent contractors;
4. Providing labor to you who are employed by a contractor providing contract services (e.g., employee leasing or temporary agencies) or
5. Not physically working on U.S soil.

Do not file Form I-9 with USCIS or Immigration and Customs Enforcement (ICE). Form I-9 must be kept by the employer for as long as the individual works for the employer. Once an employee is terminated, Form I-9 must be kept by the employer either for three years after the date of hire or for one year after employment is terminated, whichever is later. The Form can be retained on paper, microfilm or electronically. The Form must be available for inspection by authorized U.S government officials (e.g., Department of Homeland Security, Department of Labor, Department of Justice).

EMPLOYEE FILE BEST PRACTICES

As a best practice, employers should maintain employee documents in two separate places depending on the type of document it is. The two categories include:

Category 1:

- A. Pre-employment documentation – job descriptions, resume, offer letters, reference checks, emergency contacts, and acknowledgements or receipts of agreements and the like.
- B. Employment documentation – job performance promotions, disciplinary actions or warnings, compensation changes, awards, changes to their specific payroll and tax information such as direct deposit forms, formal trainings, attendance or tardy records.
- C. Separation documentation – exit interviews, separation checklists or agreements, resignation letter and any other corresponding items.

Category 2:

- A. All medical related forms, doctor's notes, FMLA and other leave requests, results of drug test, COBRA information and benefit enrollment forms.
- B. Background or credit check results

Other best practices regarding employee files include:

- Employee Form I-9s should always be kept in a separate file of their own.
- Equal Employment Opportunity (EEO) demographic information, which is required by certain employers, should also be kept separate from the two listed categories.
- How long an employer must keep certain records on file depends again on what type of record you are looking to retain and compliance with state and federal laws that govern record retention.

Penalties for Prohibited Practices

Civil and criminal penalties can be assessed by the U.S. Citizenship and Immigration Services for a failure to comply with the employment eligibility verification requirements. In 2018, ICE agents conducted nearly five times as many workplace audits as they did in 2017 and this trend in increased worksite enforcement efforts has continued. Agents can legally show up unannounced and request to review your employee records. More likely, an employer will receive a Notice of Inspection (NOI) which will request supporting documentation such as a list of employees, copy of the most recent payroll report, and copies of I-9s.

The civil penalties relate to the following:

1. Employers who fail to properly complete, retain and/or make available for inspection Form I-9 as required by law may face penalties of not less than \$288 and not more than \$2,861 for each employee in noncompliance.
2. Employers determined to have knowingly hired or continued to employ unauthorized aliens will be ordered to cease and desist from such activity and fined as follows:
 - a. **First offense**, not less than \$716 and no more than \$5,724 for each unauthorized alien.
 - b. **Second offense**, not less than \$5,724 and no more than \$14,308 for each unauthorized alien.
 - c. **Subsequent offenses**, not less than \$8,586 and no more than \$28,619 for each unauthorized alien.

SOCIAL SECURITY NUMBER (SSN) VERIFICATION

You generally must use the SSNVS (Social Security Number Verification Service) to verify SSNs. Employees who verify SSNs for their employers must be registered SSNVS users. SSNVS is an online service.

To register, log onto www.ssa.gov/bsowelcome.htm.

Even though the automated telephone verification service ended in 2012, the Social Security Administration recognizes that registered SSNVS users may occasionally need to perform verifications when no online access is available. In those instances, registered users can call the Social Security's Employer Reporting Service Center telephone number which is 1-800-772-6270.

A good rule of thumb is to have the employee verify his/her own Social Security number and address at year-end. For the first pay in December, place in the employee's envelope a note asking them to verify their name, Social Security number and address and to notify the payroll department immediately with any discrepancies. If an employee has changed a last name, then he/she must provide a new Social Security card before any changes can be made by the payroll department.

COBRA CONTINUATION COVERAGE REQUIREMENTS

Internal Revenue Code Section 4980B authorizes the IRS to impose an excise tax on certain taxpayers for the failure to satisfy the continuation coverage requirements of group health plans.

What are the Requirements?

A group health plan must allow each qualified beneficiary to elect to purchase continuation coverage as a result of a qualifying event in which the qualified beneficiary would otherwise lose coverage under the group plan.

In accordance with §4980B(f)(6), certain notice requirements must be provided to the covered employee, qualified beneficiary, or the plan administrator, as follows:

1. The employer must provide written notice, at the time of commencement of coverage under the plan, to each covered employee and spouse of the employee (if any) of the rights to continuation coverage.
2. The employer must notify the plan administrator within 30 days of (or longer period if one is provided for in the case of a multi-employer plan):
 - a. The death of the covered employee.
 - b. The termination (except by reason of gross misconduct) or reduction of hours of the covered employee's employment.
 - c. The covered employee becoming entitled to benefits under Title XVIII of the Social Security Act (Medicare).
 - d. A bankruptcy proceeding under Chapter 11 (applies only to retirees).
3. Each covered employee or qualified beneficiary must notify the plan administrator of a divorce or legal separation, and a dependent child ceasing to be a dependent child within 60 days after the qualifying event.
4. The plan administrator must notify any qualified beneficiary with respect to the qualifying event of that beneficiary's rights to continuation coverage. Notification must be given within 14 days of the plan administrator receiving the notice described under (2) or (3) above.

What are the Penalties of Noncompliance?

An excise tax is imposed on any failure to meet the continuation coverage requirements of §4980B(f). The standard amount of the tax is \$100 per day for each qualified beneficiary during the noncompliance period (the maximum amount of the excise tax with respect to a family is \$200 per day). The noncompliance period starts on the date the failure first occurs and ends on the earlier of the date the failure is corrected or, six months after the last date on which the employer could have been required to provide such continuation coverage to the qualified beneficiary.

A failure to comply with continued health coverage rules is considered corrected if (1) the rules are retroactively satisfied to the extent possible and (2) the qualified beneficiary is put in the same position that he or she would have been in but for the failure. For the purposes of (2) above, the qualified beneficiary is considered to have elected the most favorable coverage available in light of the expenses he or she incurred since the failure first occurred.

The employer is liable for the excise tax (the plan is liable under a multi-employer plan). The excise tax is calculated and reported on Form 8928.

Exemptions

The excise tax does not apply to:

- Any failure to provide a qualified beneficiary with continuation coverage if the qualifying event occurs in the calendar year immediately following a calendar year during which the employer employed fewer than 20 employees on a typical business day,
- Any governmental plan within the meaning of §414(d), or
- Any church plan within the meaning of §414(e).

Termination of Continuation Coverage

Regardless of the above rules, eligibility for coverage will cease on:

1. The date the employer ceases to provide any group health plan to any employee.
2. The date when coverage ceases because of failure by the beneficiary to make a timely premium payment. The payment is considered timely if payment is made within 30 days after the due date or such longer period as provided under the plan.
3. The date when the qualified beneficiary becomes covered under any other group health plan (special rule for pre-existing conditions) or in the case of a qualified beneficiary other than a retiree, the spouse of the covered employee, the dependent child of the employee or the surviving spouse of the covered employee, the date on which he or she becomes entitled to Medicare benefits.

Definitions

Qualified beneficiary: The spouse or dependent child of the covered employee on the date before the qualifying event for that employee. In the case of termination or reduction in the hours of the covered employee, “qualified beneficiary” includes the covered employee.

Qualifying event: With respect to a covered employee, an event resulting in the loss of coverage to a qualified beneficiary, as follows:

- The death of the covered employee.
- The termination (other than in the case of gross misconduct) or reduction of hours of the covered employee's employment.
- The divorce or legal separation of the covered employee from the employee's spouse.
- The covered employee becoming entitled to benefits under Title XVIII of the Social Security Act (Medicare).
- A dependent child ceasing to be a dependent child under the generally applicable definitions of the plan.
- A bankruptcy proceeding under Title 11, commencing on or after July 1, 1986, with respect to the employer from whose employment the covered employee retired at any time.

Continuation coverage: The right of each qualified beneficiary, who would lose coverage under the plan as a result of a qualifying event, to elect continued coverage under the plan, within the election period.

Election period: A 60-day period which begins no later than the date on which coverage terminates by reason of a qualifying event.

Period of coverage: The period of required coverage begins on the date of the qualifying event and ends on the date, which is 18 to 36 months after the event, depending on the qualifying event.

Premium payments: The plan may require the payment of a premium for the period of continued coverage but in no event can the payment exceed 102% of the regular premium.



TAXABLE FRINGE BENEFITS AND REPORTING

FRINGE BENEFITS - TAXATION AND REPORTING

A fringe benefit is a form of pay for the performance of services given by the employer/provider to the employee/recipient. As a general rule, any fringe benefit that you provide is taxable and must be included in the employee/recipient's pay UNLESS specifically excluded by the tax code.

You must include in an employee/recipient's pay the amount by which the value of the fringe benefit exceeds the sum of (1) the amount excluded by the tax code and (2) the amount the employee/recipient paid for the benefit.

If the recipient of a taxable fringe benefit is not your employee, you may have to report the fringe benefit on an information return (i.e., Form 1099-MISC).

Fringe benefits specifically excluded from tax under Internal Revenue Code Section 132 include, but not limited to, the following:

- **De minimis benefits** - any property or service you provide to an employee/recipient that has so little value that accounting for it would be unreasonable or administratively impracticable.
 - **Example:**
Copy machine use, holiday gifts with low fair market value (OTHER THAN CASH AND CASH EQUIVALENTS, SUCH AS A GIFT CARD), occasional tickets for entertainment or sporting events, occasional parties or picnics for employees and their guests.
 - **Note:**
After December 31, 2017 entertainment expenses, i.e., tickets for entertainment and sporting events, are no longer deductible on the employer's income tax return. However, they still qualify as a de minimus fringe benefit for payroll reporting purposes.
- **Employee discounts** - a price reduction you give an employee on property or services you offer to customers in the ordinary course of business. The following limits apply:
 1. Discount on services - 20% of the price you charge nonemployee customers.
 2. Discount on merchandise - your gross profit percentage times the price you charge nonemployee customers.

Generally, you cannot exclude the value of a discount provided to **highly compensated employees** if the discount is not available to ALL employees on the same terms.

Example:

Retailer provides x% discount on merchandise purchased by employees.

- **No additional cost services** - a service you provide to an employee that does not cause you to incur any substantial additional costs. The service must be offered to customers in the ordinary course of business.
 - **Example:**
Excess capacity services such as airline, bus or train tickets, hotel rooms and telephone services provided free or at a reduced price to employees working in those lines of business.

- **Working condition benefits** - property and services you provide to an employee so that the employee can perform his/her job. The employee must meet any substantiation requirements that apply to the deduction.
 - **Example:**
Employee use of a company car for business and reimbursement of employee business expenses (under accountable plan).

See IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits, for an in-depth discussion of fringe benefit exclusion rules and a discussion on other fringe benefits not specifically discussed in this section relating to topics such as accident and health benefits, achievement awards, adoption assistance, dependent care assistance, educational assistance, transportation benefits and tuition reduction. All publications are available through the IRS website at www.irs.gov.

When Fringe Benefits are Deemed Paid

Employer-provided fringe benefits are subject to federal income, Social Security, Medicare and unemployment tax rules when determined to be taxable. To determine when to deposit taxes withheld, you may elect to handle noncash fringe benefits as paid by the pay period, monthly, quarterly or on any other basis, as long as you report the benefits as being paid at least annually. This choice can be varied among your employees and the employer has no requirement to notify the IRS of the date selected. Employers may change methods at any time, as long as they treat all benefits provided in a calendar year as paid by December 31 of the calendar year (see Special Accounting Rule exception that follows). The employer has the option to consider a single fringe benefit as paid on one or more dates in the same calendar year, even if the employee acquires the entire benefit at one time. When employers select the payment dates, they must report the taxes on their return in the same tax period in which they treated them as paid. This election does not apply to a cash fringe benefit or to a fringe benefit where real property or investment personal property is transferred. For these kinds of benefits, you must use the actual date the property was transferred to the employee.

Special Accounting Rule (Fiscal Year Reporting)

The employer may elect to handle the value of IRS defined fringe benefits provided in November and December, or any other shorter period within the last two months, as paid in the subsequent year. This only applies to the benefits actually provided during November and December, not to benefits which were treated as being paid during those months.

When used, employers are required to notify the affected employee between the time of the employee's last paycheck of the calendar year and at or near the time the employer provides the employees with their Form W-2.

This rule cannot be used for a fringe benefit where the employer transfers real property or investment personal property to the employee.

Withholding on Fringe Benefits

The employer has two options in determining how to withhold federal income taxes from fringe benefits:

1. Either add the value of the fringe benefit to the employee's regular wages for a payroll period and calculate the taxes to be withheld on the total wages or
2. Withhold federal income tax on the value of the fringe benefits at the supplemental rate of 22%.

The employer may elect not to withhold federal income tax on the value of an employee's personal use of an employer-provided vehicle. The employer must, however, withhold the applicable Social Security and Medicare taxes on such benefits.

Depositing Taxes on Fringe Benefits

Federal taxes must be deposited in the same tax period that the employer deems the fringe benefit paid. Deposit the taxes using the deposit rules for that tax period.

BUSINESS EXPENSE REIMBURSEMENTS

The IRS issued final regulations in 1990 pertaining to business expense reimbursements and divided the employee expense reimbursement plans into two categories (See the chart titled "Reporting Employee Expense Reimbursements").

Accountable Plans

Reimbursements or other expense allowances made under this type of plan are generally tax-free to the employee and do not require the reporting of income on the employee's Form W-2. An accountable plan must meet the following three requirements:

1. **Business Connection:** Expenses must be business related to the extent the employee could deduct them on his or her personal income tax return.
2. **Substantiation:** The employee must substantiate the expenses with a detailed record of the expense including the time, business purpose, place and amount of the expense.
3. **Return of Unsubstantiated Amounts:** The employee must return, within a "reasonable time," any advances that exceed their substantiated expenses. If the employee does not return or substantiate the expenses, income and employment taxes must be withheld on the first pay period ending after the expiration of the "reasonable time." The IRS has provided two "safe-harbor" methods for meeting the "reasonable time" requirements:

Fixed Date Method

- Advance payments made no more than 30 days before an employee incurs business expenses.
- Expenses that are substantiated within 60 days after they are incurred or paid.
- Excess payments returned to employer within 120 days after being incurred/paid.

Periodic Statement Method

- Employer issues periodic statements to employees, at least quarterly, identifying unsubstantiated expenses or unreturned excess payments.
- Employees substantiate the expenses and refund any excess within 120 days after receiving the statement.

Per Diems and Mileage Allowances

Meals and incidental expense per diems or mileage allowances paid to employees which are less than or equal to the applicable rates set for federal employees are "deemed satisfied" without the employee having to provide receipts. The employees need only account for time, place and business purpose of their expenses. For example, reimbursing an employee at the standard IRS mileage rate of 70 cents for the period January 1st, 2025 through December 31st, 2025 (_____cents in 2026) or less will allow a mileage reimbursement plan to be classified as an accountable plan.

If the per diem or mileage allowance paid to an employee under an accountable plan exceeds the federally allowed rates, the amount exceeding the federally allowed rates must be treated as paid under a non-accountable plan unless properly documented with receipts. If not documented, this excess portion is subject to withholding and employment taxes.

Employers have a choice of reimbursing actual expenses of business travel away from home or reimbursing employees at a per-diem rate to cover lodging, meals and incidental expenses. If a per-diem rate is paid, any additional payment with respect to these expenses could be treated as paid under a non-accountable plan, as described in the preceding paragraph.

Per diems paid under a non-accountable plan, in which the employee does not report their expenses, are fully included in wages.

Travel Time

Construction businesses and others are often confused by their obligation to pay employees while they are traveling to a job site. Employees must always be given the option to drive their own vehicle or find their own transportation. When driving their own vehicle, they do not get paid until they report to the job site. Employees who take employer-owned vehicles home do not get paid to drive from home to the jobsite and vice versa if the travel is within the normal commuting area for the business. If employees drive from the employers' place of business to the job site in a company-provided vehicle, only the driver needs to be compensated. However, if any of the employees riding in the company vehicle do any kind of work before the travel, then they also must be compensated for the drive time. Even if they just throw a hammer on the truck, they are automatically on the clock. This is applicable regardless of whose vehicle is being used.

Notwithstanding the above, employers may establish separate hourly pay rates – a travel rate, which can be as low as minimum wage, and a working rate. If the employee works more than 40 hours per week including travel time, you will need to determine an overtime rate by following the example below:

Working rate x hours worked = $\$17.00 \times 40 \text{ hrs} = \680.00

Travel rate x traveled hours = $\$7.25 \times 15 \text{ hrs} = \108.75

Add $\$680.00 + \$108.75 = \$788.75$ divide by total hrs 55 = $\$14.34 =$ regular pay rate

Regular pay rate of $\$14.34$ times 1.5 = $\$21.51 =$ o/t rate

Overtime pay = $15 \text{ hrs} \times \$21.51 = \322.65

Regular pay = $40 \text{ hrs} \times \$14.34 = \573.60

Nonaccountable Plan

Any business expense reimbursement or advance which does not meet the three qualifications of an accountable plan is considered a nonaccountable plan. These reimbursements are to be treated as taxable wages when paid, subject to federal income, Social Security, Medicare and unemployment taxes. Payment is defined as when the employee fails to meet any of the three requirements required for an accountable plan. They must also be reported on the employee's Form W-2.

Reimbursing an employee at a higher amount than the standard IRS mileage rate would result in the amount in excess of 70 cents in 2025 (_____cents in 2026) being classified as a nonaccountable plan.

Reporting Employee Expense Reimbursements: Travel, Transportation, Meal and Entertainment Expenses

TYPE OF PLAN	EMPLOYER REPORTING REQUIREMENTS	SUBJECT TO EMPLOYMENT TAXES
Accountable plan		
Employer requires adequate accounting: 1) a business connection, 2) substantiation and 3) return excess advance	Not reported	N/A
Employer requires adequate accounting: 1) a business connection, 2) substantiation and 3) return excess advance; however, the employee does not return the excess.	Excess reported as wages - Box 1, Social Security wages - Box 3, and Medicare wages - Box 5	Excess subject to employment taxes
Special rules - per diem or allowance deemed to meet substantiation and excess return requirements: 1) Per diem or mileage allowance (up to government rate)	Not reported	N/A
2) Per diem or mileage allowance (exceeds government rate)	Excess reported as wages - Box 1, Social Security wages - Box 3 and Medicare wages - Box 5. Amount equal to government rate reported in Box 12 Code "L"	Excess subject to employment taxes
Nonaccountable plan		
Employer does not require adequate accounting: 1) a business connection, 2) substantiation or 3) return excess advance.	Entire amount reported as wages - Box 1, Social Security wages - Box 3, Medicare wages - Box 5; amount and description in Box 14	Entire amount subject to employment taxes

Substantiation of Employee Business Expenses – Adequate Accounting and Recordkeeping

	TRAVEL	MEALS AND ENTERTAINMENT	GIFT	CAR/ TRANSPORTATION
AMOUNT	Amount of each separate expense for travel, lodging and meals. Incidental expenses may be totaled such as taxis, daily meals, etc.	Amount of each separate expense. Incidental expenses such as taxis, telephones, etc., may be totaled daily.	Cost of gift.	1) Amount of each separate expense including cost of car. 2) Mileage for each business use. 3) Total miles for tax year.
TIME	Date left and returned for each trip and number of days for business.	Date of meal or entertainment. For meals or entertainment directly before or after business meeting, date and duration of meeting.	Date of gift.	Date of expense or use.
PLACE	Name of city or destination.	Name and address of place of meal or entertainment. Type of entertainment if not apparent. Place where business meeting held if meal or entertainment before or after such meeting.	Not applicable.	Name of city or destination.
DESCRIPTION	Not applicable.	Not applicable.	Description of gift.	Not applicable.
BUSINESS PURPOSE	Business reason for travel or business benefit gained or expected to be gained.	Business reason for travel or business benefit gained or expected to be gained. Nature of business discussion or activity. Identity of persons who took part in the business discussion or activity.	Business reason for gift or business benefit gained or expected to be gained.	Business reason for the expense or use of the car.
BUSINESS RELATIONSHIP	Not applicable.	Occupations or other information about persons entertained that shows business relationship to you. You must prove you or employee present at meal.	Occupation or other information about recipient that shows business relationship to you.	Not applicable.

MEMBERSHIPS IN COUNTRY CLUBS OR OTHER SOCIAL CLUBS

Membership dues paid to any type of club, including business, social, luncheon, athletic, sporting, airline and hotel clubs may not be deducted. However, club dues will be deductible to the extent they are treated as compensation to the employee.

GROUP-TERM LIFE INSURANCE

Employer-provided group-term life insurance with a value of \$50,000 or less is a tax-free benefit to the employee if it is nondiscriminatory. The value in excess of \$50,000, less any employee after-tax payroll deduction, is to be treated as taxable income, subject to Social Security and Medicare taxes. The employer is not required to withhold federal income tax from the employee, but the value is subject to federal taxation and must be reported on the employee's Form W-2 as "other compensation."

Although the value in excess of \$50,000 is not taxable for FUTA purposes, it is reportable as total wages on Form 940 (FUTA).

When group-term life (GTL) insurance in excess of \$50,000 is offered through a flexible benefit (Cafeteria) plan, the IRS has issued special instructions (IRS Notice 89-110, CB 1989-2, p.447) which minimize the advantage of offering the insurance through such a plan. This notice states that the total amount includable in the gross income (federal, Social Security and Medicare taxable income) of an employee who contributes to the cost of the insurance under a cafeteria plan is the greater of:

- The employee's contribution toward the purchase of the insurance, or
- The insurance cost as determined under the IRS Uniform Premium Table I.

The following are three exceptions where the excess GTL coverage would not be taxable to the employee:

- The beneficiary of the policy is the company.
- The beneficiary of the policy is a charitable organization.
- The employee terminates during the year due to a permanent disability.

Finally, greater than 2% shareholders of an S corporation may not take advantage of the tax-favored treatment of group-term life insurance plans.

If an employer-provided GTL policy is discriminatory or where the policy provides coverage in excess of \$50,000, the value of the insurance benefit to be included in the employee's income is calculated by use of the IRS "Uniform Premium Table I" (see next page).

UNIFORM PREMIUM TABLE I			
IRC Section 79			
Fair Market Value of GTL Insurance per \$1,000 of Excess Benefit per Month			
Under age 25	\$ 0.05	Age 50 - 54	\$ 0.23
Age 25 - 29	0.06	Age 55 - 59	0.43
Age 30 - 34	0.08	Age 60 - 64	0.66
Age 35 - 39	0.09	Age 65 - 69	1.27
Age 40 - 44	0.10	Age 70 & above	2.06
Age 45 - 49	0.15		

The employee's age on the last day of the calendar year needs to be determined before the following formula can be used to calculate the value of GTL in excess of \$50,000:

$(\text{GTL coverage} - \$50,000) \times \text{GTL cost factor (Premium Table I monthly rate in effect)} \times .001 - \text{employee deduction for policy} = \text{Taxable GTL monthly premium value}$

EXAMPLE:	Employee's age at 12/31/25:	55
	Employee's GTL benefit:	\$100,000
	Employee's GTL deduction per month (after tax):	\$10.50
	Taxable wages on the value in excess of \$50,000	
	$(100,000 - 50,000) \times .43 \times .001 - 10.50 = \$11.00/\text{month}$	\$132.00

Dependent GTL Coverage

Under the de minimis fringe benefit rules, an employer may provide tax-free dependent group-term life insurance coverage to spouses or eligible dependents of employees up to \$2,000 of face value coverage. If the amount exceeds \$2,000, the de minimis value would no longer exist and the entire cost of the GTL insurance coverage must be included in income unless the amount over \$2,000 is purchased with employee contributions on an after-tax basis. The cost would be calculated using the rates in Table I in the same manner as when calculating GTL for the employee (i.e., subtract any employee payroll deduction for dependent GTL).

Group-Term Life Insurance Coverage for Terminated Employees

OBRA 1990 added Section 3102(d) to the Internal Revenue Code, which allows employers to report, on the W-2 Form, uncollected Social Security and Medicare taxes on group-term life insurance coverage over \$50,000 purchased for former employees (uncollected Social Security Tax - Code M, Box 12, uncollected Medicare Tax - Code N, Box 12). This section of the Code applies to any payment for group-term life to the extent "such payment is for coverage for periods during which an employment relationship no longer exists between the employee and the employer." This section only applies in situations where the employer continues to provide group-term life insurance coverage for an individual who is no longer on the employer's payroll, such as a retiree.

This section does not apply in situations where the employer failed to withhold Social Security and Medicare taxes, for GTL insurance coverage, while individuals were employed by the employer. In these instances, the employer must either pay the applicable taxes on behalf of the employees and report this as wages subject to employment and withholding taxes, or request reimbursement from the employees for the Social Security and Medicare taxes due on the imputed income.

CELL PHONES

The Small Business Jobs Act of 2010 removed cell phones and similar communication devices from their current classifications as listed property thereby lifting the strict substantiation requirements of use rules. The provision enables the fair market value of "personal use" of a cell phone provided to an employee predominantly for business purposes to be excluded from gross income for tax years beginning after December 31, 2009. Notice 2011-72, issued in September 2011, provided additional guidance.

LIMITATION OF CERTAIN BUSINESS EXPENSE DEDUCTIONS

Business Meals and Entertainment

After December 31, 2017, the deduction has been eliminated for expenses incurred for entertainment, amusement or recreation.

The business meals deduction has returned to 50% deductible beginning January 1, 2023.

Travel Expenses for Dependents

Employers are not allowed a deduction for travel expenses with respect to a spouse, dependent or other individual accompanying an employee on business trips unless:

- The spouse, dependent or other person is a bona fide employee of the person paying or reimbursing the expenses,
- the travel of the spouse, dependent or other person is for bona fide business purposes and
- the expenses of the spouse, dependent or other person would otherwise be deductible.

If all three criteria are not met, the travel expenses of the spouse, dependent or other person can only be deducted to the extent they are treated as compensation to the employee.

Moving Expenses

Employers must now include moving expense reimbursements in employees' wages (beginning in 2018 through 2025). The new tax law suspends the exclusion for qualified moving expense reimbursements. However, members of the U.S. Armed Forces can still exclude qualified moving expense reimbursements from their income if they meet certain requirements.

The new tax law also suspends the above-the-line deduction for job-related moving expenses incurred by employees and self-employed individuals during this same period except for members of the U.S. Armed Forces.

The new law didn't change the employer's ability to deduct the reimbursement or direct payment of an employee's moving expenses. However, they are now subject to employment taxes.

For **Pennsylvania** tax purposes, the expenses paid for moving employees, their immediate family, household goods and personal effects are excluded from wages and withholding if:

- Employees must, and do, account to their employers;
- Employees' expenses equal or exceed reimbursement.
- The move is made for the benefit of the employer and is from one full-time position to another and
- The new workplace is at least 35 miles further from the old residence than the old workplace was.

Any reimbursement of moving expenses paid or incurred by an employee in assuming a new job are personal expenses that are wages subject to withholding.

Maryland follows the federal law as it relates to the changes in taxability of moving expenses.

Employee Achievement Awards

An employer can deduct the cost of an employee achievement award up to \$400 per employee (\$1,600 if the award is a qualified plan award). The award must be given as part of a meaningful presentation under conditions and circumstances that don't create a likelihood that the payment is disguised compensation. The employee can exclude the value of the award as long as it doesn't exceed the deductible amount.

An employee achievement award is an item of tangible personal property awarded to an employee because of the length of service achievement, or safety achievement.

Tangible personal property doesn't include the following:

- Cash, cash equivalents, gift cards, gift coupons, gift certificates, vacations, meals, lodging, tickets to theater or sporting events, stocks, bonds, other securities, other similar items.

A qualified plan award is an established written plan or program of the employer that is permanent and does not discriminate in favor of highly compensated employees.

DETERMINING GROSS-UP

In many instances an employer will pay the applicable employment taxes for the fringe benefit on behalf of the employee for the value of a fringe benefit. When an employer pays taxes on behalf of the employee this is referred to as “gross-up.” An employee could be faced with a substantial tax shortage if the employer does not “gross-up” the taxable expenses associated with fringe benefits. To determine the employee’s “gross-up” you can use the following formula:

$$\frac{\text{Amount of Payment (fringe benefit after tax)}}{100\% - \% \text{ of employee tax due}} = \text{Taxable Income}$$

Alternative: Gross wage - payroll taxes withheld = fringe benefit

When you “gross-up” the employee’s records, the employer-paid taxes (\$1,275.29 - see PA gross-up example) are reported as federal, state and local wages. In addition, this amount must be reported under federal and state unemployment wages.

Employer-Paid Taxes

If an employer pays federal income, Social Security or Medicare taxes on behalf of an employee, the amount paid by the employer is to be treated as taxable income, subject to federal income and employment taxes (i.e., a gross-up of a taxable fringe benefit). Employers may have to estimate the amount of taxable fringe benefits in order to deposit the correct amount of employment taxes in accordance with the employer’s deposit requirements (see page 57 for Pennsylvania requirements and page 72 for Maryland requirements). If you underestimate the amount of taxable fringe benefits and deposit less than the amount actually due, you may be subject to a penalty. Employers have until January 31, the due date of their fourth quarter Form 941 return, to determine the actual value and report and pay the correct withholding of under withheld tax on the employee’s behalf (may be subject to late payment penalty). However, employers have until April 1 of the year following the under withholding error to receive reimbursement by the employee.

Year-End Procedures for Inclusion of Fringe Benefits in Wages

1. Employer should determine the amount of the taxable fringe benefit by December 15.
2. If necessary, determine the gross-up for applicable withholding taxes (see example above).
3. Deposit taxes on fringe benefits in accordance with deposit requirements.
4. Update payroll records - manual/computerized and notify outside service bureau of the amount of taxable fringe benefits.
5. W-2 and 941 wage reconciliation must include taxable fringe benefits.

2% SHAREHOLDER-EMPLOYEES OF S CORPORATIONS

Employee fringe benefits paid or furnished by an S corporation to a greater than 2% shareholder in consideration for services rendered as an employee are treated as wages. The corporation is required to include the value of such benefits as taxable wages on the shareholder/employee's Form W-2.

The corporation may deduct the fringe benefit as compensation and the 2% shareholder may claim any such item that would otherwise be allowable as a deduction on his/her individual tax return.

The following common benefits are subject to fringe benefit treatment under the 2% shareholder rule: medical reimbursement, group-term life insurance benefits, death benefits, accident and health plan benefits, disability benefits, meals and lodging furnished for the convenience of the employer and workers' compensation premiums paid for the benefit of the 2% shareholder. There are additional fringe benefits which are not listed above. If you believe they may be taxable fringe benefits, you should consult your tax advisor to determine the appropriate treatment.

For federal payroll reporting purposes, the fringe benefits are subject to federal income, Social Security and Medicare taxes. However, if the fringe benefits are company-paid medical insurance premiums and are made under a plan or system for employees and their dependents or for a class of employees and their dependents, the fringe benefits are not considered wages for purposes of Social Security and Medicare taxes.

Health Savings Account (**HSA**) contributions by the employer must be treated the same as health insurance. The contribution is added to gross wages and included in box 14. There will not be a code W in box 12 for any HSA contributions.

COMPANY PROVIDED VEHICLES

The employee's personal use of an employer-provided vehicle is usually considered as taxable income unless it is categorized under one of the following exceptions:

- Working condition fringe benefit.
- De minimis benefit.
- Qualified nonpersonal use vehicle.
- Auto dealerships - special rules.

Personal Use of Company-Provided Vehicle

Although the business use of an employer-provided vehicle is a nontaxable fringe benefit, the personal use is considered taxable. Employers are required to ascertain the value of this personal use and to include it in the employee's wages reported on Form W-2. The employee must submit to the employer an accounting for the business use of the car to alleviate the employer reporting the entire value of both business and personal use of the car on the employee's Form W-2. The Internal Revenue Service has provided several valuation methods for the employer to select from which to determine the amount of income that will be subject to reporting and taxing of the employee's wages. The employer may either use the "general valuation method" or select one of the following "safe harbor" valuation methods:

- Commuting Valuation.
- Cents Per Mile Valuation.
- Annual Lease Value.

When the employer chooses one of the three "safe harbor" valuation methods, they are required to notify their employees, in writing, by January 31 of the calendar year for which the election is to apply (or 30 days after the employer provides the vehicle to the employee), as to which method will be applied to their assigned vehicle. This written notice, which must be posted in a location where all affected employees are reasonably expected to see it, must state:

- The special valuation rule that has been selected.
- The substantiation requirements under IRC Section 274(d).
- The effect of failing to comply with the substantiation requirements.
- Date notice was posted.
- If the employer has elected NOT to withhold federal income tax.

An employer must adopt a valuation rule by the first day on which the vehicle is made available to the employee. **The employer must continue to use the same valuation method for an employee until the vehicle is no longer used by the employee unless the employee and employer change to the commuting method.**

Recordkeeping

Employees and employers must maintain adequate records to calculate the business use of an employer-provided vehicle. The employee should log the business use of the vehicle including the date, purpose of the trip and number of miles traveled. The employee must also keep a record of his or her total mileage for the taxable period. The total mileage information is required to be disclosed on Form 4562 (depreciation and amortization).

The employee should maintain adequate records in a diary, automobile log or other systematic format which allows the employee to compile this information in a timely manner. There is no substitute for a formal recordkeeping system.

The employee can maintain a mileage record for a representative portion of the year and use that record to substantiate the business usage for the entire year. The sample period must be at least 90 days. This sampling method can only be used where:

- The vehicle is used by one driver throughout the year,
- The business use of the car follows a regular pattern throughout the year and
- There is proof that the mileage record kept for part of the year is indeed representative of the business use for the entire year.

The sampling method is useful if the business use is regular. If the employee's business use changes during the year, he or she would have to start a new sample or keep complete records for the balance of the year.

Generally, if the vehicle is used for personal and business driving, the employer must substantiate the business use by relying on the employee's records and treating the personal use value as compensation. The employer can retain either (1) the employee's record of vehicle use or (2) a statement submitted by the employee summarizing the actual record. Under option (2), the employee must keep a copy of the records used to prepare the statement.

An employer cannot rely on an employee's record or statement if it believes, or has reason to believe, that the information is inaccurate. In this case, the only practical solution is to treat the vehicle as having been used 100% for personal purposes. The burden of proof will then shift to the employee.

To eliminate the necessity of the substantiation requirements, an employer can issue a written policy that either prohibits workers from making personal use of company cars or restricts any personal use to commuting trips only.

General Valuation Method

The worker's personal use of the employer-provided vehicle is determined by the fair market value of the automobile (the cost an individual would have to pay to lease the same or comparable vehicle on the same comparable terms in the same geographic area).

Commuting Valuation Method

The commuting use of an employer-provided car is valued at \$1.50 per one-way commute (\$3.00 per round trip) if the employee meets the following requirements:

1. The vehicle is owned or leased by the employer and is provided to one or more employees for use in connection with the employer's trade or business.
2. The employer, for bona fide non-compensatory business reasons, requires the employee to commute to or from work in the vehicle.
3. The employer has established a written policy under which the employee may not use the vehicle for personal purposes other than for commuting or de minimis personal use (such as a stop for a personal errand on the way between a business delivery or the employee's home).
4. The employee, except for de minimis personal use, does not use the vehicle for any personal purpose other than commuting.
5. The employee required to use the vehicle for commuting is not a control employee of the employer.

Control Employees Definition - Nongovernmental:

- Officers whose annual compensation is \$140,000 or more (indexed annually).
- All directors, 1% or greater owners and employees whose annual compensation equals or exceeds \$285,000 (indexed annually).
- Employers may choose to define control employees as those defined as "highly compensated" employees under IRS Regulations Section 1.132-8(f). A highly compensated employee for 2025 is an employee who either was a 5% owner at any time during the year or preceding year or who received more than \$160,000 in pay for the previous year. You can choose to ignore the wage test if the employee was not also in the top 20% of employees when ranked by pay for the preceding year.

Control Employees Definition - Governmental:

- All elected officials.
- Any employee whose compensation equals or exceeds that of federal employees at Executive Level V.
- Government employers may choose to define control employees as those defined as "highly compensated" employees under IRS Regulations Section 1.132-8(f).

Cents Per Mile Valuation Method

The value is determined by multiplying the number of miles driven for personal use by the standard mileage rate established by the IRS (70 cents for 2025 and ___ cents in 2026). The cents per mile rate includes maintenance, insurance and fuel provided by the employer. If the employer does not provide fuel, the cents per mile rate is reduced by no more than 5.5 cents. To use this valuation method the following conditions are necessary:

- Employer expects the employee to use the vehicle while conducting the employer’s business during the year.
- Vehicle will be driven at least 10,000 miles in a calendar year.
- Vehicle will be used primarily by employees.
- Fair market value of the vehicle cannot exceed \$61,200 (adjusted periodically by the IRS).

EXAMPLE: Vehicle Cents Per Mile (based on 2025 mileage rate)
Mike Wazowski was issued a vehicle on January 2, 2025. Fair market value of vehicle on 01/02/25 was \$50,000. Mike has driven 20,000 miles during 2025. (5,000 personal miles from January through December and 15,000 business miles) The Vehicle cents per mile valuation method is used. (5,000 x \$.70) = \$3,500.00 to be included in Mike’s income (fuel provided) (5,000 x \$.645) = \$3,225.00 (fuel not provided)

Fair Market Valuation Method (Annual Lease Value)

An employer determines the fair market value of the employer-provided vehicle on the first day the vehicle was available to the employee and then consults the IRS’ “Annual Lease Value Table.” The fair market value of the vehicle is that amount which the employee would pay when acquiring the vehicle in an arms-length transaction, including sales tax, registration fees and title fees.

Once the fair market value is determined for the vehicle, that value is to be used for the first four (4) calendar years the employer makes the vehicle available to the employee. After four calendar years, the employer may determine a new fair market value. If a vehicle is transferred to another employee, the employer may redetermine its fair market value and calculate a new annual lease value, provided this is not done for the purpose of reducing an employee's income taxes.

Annual Lease Value Table

Fair Market Value of Car	Annual Lease Value	Fair Market Value of Car	Annual Lease Value
\$ 0 - 999	\$ 600	\$ 22,000 - 22,999	\$ 6,100
1,000 - 1,999	850	23,000 - 23,999	6,350
2,000 - 2,999	1,100	24,000 - 24,999	6,600
3,000 - 3,999	1,350	25,000 - 25,999	6,850
4,000 - 4,999	1,600	26,000 - 27,999	7,250
5,000 - 5,999	1,850	28,000 - 29,999	7,750
6,000 - 6,999	2,100	30,000 - 31,999	8,250
7,000 - 7,999	2,350	32,000 - 33,999	8,750
8,000 - 8,999	2,600	34,000 - 35,999	9,250
9,000 - 9,999	2,850	36,000 - 37,999	9,750
10,000 - 10,999	3,100	38,000 - 39,999	10,250
11,000 - 11,999	3,350	40,000 - 41,999	10,750
12,000 - 12,999	3,600	42,000 - 43,999	11,250
13,000 - 13,999	3,850	44,000 - 45,999	11,750
14,000 - 14,999	4,100	46,000 - 47,999	12,250
15,000 - 15,999	4,350	48,000 - 49,999	12,750
16,000 - 16,999	4,600	50,000 - 51,999	13,250
17,000 - 17,999	4,850	52,000 - 53,999	13,750
18,000 - 18,999	5,100	54,000 - 55,999	14,250
19,000 - 19,999	5,350	56,000 - 57,999	14,750
20,000 - 20,999	5,600	58,000 - 59,999	15,250
21,000 - 21,999	5,850		

For vehicles having a fair market value in excess of \$59,999, the Annual Lease Value is equal to 25% of the automobile's fair market value + \$500.

Example of Annual Lease Value:

Mike Wazowski was issued a vehicle on January 2, 2025.
FMV of the vehicle on January 1, 2025, was \$25,000.
Mike has driven 20,000 miles during 2025; 5,000 personal miles and 15,000 business miles.

Calculation:

Annual lease value	\$6,850.00
Personal use percentage (5,000/20,000)	<u>25%</u>
Personal use value included in Mike's W-2	<u>\$1,712.50</u>

If fuel is provided, the employer must include an additional 5.5 cents per mile for personal miles. In this example, Mike would have an additional \$275.00 (5,000 x \$.055) in taxable wages, or a total personal use value of \$1,987.50 (\$1,712.50 + \$275.00).

Company Fleets

Company fleets comprised of 20 or more vehicles using the annual lease value method may choose a fleet average valuation. When the employer reasonably expects the vehicles to be used in the employer's trade or business and each unit of the fleet has a fair market value of \$61,200 or less (adjusted periodically by the IRS), the average of the fair market value for all vehicles may be used.

If the fleet falls below 20 vehicles for more than 50% of the days in the year, the employer will not be able to use the fleet valuation method in that year. In this case, the annual lease value must be determined separately for each remaining vehicle. Employers may identify more than one fleet within the vehicles owned by the employer. **If the fleet average method is used, the employer must recalculate the valuations every two years.**

When the fleet valuation method is used, and the employer continuously provides a unit from the fleet to the employee, the employer is not required to provide the same vehicle for the entire period. When this occurs, the employee is treated as having the use of a single vehicle for the entire period. Employer-provided fuel for fleet automobiles can be valued by using an average fuel cost of the entire fleet, or 5.5 cents per mile.

After you have determined the fair market value or fleet value, find this amount on the "annual lease value table" and multiply the amount from the table by the employee's personal use percentage for the vehicle (personal miles divided by total miles driven). The employer must add an additional 5.5 cents for each personal mile driven if the employer also provides fuel for the vehicle.

Part-Year Valuation

The annual lease value was designed primarily for vehicles used the entire calendar year. However, special valuation rules exist for vehicles used for shorter periods of time. To determine the value for a period of continuous availability that lasts at least 30 days, but less than a full year, the employer must multiply the annual lease value by the number of days the car is available to the employee and divide that figure by 365. The days the car is unavailable to the employee for bona-fide business reasons may be excluded. The days that the car is available but not used by the employee (such as during vacation), may not be excluded. The employer may prorate the annual lease value even if the 30-continuous-day period straddles two years. This method may not be used when the reduction of taxable income is the primary reason for the change.

Fixed and Variable Rate Mileage Allowance (FAVR)

Revenue Procedure 2010-51 provides for a mileage allowance using a fixed and variable rate computation (FAVR) in which employers can reimburse employees using their personal car (owned or leased) for company business and exclude the payments from income.

An FAVR allowance is made up of two parts:

1. A periodic fixed payment to cover the employee's fixed costs for depreciation (or lease payments), insurance, registration and license fees and personal property tax for the vehicle and
2. A periodic variable payment for the employee's operating costs for gas, oil, tires and routine maintenance and repairs.

An FAVR can only be used when the employee meets the following requirements:

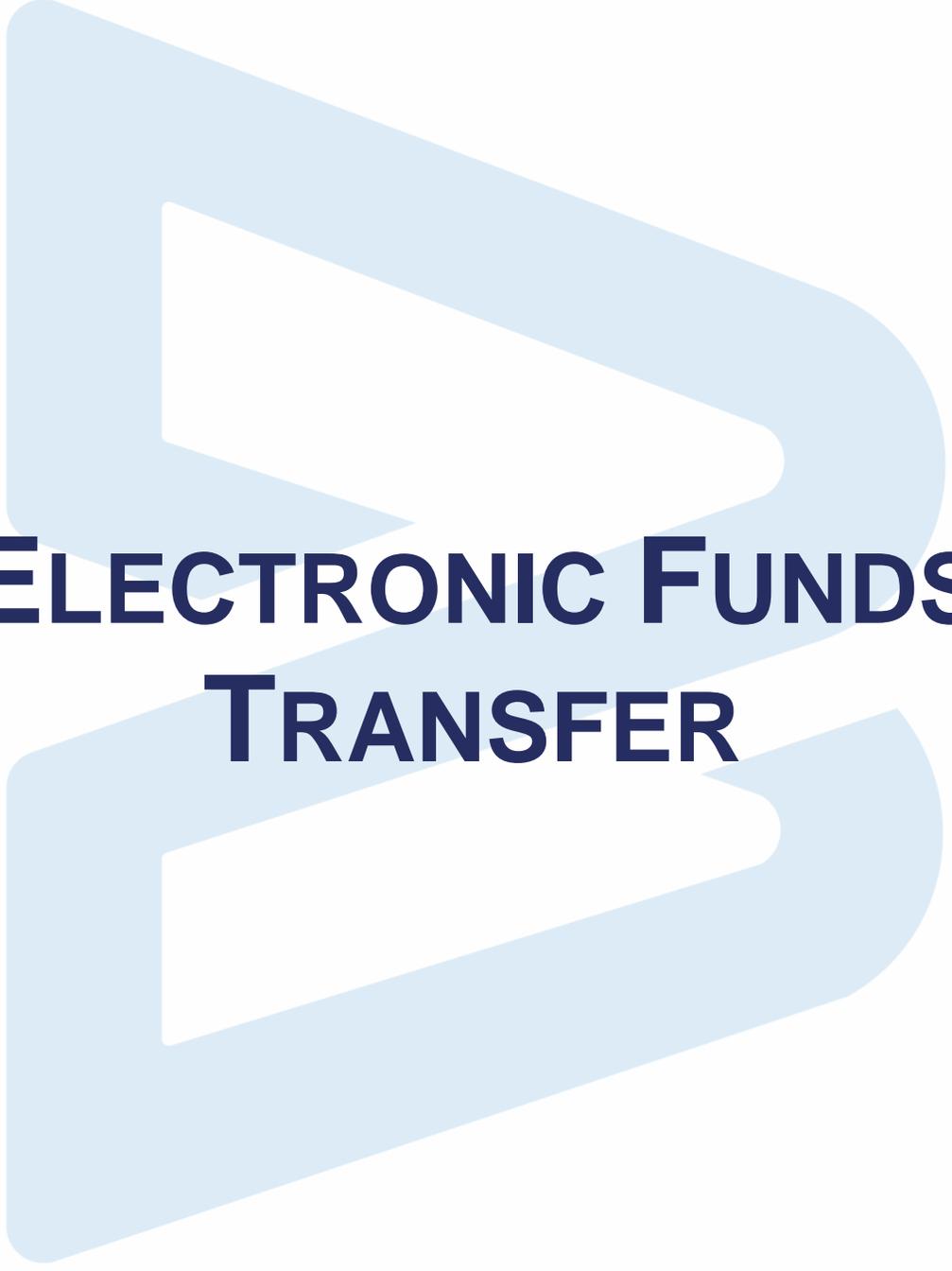
- The employee owns or leases the car.
- The employee substantiates at least 5,000 miles of business use or, if greater, 80% of the annual business mileage of the FAVR allowance.
- At no time during the year may greater than 50% of the employees covered by the FAVR be management.
- At least five employees must be covered under the FAVR at all times during the calendar year.
- Employees covered by the FAVR for less than the full year may prorate the FAVR on a monthly basis.

When FAVR is used, the employee's reimbursement must be paid no less frequently than once a quarter. The costs (standard automobile cost) used in determining the FAVR must be based on 95% of the sum of the dealer's invoice plus state and local sales taxes paid by consumers in the geographic area where the employee lives. The standard automobile cost may not exceed \$61,200 (including trucks and vans) and the employer is permitted to have different FAVR rates for different employees based on different standard automobiles.

FRINGE BENEFITS	"C" CORPORATIONS			2% OR GREATER SHAREHOLDERS IN "S" CORPORATIONS			State Income Tax Withholding	
	Federal Income Tax Withholding	FICA	*** FUTA/SUTA	Federal Income Tax Withholding	FICA	*** FUTA/SUTA		
Airplanes	Business Use Personal Use	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	
Athletic facilities (on premises)		Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	
Awards and prizes		Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	
Business expenses reimbursed	Accountable Plan Nonaccountable Plan	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	
Cars/transportation								
Gifts								
Meals and entertainment								
Travel								
Cafeteria Plans		Generally exempt	Generally exempt	Exempt(F) Taxable(S)	Taxable**	Taxable	Exempt(F) Taxable(S)	Generally Exempt
Cars	Business Use Personal Use	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Exempt
Computers	Business Use Personal Use	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Exempt
Conventions	Business Purpose Nonbusiness Purpose	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable
Country Club memberships and other social clubs		Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
De Minimis benefits		Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Dependent care assistance program (limited to \$5,000; \$2,500 if married filing separately)		Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Taxable
Employee discounts		Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Education	Business related	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Educational assistance program (limited to \$5,250)		Exempt	Exempt	Generally Exempt	Exempt	Exempt	Generally Exempt	Generally Exempt
Employee achievement awards****		Generally Exempt under Sec 74 (c)			Taxable	Taxable	Taxable	Exempt
Health and accident insurance		Exempt	Exempt	Exempt	Taxable	Generally Exempt	Generally Exempt	Exempt
Home offices		Exempt if reimbursed home office expenses qualify as working condition fringe benefit, otherwise taxable			Exempt if reimbursed home office expenses qualify as working condition fringe benefit, otherwise taxable			Same as federal
Legal service, group plans		Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
Life insurance - group term	First \$50,000 in coverage Over \$50,000 in coverage	Exempt Taxable	Exempt Taxable	Exempt Exempt	Taxable Taxable	Taxable Taxable	Taxable Taxable	Exempt Exempt
Life insurance premiums - keyman		Taxable	Taxable	Exempt	Taxable	Taxable	Taxable	Exempt
Loans with below market interest rates		Exempt	Taxable	Taxable	Taxable	Taxable	Taxable	Exempt

FRINGE BENEFITS	"C" CORPORATIONS			2% OR GREATER SHAREHOLDERS IN "S" CORPORATIONS			State Income Tax Withholding
	Federal Income Tax Withholding	FICA	*** FUTA/SUTA	Federal Income Tax Withholding	FICA	*** FUTA/SUTA	
Meals and/or lodging on employer's premises and for employer's convenience	Exempt	Exempt	Exempt	Taxable	Taxable	Taxable	Exempt
Moving expenses	Qualified or Unqualified	Taxable	Taxable	Taxable	Taxable	Taxable	Generally taxable (both)
No additional – cost service	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Travel	Business purpose Personal purpose	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable	Exempt Taxable
Uniforms not adaptable to general wear	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Vacation pay	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
Workers' compensation premiums (occupational injuries)	Exempt	Exempt	Exempt	Taxable	Taxable	Taxable	Exempt
Working condition benefits	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt

- * This is a partial list of fringe benefits. Consult your tax advisor for the treatment of fringe benefits not listed above.
- ** Shareholders of an S corporation are not permitted to participate in a Cafeteria (Section 125) Plan on a pretax basis.
- *** Fringe benefits which are taxable for SUTA (State Unemployment Tax) purposes are also subject to State Unemployment Withholding from employees.
- **** Exempt up to \$1,600 for qualified plan awards (\$400 for nonqualified awards).



ELECTRONIC FUNDS TRANSFER

ELECTRONIC FUNDS TRANSFER (EFT)

The IRS developed the Electronic Federal Tax Payment System (EFTPS) to comply with legislative requirements that at least 94% of all federal depository taxes be collected by electronic funds transfer. It is a free service from the U.S. Department of Treasury.

The EFT requirement applies to all federal depository taxes (i.e., income tax, excise tax, etc.). The only exceptions are deposits that can be made with tax returns – such as deposits for employment taxes under \$2,500 that can be made with a quarterly 941. If you are required to use EFTPS and you do not transmit funds electronically, a 10% penalty will be assessed on the amount of each deposit.

Requirements for Enrollment in the EFTPS Program

An EFTPS Business Enrollment Form (online at www.eftps.gov or Form 9779) must be completed by the employer before any deposits can be made. The IRS will notify an employer if it is mandated to electronically deposit taxes. However, if you are required to use EFTPS and do not receive the required forms, call 1-800-555-4477 to obtain an enrollment packet. You should allow at least ten weeks to process your enrollment application. If you have separate bank accounts in which you pay different tax obligations, you must complete a separate enrollment form for each bank account and identify which tax type(s) you want paid from such account(s).

Payment Methods

The EFTPS Program offers two electronic payment methods (you can choose one method or both methods).

- **EFTPS - Direct (ACH Debit)**
An electronic payment method that allows the taxpayer to initiate a tax payment to the IRS using the Internet or a telephone.
- Transaction in which the IRS, through its designated treasury financial agent, originates an ACH transaction debiting the taxpayer's bank account and crediting the IRS's bank account for the amount of the payment due.
- **EFTPS - Through a Financial Institution (ACH Credit)**
Transaction in which the taxpayer, through its own bank, originates an entry crediting the IRS's bank account and debiting its own bank account for the amount of the payment due. All associated costs are borne by the taxpayer.

44-45EFTPS SECURITY PRACTICES

Effective October 19th 2023, in compliance with Treasury mandates and security best practices, EFTPS users are required to utilize Multi-Factor Authentication (MFA) to access their accounts. This provides an additional layer of security, protecting EFTPS and its users against unauthorized access threats.

Upon logging in to this site you will be redirected to a separate page and prompted to register and/or authenticate with a Credential Service Provider, Login.gov or ID.me. Upon completion of this step you will be redirected back to EFTPS to input your EIN or SSN, PIN, and Password.



EFTPS Online Production

Telephone: 1.800.555.4477



Sign in using a trusted authentication provider.
Trusted providers secure digital identities and help us confirm and protect your identity.

- PIV/CAC** Certificate Authentication enables U.S. Federal employees and contractors to authenticate using a federally provided credential (PIV, PIV-I, CAC)
- LOGIN.GOV** Login.gov is a trusted provider specializing in digital identity protection, providing users with secure access to applications.
You consent to the privacy and security policies for identity and access management through Login.gov.
<https://login.gov/help/>
- ID.me** *ID.me is a trusted provider specializing in digital identity protection, providing users with secure access to applications.
By selecting ID.me, you will be redirected to ID.me's website. ID.me is not a government entity.
You consent to privacy and security policies for identity and access management through ID.me Terms of Service/Privacy Policy.*
<https://help.id.me/hc/en-us>

To set up, you will need to provide an email address, create a password and add a cell phone number to receive codes either by text or phone call.



COMPREHENSIVE PAYROLL EXAMPLE

Comprehensive Payroll Example

Employee: Michael I Wazowski

Employer: Monster Inc.

Additional information:				
Payroll	"Normal" Biweekly	Year-to-date prior to last pay		
Gross	\$6,923.08	\$ 173,077.00		
Fringe benefits to be included on W2:				
Deductions:				
401(k) contribution	\$ 692.31	\$ 17,307.70	Personal use of automobile	\$ 2,000.00
Federal Income tax	\$1,038.46	\$ 25,961.55	Group-term life insurance in excess of >\$50,000	\$ 950.00
FICA:				
Social Security	\$ 187.43	\$ 10,730.77		\$ 2,950.00
Medicare	\$ 100.38	\$ 2,509.62		
State income tax	\$ 212.54	\$ 5,313.46		
Local income tax	\$ 69.23	\$ 1,730.77	Employer provided Health Insurance	\$ 7,500.00
SUI	\$ 4.85	\$ 121.15		
	\$4,617.88	\$ 109,401.97		

Calculation for pay date December 31 (fringe benefits included):

Item	Calculation method	Amount	Year-to-date
Gross	(6,923.08 + 2,950) fixed base + fringe benefits	\$ 9,873.08	\$ 182,950.08
Deductions:			
401(k) contribution	10% of compensation	\$ 692.31	\$ 18,000.01
Federal Income tax		* \$ 1,583.62	\$ 27,545.17
FICA:			
Social Security	(6,923.08 + 2,950.00 - 6,850.08) x .062	** \$ 187.43	\$ 10,918.20
Medicare	(6,923.08 + 2,950) x .0145	\$ 143.16	\$ 2,652.78
State income tax	6,923.08 x .0307	\$ 212.54	\$ 5,526.00
Local income tax	6,923.08 x .010	\$ 69.23	\$ 1,800.00
SUI	(6,923.08 + 2,950) x .0007	\$ 6.91	\$ 128.07
Other	Non-cash fringe benefits	\$ 2,950.00	\$ 2,950.00
		\$ 4,027.89	\$ 113,429.86

* Federal income tax withheld:
 15% of taxable wages of \$6,230.77
 (Gross pay of \$6,923.08 less 401(k) contribution of 692.31)
 Fringe benefits (2,950 x 22%)
\$ 934.62
\$ 649.00
\$1,583.62

**Social Security tax withheld:
 Year-to-date gross \$ 173,077.00
 Base gross pay \$ 6,923.08
 Taxable fringe benefits \$ 2,950.00
 Subtotal \$ 182,950.08
 Social Security Wage Limit **\$ 176,100.00**
 Nontaxable Social Security wages **\$ 6,850.08**

22222		Void <input type="checkbox"/>	a Employee's social security number 123-56-8156	For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN) 23-2816272			1 Wages, tips, other compensation 164950.07		2 Federal income tax withheld 27545.17
c Employer's name, address, and ZIP code MONSTER INC. 100 PIXAR STREET ANYTOWN PA 32830			3 Social security wages 176100.00		4 Social security tax withheld 10918.20
			5 Medicare wages and tips 182950.08		6 Medicare tax withheld 2652.78
			7 Social security tips		8 Allocated tips
d Control number			9		10 Dependent care benefits
e Employee's first name and initial MICHAEL I		Last name WAZOWSKI	Suff	11 Nonqualified plans	
f Employee's address and ZIP code 1313 HAUNTED LANE ANYTOWN PA 32830			13 Statutory employee Retirement plan Third-party sick pay X		12a See instructions for box 12 DD 7500.00
			14 Other Fringe B 2000.00 PA-SUI 128.07		12b D 18000.01
					12c C 950.00
15 State Employer's state ID number PA 2014 9470			16 State wages, tips, etc. 180000.08	17 State income tax 5526.00	18 Local wages, tips, etc. 180000.08
				19 Local income tax 1800.00	20 Locality name 22

Form **W-2** Wage and Tax Statement

2025
0000/1030D

Department of the Treasury - Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions

Copy A For Social Security Administration - Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

Box 1	Wages, tips, other Compensation:	Gross Less 401(k) contribution	182,950.08 (18,000.01) 164,950.07
Box 3	Social Security Wages	Calculated as wage limit	176,100.00
Box 5	Medicare Wages and tips	Gross	182,950.08
Box 12	See instructions term life insurance	Code C: Group-term life insurance Code D: 401 (k) contributions Code DD: Cost of employer sponsored Health Coverage	950.00 18,000.01 7,500.00
Box 14	Other	Auto - personal use SUI	2,000.00 128.07
Box 16	State wages, tips, etc.	Gross Less fringe benefits	182,950.08 (2,950.00) 180,000.08
Box 18	Local wage, tips, etc.	Gross Less fringe benefits	187,950.00 (2,950.00) 185,000.00



OTHER PAYROLL RELATED UPDATES

OVERTIME REGULATIONS

On April 23, 2024, the U.S. Department of Labor announced a final rule for defining and delimiting the exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees. The new rules took effect on July 1, 2024. Revisions included increases to the standard salary level and the highly compensated employee total annual compensation threshold.

On November 15, 2024 the US District Court for the Eastern District of Texas vacated the Department’s 2024 final rule and the salary levels went back (retroactively) to the prior levels.

Date	Standard Salary Level	Highly Compensated Employee Total Annual Compensation Threshold
Before July 1, 2024	\$684 per week (equivalent to \$35,568 per year)	\$107,432 per year, including at least \$684 per week paid on a salary or fee basis.
July 1, 2024	\$844 per week (equivalent to \$43,888 per year)	\$132,964 per year, including at least \$844 per week paid on a salary or fee basis.
November 15, 2024	REVERTED retroactively back to: \$684 per week (equivalent to \$35,568 per year)	REVERTED retroactively back to: \$107,432 per year, including at least \$684 per week paid on a salary or fee basis.

Pennsylvania Department of Labor adopted new rules for tipped and salaried employees who work a fluctuating workweek effective August 5, 2022:

- Employers are prohibited from deducting credit card or other payment processing fees from employees’ tips.
- A manager or supervisor may not receive tips from a tip pool.
- Employers need to perform weekly calculations to ensure employees are being compensated for overtime when they work a fluctuating workweek.
- Pennsylvania adopted the 80/20 rule to align with federal legislation which means that a tipped employee must not spend more than 20% of a workweek performing tasks that do not generate tips.

W-2 REPORTING – COST OF EMPLOYER SPONSORED GROUP HEALTH PLAN COVERAGE

Employers who filed 250 or more W-2s are required to provide information to employees on the cost of employer-provided group health plan coverage. The IRS released Notice 2012-9 to provide additional guidance. This Notice clarified that the exemption for employers who filed less than 250 W-2s are exempt for 2013 and for later years until further guidance is issued. The Notice also clarified the costs to include on the W-2s.

In general, companies are required to report the aggregate cost of employer-sponsored health coverage. This disclosure is for information purposes only. The costs are to be reported in Box 12 of the W-2 using the “DD” code. The aggregate cost generally includes both the portion of the cost paid by employer and the portion paid by the employee, regardless of whether the employee paid through pre-tax or after-tax contributions. Self-insured employers who have a group health plan that is subject to the federal continuation coverage requirements (COBRA) are required to report the aggregate reportable costs. These companies can use the amount of the premiums they charge to terminated employees for COBRA coverage as the reportable cost. The cost of coverage does not include amounts included in income such as the premiums that 2% S Corporation shareholders include on their W-2s. A chart of Form W-2 reporting requirements by coverage type can be found on the IRS website and a copy is reproduced on pages 185 and 186.

RETIREMENT PLANNING

The IRS announced the cost-of-living adjustments applicable to dollar limits on benefits and contributions under qualified retirement plans. Below is a summary of some of the more common employee/individual contributions limits:

Elective deferral limits:	<u>2025</u>	<u>2026*</u>
401(k) and 403(b) Plans	Lesser of \$23,500 or 100% of participant's compensation	Lesser of \$24,500 or 100% of participant's compensation
Simple 401(k) Plans and Simple IRA Plans	Lesser of \$16,500 or 100% of participant's compensation	Lesser of \$17,000 or 100% of participant's compensation
Additional "Catch-Up" Limits**		
(Individuals age 50 or older):	<u>2025</u>	<u>2026*</u>
401(k) and 403(b) Plans	\$7,500	\$8,000
Simple 401(k) and Simple IRA Plans	\$3,500	\$4,000***
(Individuals age 60-63):	<u>2025</u>	<u>2026*</u>
401(k) and 403(b) Plans	\$11,250	\$11,250
Simple 401(k) and Simple IRA Plans	\$5,250	\$5,250

***Projected at time of printing**

****AGE AND WAGE CATCH-UP**

Beginning January 1, 2026, catch-up contributions for employees age 50 or older and earning over \$145,000 (indexed) in the prior year will be required to treat these catch-up contributions as Roth (pre-tax) contributions. The new rules apply to 401(k) and 403(b) plans. Simple 401(k) and IRA plans are unaffected by this new regulation.

*****EMPLOYER LESS THAN 25 EMPLOYEES**

W-2 VERIFICATION CODE PROGRAM

In an effort to combat tax-related identity theft and refund fraud, the IRS partnered with four major payroll providers who added a 16-digit verification code to a box on Form W-2, copies B (to be filed with employer's federal tax return) and C for (employee's records) for filing season 2016. This code was known only to the IRS, the payroll provider and the individual who received the W-2. Individuals who were affected by the program, and who used tax software to prepare their personal returns, entered the code when prompted to do so by their Form 1040 software. The IRS has announced that this program will be discontinued for 2019 filings. Verification codes have been rendered unnecessary since the IRS is now able to speed up their verification of W-2 information due to the quicker filing deadlines of Form W-2 with the Social Security Administration.

FSA (FLEXIBLE SPENDING ARRANGEMENTS)

Flexible spending arrangement contribution limit for 2026 is \$3,300, same as in 2025. The carryover amount is \$660 if the employer plan permits. The dependent care FSA contribution limit goes to \$7,500 up from \$5,000 per household for 2026.

HEALTH SAVINGS ACCOUNTS (HSA)

The IRS announced that the 2026 annual contribution limit on deductions for an individual with self-only coverage under a high deductible health plan is \$4,400 as compared to the 2025 limit of \$4,300. The 2026 contribution limitation on deductions for an individual with family coverage under a high deductible plan is \$8,750 as compared to the 2025 limit of \$8,550. The catch-up contribution for those age 55 or older remains at \$1,000 for both self-only and family coverage.

QUALIFIED SMALL BUSINESS PAYROLL TAX CREDIT - FORM 941

Beginning in tax year 2017, the IRS introduced Line 11a on Form 941 to allow certain qualified small businesses (QSBs) to apply a portion of their research credit as a payroll tax credit. To make this election, businesses must complete Form 6765 and attach it to a timely filed income tax return, including extensions. The IRS also released Form 8974, which calculates the allowable payroll tax credit based on the elected amount from Form 6765 and the Social Security tax reported for the quarter. Form 8974 must be attached to Form 941 for each quarter after the income tax return reflecting the election has been filed. In addition, the Inflation Reduction Act modified IRC §3111(f) to permit the credit to offset the employer's share of Medicare tax under IRC §3111(b). Starting in Q1 2023, the credit first reduces the employer's Social Security tax liability (up to \$250,000 per quarter), then applies to Medicare tax, with any remaining balance carried forward to subsequent quarters.

For new elections made for tax years beginning after December 31, 2022, the payroll tax credit applies against employer Social Security and Medicare tax liabilities beginning with the first calendar quarter after the income tax return is filed. For carryover amounts from elections made in tax years prior to 2023, the same rules now apply: the credit offsets Social Security tax first (up to \$250,000), then Medicare tax, and any excess is carried forward. In all cases, Form 8974 determines the amount of credit available for the current quarter, and any unused credit continues to roll forward until fully utilized. These changes provide QSBs with greater flexibility in monetizing research credits through payroll tax offsets.

SEVERANCE COMPENSATION

In March 2014, the U.S. Supreme Court ruled that severance compensation is subject to Social Security and Medicare taxes. This decision overturned a lower court ruling that could have forced the IRS to refund more than \$1 billion.

FMLA CREDIT

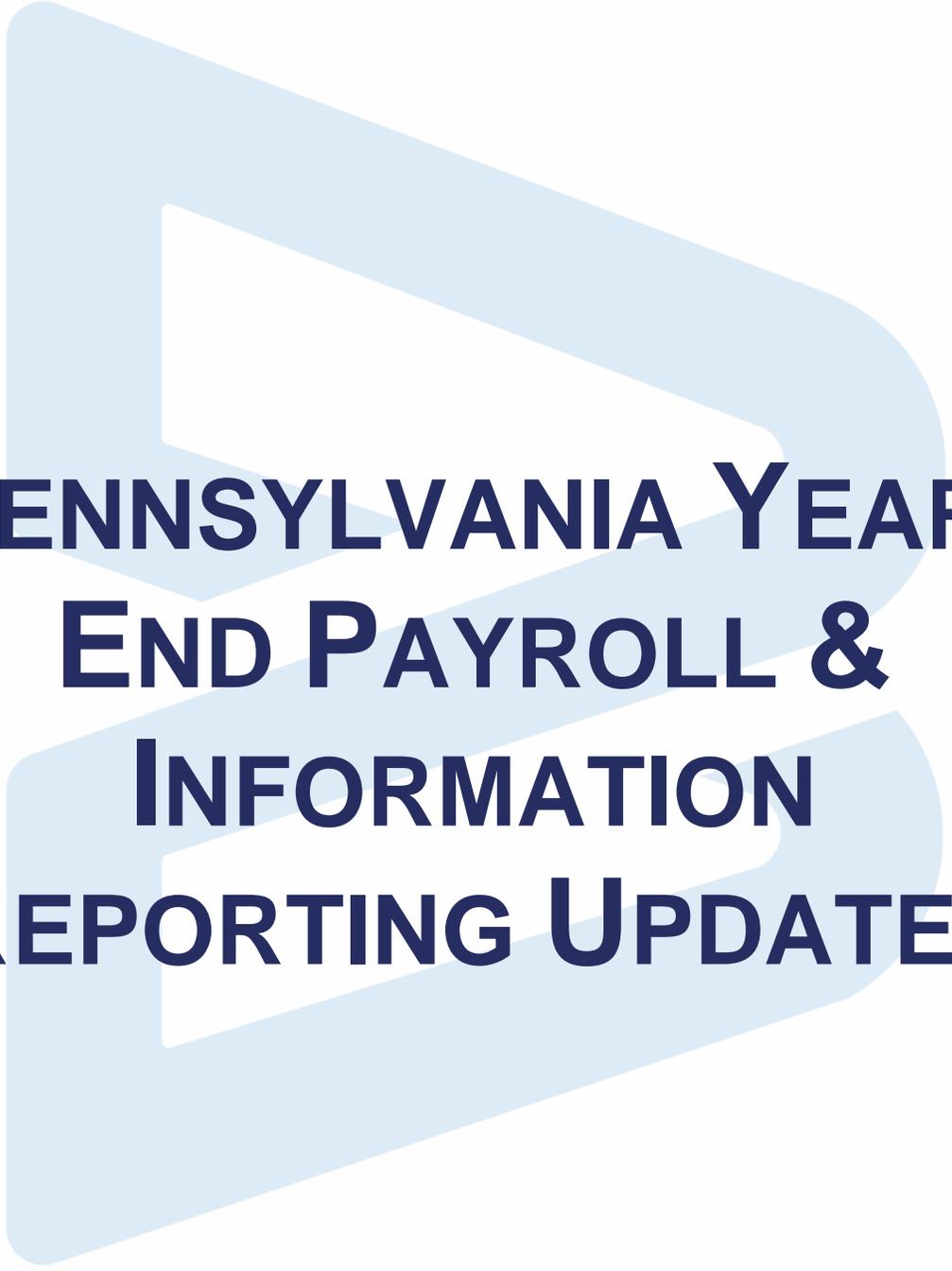
The Tax Cuts and Jobs Act (TCJA) introduced a new credit that is available to employers that provide paid family and medical leave to their employees and was initially only available for two years (i.e, tax years 2018 and 2019). The Taxpayer Certainty and Disaster Tax Relief Act extended this credit to cover 2021-2025 tax years. In 2025, the One Big Beautiful Bill Act (OBBA) made this tax break permanent. The amount of the credit is generally 12.5% of wages paid to an employee on leave. However, you must pay at least 50% of the wages normally paid to the employee while he or she is out on qualifying leave. The credit is increased by 0.25% (but not above 25%) for each percentage point the rate of pay is more than 50% of normal wages. So, if the leave payment rate is the same as the employee's normal rate, a maximum credit of 25% will apply. Starting in 2026, employers will also have the option to instead claim the credit for a percentage of insurance premiums paid or incurred for active family and medical leave coverage. The percentage range remains between 12.5%-25% of the cost premiums paid or incurred by the employer. This is a one-or-the-other proposition, you can't claim the credit for both expenses. If you claim the credit on insurance premiums paid, you can't deduct those premiums as an insurance expense.

You must satisfy several requirements to take advantage of the credit. These include the following:

- You must have a written policy in place that provides at least two weeks of annual paid family and medical leave to qualifying full-time employees. (This is prorated for qualifying part-time employees.) Also, your policy must provide that qualifying employees on leave will be compensated at least 50% of their normal wages. Your current leave policy may need to be revised to comply with the credit requirements.
- The credit only covers wages paid to qualifying employees. Through 2025, these are individuals who have been employed for one year or more and didn't have prior-year compensation exceeding a threshold amount. For 2025 the threshold amount is \$96,000. Beginning in 2026, a qualifying employee will only need to have been employed for six months or more, down from the one-year requirement.
- Wages must be paid for qualifying family and medical leave. This generally includes leave for the birth, adoption, or fostering of a child; care for a spouse, child, or parent with a serious health condition; an employee's serious health condition and qualifying needs of a spouse, child or parent who is a covered veteran or a member of the Armed Forces. Vacation leave, personal leave and medical or sick leave (other than specifically defined as qualifying leave) don't qualify for the credit. Starting in 2026, OBBA allows state and local mandated paid leave to count towards the eligibility for the tax credit. In this case, employers may only claim a credit for paid leave that exceeds the state or local mandated amounts.

The maximum length of paid family and medical leave that can qualify for the credit is 12 weeks per employee, per tax year. Also, the total credit attributable to one employee can't exceed the employee's normal hourly rate for each hour (or fraction of an hour) of actual work performed multiplied by the number of hours (or fraction of an hour) family and medical leave is taken. The wages for an employee who is not paid an hourly wage rate are prorated to an hourly wage rate to determine the credit limit.

Assuming all of these requirements are met, the new employer credit for paid family and medical leave is a win-win situation.



PENNSYLVANIA YEAR- END PAYROLL & INFORMATION REPORTING UPDATES

Pennsylvania Payroll Reporting



STATE DEPOSIT REQUIREMENTS – PENNSYLVANIA WITHHOLDINGS

WITHHOLDINGS	2025		2026	
	WAGE LIMIT	%	WAGE LIMIT	%
Federal Income Tax	N/A	*	N/A	*
FICA: Social Security	\$176,100	6.20	\$184,500	6.20
Medicare	N/A	1.45****	N/A	1.45****
State Income Tax	N/A	3.07	N/A	3.07
Local Income Tax	N/A	**	N/A	**
PA Unemployment	N/A	0.07	N/A	0.07
EMPLOYER TAXES				
FICA: Social Security	\$176,100	6.20	\$184,500	6.20
Medicare	N/A	1.45	N/A	1.45
FUTA	\$7,000	0.60	\$7,000	0.60*****
SUTA*****	\$10,000	***	\$10,000	***

* See Circular E (Publication 15) for percentage or dollar amount tables.

** Check with your local tax collection district.

*** See Form PA-UC2 for applicable rate.

**** Employers must withhold an additional Medicare tax of .9% on wages in excess of \$200,000. There is no employer matching contribution. An employer has this obligation even though an employee may not be liable for the additional Medicare tax because, for example, the employee's wages together with that of his/her spouse (when filing a joint return) does not exceed the \$250,000 married filing jointly liability threshold. Any withheld additional Medicare tax will be credited against the total tax liability shown on the individual's personal income tax return.

***** Per PA Senate Bill 1310, the future wage limits are as follows:
2018 and thereafter \$10,000.

***** Even though Form 940 covers a calendar year, you may need to make at least one quarterly FUTA payment. If your undeposited FUTA tax is more than \$500 at end of quarter, then you must deposit the tax by the last day of the month after the end of the quarter.

E-VERIFY PROGRAM

As of January 1, 2021, E-Verify became mandatory in Florida. To date, the following states require E-Verify for some or all employers: Alabama, Arizona, Colorado, Florida, Georgia, Idaho, Indiana, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia and West Virginia.

E-Verify: The Web-Based Verification Companion to Form I-9

Since verification of the employment authorization and identity of new hires became law in 1986, Form I-9 has been the foundation of the verification process. To improve the accuracy and integrity of this process, USCIS operates an electronic employment confirmation system called E-Verify.

E-Verify is a system that provides access to federal databases to help employers confirm the employment authorization of new hires. E-Verify is free and can be used by employers in all 50 states, as well as the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands and the Commonwealth of the Northern Mariana Islands.

Employers who participate in E-Verify must complete Form I-9 for each newly hired employee in the U.S. E-Verify employers may accept any document or combination of documents on Form I-9, but if the employee chooses to present a List B and C combination, the List B document must have a photograph.

After completing a Form I-9 for your new employee, create a case in E-Verify that includes information from Sections 1 and 2 of Form I-9. After creating the case, you will receive a response from E-Verify regarding the employment authorization of the employee. In some cases, E-Verify will provide a response indicating a tentative non-confirmation of the employee's employment authorization. This does not necessarily mean that the employee is unauthorized to work in the United States. Rather, it means that E-Verify is unable to immediately confirm the employee's authorization to work. In the case of a tentative non-confirmation, you must notify the employee, and an employee who wishes to contest a tentative non-confirmation result should contact the appropriate agency (DHS or the Social Security Administration) within the prescribed time periods.

You must also follow certain procedures when using E-Verify that were designed to protect employees from unfair employment actions. You must use E-Verify for all new hires, both U.S. citizens and noncitizens, and may not use the system selectively. You may not use E-Verify to prescreen applicants for employment, check employees hired before the company became a participant in E-Verify (except contractors with a federal contract that requires use of E-Verify) or reverify employees who have temporary employment authorization. You may not terminate or take other adverse action against an employee based on a tentative non-confirmation.

E-Verify strengthens the Form I-9 employment eligibility verification process that all employers, by law, must follow. By adding E-Verify to the existing Form I-9 process, employers can benefit from knowing that it has taken an additional constructive step toward maintaining a legal workforce.

You can enroll in E-Verify at uscis.gov/e-verify, which provides instructions for completing the enrollment process. For more information, contact E-Verify at 888-464-4218, or visit the website listed above.

PENNSYLVANIA NEW HIRE REPORTING

All employers are required to report new hires within 20 days of hiring date. Employees should be reported even if they work only one day and are terminated or leave employment prior to the employer fulfilling the new hire reporting requirement. However, if the employee never earned wages he/she does not need to be reported.

If an employee is laid off, takes maternity leave or terminates employment and is rehired within 30 days, no action is required. If 30 days have passed, you must report as a new hire a former employee who is:

1. Rehired following termination;
2. Rehired following separation;
3. Returning to work following a lay off or
4. Returning to work following a requested leave of absence without pay greater than 30 days.

Failure to report will result in receiving a written warning on the first occasion. Subsequent occurrences will result in a \$25 fine for each employee not reported, payable to the Department of Labor and Industry. If the failure to file is the result of a conspiracy between the employer and employee, the fine will be raised to \$500.

New hires can be entered manually or uploaded via the PA CareerLink website. For more information on the new hire program, visit www.pacareerlink.pa.gov/jponline/. The Customer Service Department's phone number is 1-888-724-4737 (1-888-PAHIRES).

PENNSYLVANIA PAYROLL & UNCLAIMED PROPERTY LAWS

Unclaimed wages are a form of abandoned property that may become the property of the state. Under Pennsylvania law, property that is unclaimed by the owner for a period of time (two years for uncashed payroll checks) is deemed abandoned and is subject to the custody and control of the state. Employers holding outstanding wages must file reports and turn over the abandoned property to the appropriate state agency.

Employers should remit unclaimed property to the state with the last known address of the employee. If there is no address, the funds should be returned to the state in which the employer is incorporated. Employers are not allowed to deduct a fee to offset expenses incurred for abandoned property reporting.

As part of Pennsylvania's 2016-2017 budget, the state now requires the holder of the property presumed abandoned to send notice to the owner of the property prior to the transfer of unclaimed property to the state. The notice needs to be sent not more than 120 days, nor less than 60 days, prior to the date a report concerning the property is required to be submitted to the state. This notice needs to be sent if the holder has an address for the owner that is deemed to be accurate and if the value of the property is \$50 or more. Based on the April 15 due date of the unclaimed property report, the notices should be sent between December 21 and February 13.

Businesses who have determined that no unclaimed property exists are encouraged to voluntarily file a negative report with the Pennsylvania Treasury. A negative report is a simple one-page report by an employer indicating that they have no unclaimed property to report.

For businesses that never filed a report or overlooked certain property types and would like to come into compliance, the Pennsylvania Treasury offers a Voluntary Disclosure Agreement to bring companies up to date with their annual filing while receiving a waiver of penalties and interests.

To register with the Treasury Department:

Pennsylvania Treasury Department

Bureau of Unclaimed Property

P.O. Box 1837

Harrisburg, PA 17105-1837

www.patreasury.gov

1-800-379-3999

See the Pennsylvania Dormancy Matrix on page 199, the reference guide on page 200 and mailing instructions on page 201.

PENNSYLVANIA ACT 32 (LOCAL TAX)

Act 32 requires uniform withholding of earned income taxes (EIT) and remittance to a single local collector or Tax Officer. The Act applies to earned income taxes levied and collected after December 31, 2011.

Employers who maintain worksites in PA or employ individuals who may work from their homes are required to withhold applicable earned income tax from these employees. All employers should complete and keep on file the Residency Certification Form for each employee. (See page 202 for a copy of the form). The resident PSD code and work location PSD code should be established as well as the resident EIT tax rate and work location non-resident EIT tax rate.

For purposes of year-end W-2 reporting, box 20 of the W-2 form will have a two-digit numerical code (01 to 69) representing the tax collection district where the local income tax withholding was paid. This will allow for a more efficient collection of the local tax withheld from residents of a tax collection district but not received by the tax collector of that district. A list of the tax collection districts is noted on page 203.

For more information on Act 32, visit www.newpa.com

PENNSYLVANIA MINI-COBRA

On June 10, 2009, Act 2 of 2009 was passed to help address the growing need to extend healthcare options for those newly unemployed.

As a result, employees laid off by small employers are eligible for state Mini-COBRA benefits. Prior to this, only those who worked for companies employing more than 20 people were eligible for federal COBRA benefits. These benefits extend health coverage under the employer's insurance plan for nine months.

For more information, call the Pennsylvania Insurance Department at 1-877-881-6388.

Pennsylvania Taxable Fringe Benefits and Reporting



LIMITATION OF CERTAIN BUSINESS EXPENSE DEDUCTIONS

For Pennsylvania tax purposes, the expenses paid for moving employees, their immediate family, household goods and personal effects are excluded from wages and withholding if:

- Employees must, and do, account to their employers;
- Employees' expenses equal or exceed reimbursement.
- The move is made for the benefit of the employer and is from one full-time position to another and
- The new workplace is at least 35 miles further from the old residence than the old workplace was.

Any reimbursement of moving expenses paid or incurred by an employee in assuming a new job are personal expenses that are wages subject to withholding.

DETERMINING GROSS-UP – PENNSYLVANIA EXAMPLE

PA EX: Taxable fringe benefits equal \$2,500.00	<u>\$2,500.00</u>	
Employee's YTD earnings = \$15,000.00		
(22% FIT, 6.2% Soc. Sec., 1.45% Medicare 3.07% State, .06% PA UC, 1% local)	100% - 33.78%	=\$3,775.29
Verification:		
\$3,775.29 x 22%		= \$830.56
\$3,775.29 x 6.20%		= \$234.07
\$3,775.29 x 1.45%		= \$54.74
\$3,775.29 x 3.07%		= \$115.90
\$3,775.29 x 1.0%		= \$37.75
\$3,775.29 x .06%		= <u>\$2.27</u>
Total Tax		= <u>\$1,275.29</u>
Mathematical proof:		
Taxable fringe benefit		\$2,500.00
Total tax		<u>1,275.29</u>
Gross taxable fringe benefit		<u>\$3,775.29</u>

2% SHAREHOLDER-EMPLOYEES OF S CORPORATIONS

For Pennsylvania payroll reporting purposes, noncash fringe benefits are generally not subject to income tax withholding. Note, however, that fringe benefits which are subject to FUTA/SUTA tax are also subject to state unemployment withholding.

Pennsylvania Electronic Funds Transfer



PENNSYLVANIA EFT

Taxpayers remitting a payment of **\$1,000 or more** for any of the following taxes are required to make payment by Electronic Funds Transfer (EFT):

Sales and Use Tax	Insurance Premiums
Employer Withholding	Public Utility Realty
Corporate Net Income	Motor Carrier Road Tax
Mutual Thrift Institutions	Fuel Use Tax
Bank Shares	Oil Company Franchise
Title Insurance and Trust	Liquid Fuels
Utilities Gross Receipts	Malt Beverage

Any payment less than \$1,000 is not required to be remitted by EFT, regardless of the fact that you may be registered to pay such taxes by EFT. Likewise, any payment of \$1,000 or more **must** be remitted using an approved EFT payment method, regardless of the fact that you may not be registered to pay such taxes by EFT. **Failure to remit by EFT when required can result in a penalty of 3% of the total tax due not to exceed \$500.**

Registration in the EFT Program

If you do not have internet access, an EFT Authorization Agreement (Form REV331A) must be completed for each type of tax. The required forms should be received automatically from the Commonwealth. However, if you are required to use EFT and do not receive the required forms call 1-800-362-2050. It takes the Department approximately 30 days to register a taxpayer prior to making EFT payments. A taxpayer can also register online at www.mypath.pa.gov. Online applications are processed within three days of submission. Not only can you register for EFT, but you can register to file returns and payments electronically.

Payment Methods

The EFT Program offers two electronic payment methods:

- 1. Automated Clearing House Debit (ACH Debit):**
Transaction in which the **Commonwealth**, through its designated depository bank, originates an ACH transaction debiting the taxpayer's bank account and crediting the Commonwealth's bank account for the amount of the payment due. There are no taxpayer costs for this method.
- 2. Automated Clearing House Credit (ACH Credit):**
Transaction in which the **taxpayer**, through its own bank, originates an entry crediting the Commonwealth's bank account and debiting its own bank account for the amount of the payment due. All associated costs are borne by the taxpayer.

A third payment method to satisfy the obligation is remitting payments by **certified or cashier's check**. Prior to the first payment under this payment method, you must complete and return the EFT Authorization Agreement. Under this method the taxpayer must hand deliver or mail via an express mail delivery service a certified or cashier's check, with the appropriate return or deposit statement, to:

*Pennsylvania Department of Revenue
Bureau of Business Trust Fund Taxes, EFT Unit
9th Floor, Strawberry Square
Harrisburg, PA 17128-0908*

on or before 4 p.m. on the tax due date. Payments will not be accepted at any other Department locations.

A fourth payment method allowed is the use of American Express, Discover, Master Card or Visa credit cards or Master Card or Visa debit cards. The credit/debit card service provider is Official Payments Corp. The service provider charges a fee for this service. Official Payments Corp. contact information is 1-800-272-9829 or www.officialpayments.com. Official Payments Corp. charges a fee for each transaction.

An emergency backup payment method by FedWire is also offered by the Department for emergency situations and only upon prior approval of the Department. Emergency situations are limited to a new taxpayer establishing EFT procedures, a taxpayer changing payment methods or banks and system failures within the banking system/ACH interface beyond a taxpayer's control.

With the few exceptions noted below, remitting tax payments electronically does not change the current tax return filing requirements. Tax returns must still be filed by the required due date. Penalties will be assessed as provided by law for all late filings.

To obtain assistance, please visit www.revenue.state.pa.us or contact the E-Business Tax Unit at 717-783-6277.

Exceptions

- **Employer Withholding Tax**
- **Semimonthly** and **Monthly Filers** remitting via ACH Debit or ACH Credit **do not** file the Employer Deposit Statement of Withholding Tax (PA-501). However, you **must** continue to file the Employer Quarterly Return of Withholding Tax (PA-W3).
- **Quarterly Filers** remitting via ACH Debit or ACH Credit **must** continue to file the Quarterly Return of Withholding Tax (PA-W3).
- **All Type Filers** remitting via Certified/Cashier's Check **must** continue to file all deposit statements and returns.
- **Corporate Net Income Tax**

If you remit payments via ACH debit or ACH Credit, **do not** file the Estimated Tax Payment coupon (REV-857) or the Annual Extension Request coupon (REV-853). However, you **must** continue to file the PA Corporate Tax Report (RCT-101). If no payment is due and an extension to file is needed, Pennsylvania accepts the federal extension.

If you remit payments via Certified/Cashier's Check, you **must** continue to file all coupons and tax reports with the Certified/Cashier's check.

PENNSYLVANIA EFT FOR Unemployment

Employers are required to pay UC contributions electronically if the total liability owed equals or exceeds \$5,000 for a payment period. Once the threshold is met, all subsequent payments must also be submitted electronically, even if the amounts due for the subsequent periods are less than \$5,000. All returns and payments must be filed through www.uctax.pa.gov. Employers unable to comply with the electronic payment requirements may request a temporary waiver to submit a paper remittance. Failure to comply with the electronic payment requirement can result in a penalty of 10% of the face value of the payments, up to a maximum of \$500 with a minimum of \$25 per occurrence.

Pennsylvania Other Payroll Related Updates



PA UC REPORTING

Employers are required to electronically file quarterly UC tax and wage reports through UCMS (Unemployment Compensation Management System). The Department of Labor and Industry no longer mails UC-2 and UC-2A forms to employers.

Also, beginning with the second quarter of 2014, employers were instructed to begin reporting a credit week as any calendar week in which an employee earns \$116 or more. The definition of a credit week changed from \$100 to 16 times the minimum hourly wage (currently \$7.25 per hour). Credit weeks are used by the Department to determine how many weeks of UC benefits an individual may receive.



MARYLAND YEAR-END PAYROLL & INFORMATION REPORTING UPDATES

Maryland Payroll Reporting



STATE DEPOSIT REQUIREMENTS – MARYLAND WITHHOLDINGS

WITHHOLDINGS	2025		2026	
	WAGE LIMIT	%	WAGE LIMIT	%
Federal Income Tax	N/A	*	N/A	*
FICA: Social Security	\$176,100	6.20	\$184,500	6.20
Medicare	N/A	1.45**	N/A	1.45**
State Income Tax	N/A	***	N/A	***
EMPLOYER TAXES				
FICA: Social Security	\$176,100	6.20	\$184,500	6.20
Medicare	N/A	1.45	N/A	1.45
FUTA	\$7,000	0.60	\$7,000	0.60****
MD SUTA	\$8,500	Varies	\$8,500	Varies

* See Circular E (Publication 15) for percentage or dollar amount tables.

** Employers must withhold an additional Medicare tax of .9% on wages in excess of \$200,000. There is no employer matching contribution. An employer has this obligation even though an employee may not be liable for the additional Medicare tax because, for example, the employee's wages together with that of his/her spouse (when filing a joint return) does not exceed the \$250,000 married filing jointly liability threshold. Any withheld additional Medicare tax will be credited against the total tax liability shown on the individual's personal income tax return.

*** State income tax percentage varies by county in Maryland and is paid with Maryland State.
(See pages 218 through 220 for Maryland Local Tax Rates).

**** Even though Form 940 covers a calendar year, you may need to make at least one quarterly FUTA payment. If your undeposited FUTA tax is more than \$500 at end of quarter, then you must deposit the tax by the last day of the month after the end of the quarter.

MARYLAND LOCAL TAX

Maryland's 23 counties and Baltimore City levy local income tax, which is collected on the state income tax return. The local income tax is calculated as a percentage of taxable income, and rates are set by local officials. The rates range from 2.25% to 3.30% for 2025. Local tax rates are based on where an employee lives, not where they work. A chart of Maryland Local Tax Rates can be found on pages 218 through 220. Counties with increases have been noted in bold.

The special nonresident income tax rate is 2.25% in 2025.

2026 tax rates will be available mid-December on the 2026 withholding tax facts webpage: <https://www.marylandtaxes.gov/pros/tax-facts/index.php>

MARYLAND UC REPORTING

Employers are required to electronically file quarterly UC tax and wage reports through the Maryland Department of Labor Unemployment BEACON portal: <https://employer.beacon.labor.md.gov>. The Department of Labor and Industry no longer mails DLLR/OUI-15 forms to employers. Liability tax payments can be made electronically or by paper check.

MARYLAND NEW HIRE REPORTING

All employers are required to report new hires within 20 days of hiring date. Employees should be reported even if they work only one day and are terminated or leave employment prior to the employer fulfilling the new hire reporting requirement. However, if the employee never earned wages, he/she does not need to be reported.

If an employee is laid off, takes maternity leave or terminates employment and is rehired within 60 days, no action is required. If 60 days passed, you must report as a new hire a former employee who is:

1. Rehired following termination;
2. Rehired following separation;
3. Returning to work following a lay off or
4. Returning to work following a requested leave of absence without pay greater than 60 days.

Failure to report will result in receiving a written warning on the first occasion. Subsequent occurrences will result in a \$25 fine for each employee not reported, payable to the Department of Labor and Industry. If the failure to file is the result of a conspiracy between the employer and employee, the fine will be raised to \$500.

For more information on the new hire program, visit www.dllr.state.md.us or www.mdunemployment.com

The Customer Service Department's phone number is 410-949-0033. Report at www.mdnewhire.com or fax to 888-657-3534.

Copy of form is located on page 221.

MARYLAND PAYROLL & UNCLAIMED PROPERTY LAWS

Under Maryland law, property that is unclaimed by the owner for a period of time (three years for uncashed payroll checks) is deemed abandoned and is subject to the custody and control of the state. Employers holding outstanding wages must file reports and turn over the abandoned property to the appropriate state agency.

Employers should remit unclaimed property to the state with the last known address of the employee. If there is no address, the funds should be returned to the state in which the employer is incorporated. Employers are not allowed to deduct a fee to offset expenses incurred for abandoned property reporting.

Maryland state requires the holder of the property presumed abandoned to send notice to the owner of the property prior to the transfer of unclaimed property to the state. The notice needs to be sent to the last known address not more than 120 days, nor less than 30 days, prior to the date a report concerning the property is required to be submitted to the state.

Holders should submit a negative report only if holder information has changed since the last report OR if it is the final report for the holder, who has reported in the past; OR if incorporated in Maryland. Holders with no prior Maryland reporting history should not submit negative holder reports.

All reports must be filed electronically using NAUPA Standar Electronic File Format at:
<https://www.unclaimed-property.marylandcomptroller.gov/app/submit-a-report>

Unclaimed Property Holder Reporting Manual (revised 08/2025) - https://www.unclaimed-property.marylandcomptroller.gov/docs/MD_Holder_Reporting_Manual.pdf

See Maryland Dormancy guide on page 228.

Maryland Taxable Fringe Benefits and Reporting



DETERMINING GROSS-UP – MARYLAND EXAMPLE

MD EX: Taxable fringe benefits equal \$2,500.00	<u>\$2,500.00</u>	
Employee's YTD earnings = \$15,000.00		
(22% FIT, 6.2% Soc. Sec., 1.45% Medicare 7.5% State)	100% - 37.15%	=\$3,977.73
Verification:		
\$3,977.73 x 22%		= \$875.10
\$3,977.73 x 6.20%		= \$246.62
\$3,977.73 x 1.45%		= \$57.68
\$3,977.73 x 7.5%		= <u>\$298.33</u>
		= <u>\$1,477.73</u>
Total Tax		
Mathematical proof:		
Taxable fringe benefit	\$2,500.00	
Total tax	<u>1,477.73</u>	
Gross taxable fringe benefit	<u>\$3,977.73</u>	

2% SHAREHOLDER-EMPLOYEES OF S-CORPORATIONS - MARYLAND

Maryland generally follows the federal guidelines for taxability of fringe benefits, including those related to the 2% shareholder rule.

Maryland Electronic Funds Transfer



MARYLAND ELECTRONIC FUNDS TRANSFER (EFT)

Maryland retired the b-File website in January, 2024. Businesses must now use the Maryland Tax Connect system to file and pay Employer Withholding and Sales and Use Tax electronically.

Maryland Tax Connect is a self-service portal that allows Marylander taxpayers to file their taxes online more easily and more securely, as well as interact with the Comptroller's office in a variety of ways. Business taxpayers will be able to use **Maryland Tax Connect** to easily file and pay their state taxes. Although only business taxpayers will be able to use it beginning in February 2024, by 2026, all Maryland taxpayers will be able to pay their state taxes through the **Maryland Tax Connect** portal.

The portal is designed to allow taxpayers to complete several simple and vital functions themselves, accessible from either a mobile device or on desktop, including:

- Making online payments
- Updating personal information
- Retrieving tax information
- Filing returns
- Viewing filing and tax history
- Registering a business
- Applying for or renewing business licenses
- Applying for sales and use tax exemption certificates

Taxpayers should register for an MD Tax Connect login and link their tax account to access filing history. Payments are made via ACH Debit, and bank account information can be saved in the system for future use. Various video tutorials and user guides are available on the website - <https://www.marylandtaxes.gov/MDTaxConnect/index.php>. <https://www.marylandtaxes.gov/MDTaxConnect/index.php>.

MARYLAND EMPLOYER WITHHOLDING REPORTING

Businesses must file withholding reports according to the following categories:

Accelerated: Employers required to withhold \$15,000 or more for the preceding calendar year and have accumulated \$700 of withholding tax in any pay period. Payment is due three business days after pay date.

Monthly: Employers with more than \$700 withholding in any one quarter. Payment is due on the 15th of the following month.

Quarterly: Employers with less than \$700 of withholding per quarter. Payment is due on the 15th of the month following the quarter's end.

Seasonally: Employers who operate only during certain months. Employers must obtain prior approval to file seasonally.

Annually: Employers with less than \$250 withholding per calendar year must remit the tax withheld annually.

Note: A zero return must be filed if no withholding tax for the period.

Maryland Other Payroll Related Updates



MARYLANDSAVES

[MarylandSaves](#) is a state-sponsored program to offer Maryland employees retirement savings. The program requires most Maryland employers to offer their employees some sort of retirement savings. This can be employer sponsored (i.e. traditional pension, a 401 (k) plan, a 403(b) plan, a SEP plan, a SIMPLE IRA plan, a governmental deferred compensation plan) or a WorkLife account from MarylandSaves.

MarylandSaves is funded by employee savings only which means there are no employer fees and employer contributions are not allowed. Employers have no fiduciary responsibility and employee participation is voluntary. Employee savings are deposited into their personal WorkLife account, which is a Roth IRA, administered by private sector financial services firms and overseen by a public board that includes the Maryland State Treasurer and Maryland's Secretary of the Department of Labor.

Which Employers Should Register?

Employers are required to enact the MarylandSaves program if:

- Their business is registered to conduct business in the state of Maryland
- They have at least one W-2 employee
- They currently do not offer a retirement savings program to employees
- Their business was founded on or before January 1, 2021
- Their employees are paid through an automated payroll system

As a bonus, Maryland will waive the \$300 SDAT annual filing fee every year for companies that participate in the MarylandSaves Retirement Program.

Exemptions for Participation in MarylandSaves Program

If you offer a retirement plan to your employees, you are exempt from registering and participating. You will need to recertify your exemption each year. Go to <https://www.marylandsaves.org/claim-fee-waiver/>, checkmark "I certify that my business offers a qualified retirement program". Choose the type of qualified plan you offer, and fill out all your business information, including your Maryland SDAT ID number. This needs to be done each year by 12/31 to receive the \$300 MD PPT annual filing fee waiver.

How Do I Register My Company?

You can enroll your company into the program in three easy steps: register, set up and update. **Before enrolling, you will need a unique access code. If you have not received an access code, call Maryland Saves (410-403-2782) to request one.** You will need this access code along with your company's federal Employer Identification Number (EIN) to register. You will also need your State Department of Assessments and Taxation number to receive the \$300 filing fee waiver. Then, you will need to upload payroll and employee information into the system and submit your employees' savings contribution levels. Once that is completed, you will just need to do basic ongoing account maintenance. This includes submitting your payroll details every pay period and keeping your employee listing and payroll contributions up to date.

Process

- **Registration:**
 - Sign up using MD-provided Access code, EIN and SDAT number
 - Provide list of employees with personal information (SS#, DOB, contact information, etc.)
- **Sign Up Employees:**
 - MarylandSaves reaches out to employees
 - Employers will be notified if employees opt in
 - Employers setup deduction in payroll system
- **Payroll:**
 - Employers submit report of withholding with each payroll
 - Payment is debited from employer bank account
- **Maintain/Update:**
 - Employers are required to updated employee list with new hires and terminations
 - Employers will be notified if employees make changes to deduction

What Will Employers NOT be Responsible For?

Employers will have a limited role in facilitating MarylandSaves and will not be responsible for:

- Setting up your employees' retirement savings account, this will happen automatically.
- Helping employees choose investments and answering questions about MarylandSaves and its investment portfolios.
- Managing MarylandSaves investment options and processing employee investment accounts.
- Processing distributions from employee investment accounts.
- Managing employee investment account changes. Your employees will be responsible for maintaining their account information and settings if enrolled.

Additional Resources

MarylandSaves will have online resources available 24/7 and call center support available weekdays from 9:00 AM to 6:00 PM EST to answer any questions regarding the program. Here is a list of helpful links explaining the process more in-depth:

- [Employer Fact Sheet](#)
- [Employer Fact Sheet \(en español\)](#)
- [Frequently Asked Questions](#)
- [Registration Checklist](#)

Contact your Brown Plus advisor if you have any further questions that MarylandSaves cannot answer for you.

MARYLAND PAID FAMILY AND MEDICAL LEAVE (FAMLI)

Maryland is preparing to launch a new paid family and medical leave system! Starting in 2028 (previously 2026), the Maryland FAMLI system will ensure that workers can take time away from work to care for themselves or a family member while still receiving job protection and earning up to \$1000 a week for up to 12 weeks. Any worker in MD who has worked 680 hours in the past 12 months will be eligible to receive these benefits.

FAMLI was established through the Time To Care Act passed by the Maryland General Assembly. Maryland is the 11th state (including DC) to pass such a law. Three more have since followed. All employers will be required to provide family and medical leave insurance. Employers will either enroll in the State Plan run by the Maryland Department of Labor's FAMLI Division or seek approval for a Private Plan (commercial or self-administered) with benefits equal to or greater than those provided by the State Plan.

Proposed regulations were published in November, 2024 and can be viewed online at <https://paidleave.maryland.gov/stakeholders/Documents/FAMLI%20Regs%20Draft.pdf>. **NOTE:** These have not been approved as final.

Employers will register with the State through an online web application.

Registered employers will automatically enroll into the State Plan administered by the FAMLI Division. The State Plan will provide a seamless way to comply. Alternatively, an employer may apply to use a commercial or self-insured plan. Employers who wish to use a private plan must submit a declaration of intent to be exempt from paying tax to the FAMLI plan. Quarterly reporting must be submitted on the FAMLI website, regardless of whether the employer participates in the state FAMLI plan or a private plan. This is to ensure one central location for tracking employees' eligibility.

Employee and Employer contributions are set to begin on January 1, 2027, with quarterly reporting due 4/30/2027 for Q1-2027. Following is a list of guidelines:

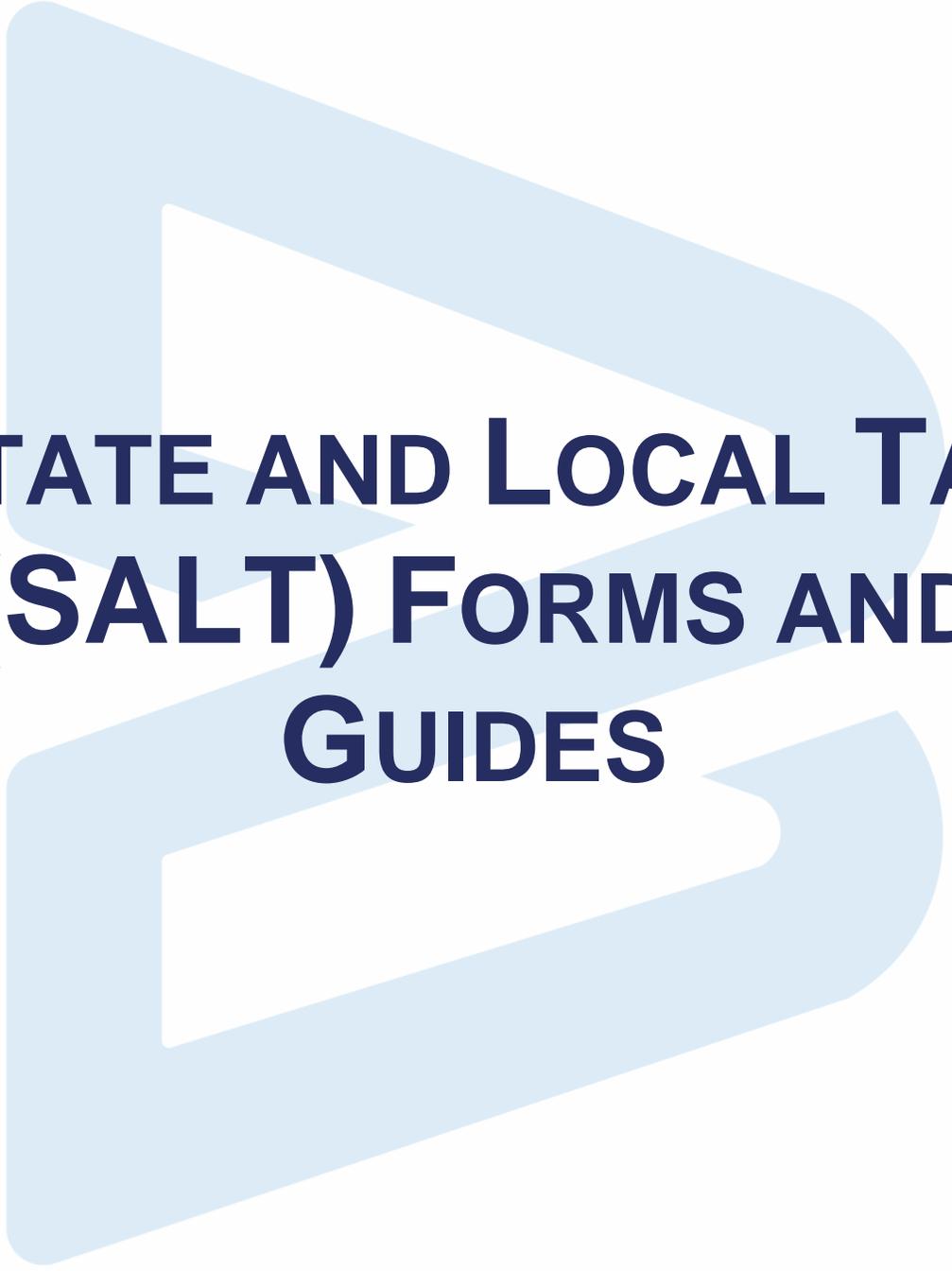
- The definition of "wages" will match the Maryland Unemployment Insurance statute. Aligning the definitions will eliminate the need to calculate two different sets of wages for the two programs.
- There are no exemptions for employers of any size or any type of group (i.e. non-profit, religious, etc.). Only the federal government is excluded from participating in FAMLI.
- The rate will be 0.90% of covered wages up to the Social Security cap, equally divided between employees and employers (.45% each)
- Employers with 15 or more workers are required to submit employer .45% in addition to employee .45%. Total employee count is based on employees in all states by an employer, not just the number of employees in Maryland.
- Employers with 14 or fewer employees - ER portion is optional
- All Maryland employees' contribution rate is .45%. Employers may choose to cover part or all of their employees' contributions.
- Self-employed individuals may "opt-in", paying the full .9%

Benefits:

- Eligibility for FAML I leave follows FMLA with the same qualifying events
- Employer and Employee can agree to use employer provided time off to “top off” FAML I benefit
- Employer is required to provide notice to employees
 - At time of hire
 - Annually
 - When employee requests to use FAML I leave
 - When employer knows that an employee’s leave request is for a covered reason
- FAML I and Short-term disability can run concurrently. FAML I leave is primary in that case.

For more information:

- Email: Paid.leave@maryland.gov
- Website: <https://paidleave.maryland.gov/Pages/default.aspx>
- Sign up for emails: <https://public.govdelivery.com/accounts/MDDLRL/signup/39552>



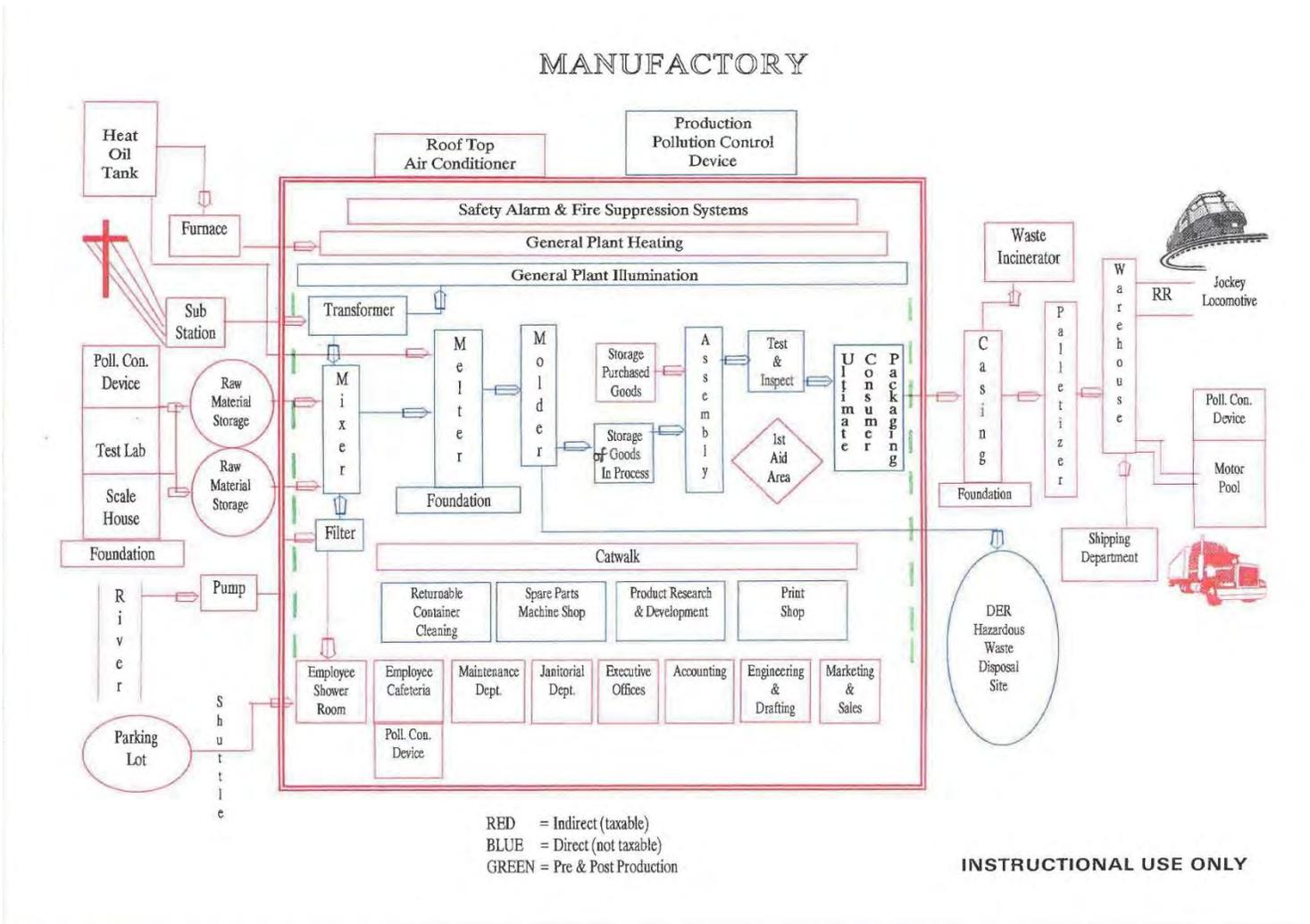
STATE AND LOCAL TAX (SALT) FORMS AND GUIDES

STATE AND LOCAL TAX (SALT) FORMS AND GUIDES

Pennsylvania Department of Revenue Retailer's Information (covers State and Local Sales, Use and Hotel Occupancy Tax; Public Transportation Assistance Fund Taxes and Fees; and Vehicle Rental Tax)

Pennsylvania Building Machinery and Equipment (BME) Exemption – Act 45 – Contractors' Purchases for Exempt Entities

Manufactory Diagram (identifies whether certain manufacturing assets are or are not taxable):





INFORMATION RETURNS AND REPORTING

Federal Information Returns and Reporting



FILING INFORMATION RETURNS

Who Must File Information Returns?

Persons engaged in a trade or business who make reportable payments may be subject to the information return filing requirements.

What Are Reportable Payments?

Any person who, in the normal course of their trade or business, makes payments of rent, annuities, remunerations or other fixed or determinable gains amounting to **\$600 or more** in a calendar year has made a reportable payment.

If you are a fiscal year taxpayer or an accrual basis taxpayer, reportable payments need to be converted to calendar year and cash basis (i.e., need to be adjusted for any accruals at the beginning and the end of the year).

What Payments Can Be Excluded?

1. Payments to an incorporated entity (except for certain medical payments and payments to corporations for legal services).
2. Payments of bills for merchandise, freight, etc.
3. Payments of rent to real estate agents.
4. Profits paid or distributed by a partnership to its partners.
5. Payments to a tax-exempt organization.

The 1099 Taxpayer Protection Act of 2011 repealed the controversial expanded information reporting on Form 1099 for certain business payments and rental property expense payments.

Form 1099-NEC

The 1099-NEC removes box 7 (nonemployee compensation) from the 1099-MISC and makes it a separate form. The IRS made this change to help filers with tax form due dates. A separate 1096 will need to be filed with each batch of 1099-NEC and 1099-MISC forms. Both Copy A to the IRS and the Recipient Copy of Form 1099-NEC are due February 2, 2026.

What Are the Information Return Penalties?

Information return penalties are “time sensitive” and are based on when you file the correct information return. The penalties were significantly increased by the Trade Preferences Extension Act of 2015. The penalties for information returns required to be filed after December 31, 2025 are:

- \$60 per information return if you correctly file within 30 days of the required filing date (by March 30 if the due date is February 28); maximum penalty \$683,000 per year (\$239,000 for small business – defined as gross receipts of not more than \$5,000,000).
- \$130 per information return if you correctly file more than 30 days after the due date and before August 1: maximum penalty \$2,049,000 per year (\$683,000 for small business).
- \$340 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$4,098,500 per year (\$1,366,000 for small business).

If any failure to file a correct information return is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$680 per information return with no maximum penalty.

De Minimis Rule for Corrections

Failure to include **all** the required information is forgiven for the greater of ten information returns or ½ of 1% of the total information returns that the filer was required to file if the filer sends the IRS a corrected return before August 1 of the calendar year in which the return was due.

Safe Harbor for De minimis Dollar Amount Errors

If one or more dollar amounts are incorrect on an information return filed with the IRS or on a payee statement furnished to a recipient, no correct of the dollar amount shall be required, and the return shall be treated as having been filed or furnished as correct if: The difference is no more than \$100 or the tax withheld difference is no more than \$25. This safe harbor provision shall not apply if a recipient to whom a statement is required to be furnished elects to receive a corrected statement. In that case, a corrected return must be filed with the IRS and a corrected payee statement furnished to the recipient.

Issuer Telephone Number

The issuer is required to include a contact telephone number in a conspicuous place on the form. This number must provide direct access to an individual who can answer questions about the 1099.

Truncation of Social Security Numbers (SSN)

In July 2014, the IRS published final regulations (TD9675) that allows the use of a truncated taxpayer identification number (TTIN) in place of a taxpayer's SSN or an employer's identification number (EIN) on most payee statements. A TTIN is the last four digits of a taxpayer's TIN, with asterisks (*) or X's appearing in place of the first five digits. The TTIN can be used on the paper or electronically filed payee statements of forms in the 1098 series, 1099 series and 5498 series. They cannot be used on forms or returns filed with the IRS or with state or local governments. The payer's identification number may not be truncated on any form. Additionally, truncation continues to be prohibited on the payee copy of Forms W-2.

ELECTRONIC REPORTING

Mandatory Electronic Filing

A taxpayer **must** file these forms electronically if you are required to file 10 or more returns in a calendar year. Filers must now aggregate almost all information return types covered by the regulations to determine whether the filer meets the 10-return threshold and is required to e-file their information returns. Final regulations for these requirements were issued in February 2023.

The IRS created a free [online portal](#) in January 2023 to help businesses file Form 1099 series information returns electronically. Known as the Information Returns Intake System (IRIS), this free electronic filing service is secure, accurate and requires no special software. Though available to any business of any size, IRIS may be especially helpful to any small business that currently sends their 1099 forms on paper to the IRS.

Filers can use the platform to create, upload, edit and view information and download completed copies of 1099-series forms for distribution and verification.

With IRIS, businesses can e-file both small and large volumes of 1099-series forms by either keying in the information or uploading a file with the use of a downloadable template.

Currently, IRIS accepts Forms 1099 only for tax year 2022 and later. Additional forms are available for e-filing in the IRIS portal for tax year 2023 and later, including Forms 5498, 1098, and W-2G.

The IRS encourages any business, especially those that now file on paper, to switch to e-filing through the platform and share in its benefits.

These benefits include:

- E-file security standards keep information safe and protected.
- The portal is an accurate filing method that automatically detects filing errors and provides alerts for missing information.
- Filers can submit automatic extensions and make corrections to information returns filed through the platform.
- The IRS acknowledges receipt of the return in as early as 48 hours.
- The platform keeps issuer information from year to year, and prior years filed through this platform, providing convenience to 1099 filers.
- E-filing eliminates trips to the post office and can reduce office expenses for paper, postage and storage space.

The Filing Information Returns Electronically (FIRE) system will remain available for bulk filing Form 1099 series, and the other information returns but requires specific software. Tax Year 2016/Filing Season 2027 is the current targeted date for the retirement of the FIRE System. FIRE system users are encouraged to complete their IRIS Application for the TCC and use IRIS for their electronic filing needs as soon as possible.

When and Where to File

- **Form W-2 and W-3:**

- For tax year 2025, W-2 Copy A files must be submitted to the SSA by February 2, 2026 for both paper and electronic filing.
- Regulations section 301.6011-2 was amended by Treasury Decision 9972, published February 23, 2023, which lowers the threshold to 10 for which employers must file certain information returns electronically, including Forms W-2, W-2AS, W-2GU, W-2VI, and Form 499R-2/W-2PR (collectively Forms W-2), but not Form W-2CM. To determine whether they must file information returns electronically, employers must add together the number of information returns (see the list below) and the number of Forms W-2 they must file in a calendar year. If the total is at least 10 returns, they must file them all electronically. The new threshold is effective for information returns **required to be filed** in calendar years beginning in 2024.
- The following information return forms must be added together for this purpose: Form 1042-S, the Form 1094 series, Form 1095-B, Form 1095-C, Form 1097-BTC, Form 1098, Form 1098-C, Form 1098-E, Form 1098-Q, Form 1098-T, the Form 1099 series, Form 3921, Form 3922, the Form 5498 series, Form 8027, and Form W-2G.
- If the original Form W-2 was required to be filed electronically, any Form W-2c correcting that form must be filed electronically. If the original Form W-2 was permitted to be filed on paper and was filed on paper, then any Form W-2c correcting that form must be filed on paper.

If you have questions about electronic filing of Forms W-2, contact the SSA at 1-800-772-6270 or visit the SSA website at www.socialsecurity.gov/employer. “Business Services Online” link on the SSA website allows you to register for a user ID that is required to e-file the W-2 Forms.

- **Forms 1099-NEC and W-2:**

- For tax year 2025, these files must be submitted to the IRS by February 2, 2026, for both paper and electronic filing.

- **Forms 1099 series (other than 1099-NEC) and 1098:**

- For tax year 2025, these files must be submitted to the IRS by March 2, 2026, if paper filing and March 31, 2026, if filing electronically.

- **Online filing of Forms W-2 and W-3:**

- You may file Forms W-2 and W-3 electronically by visiting SSA’s website at www.socialsecurity.gov/employer and selecting “Business Services Online (BSO).” Once registered, you can upload electronic wage files or use SSA’s “Create Forms W-2 Online” to send electronic information to the Social Security Administration. This option allows you to create “fill-in” versions of Forms W-2 for filing with the SSA and to print out copies of the forms for filing with state or local governments, distribution to your employees and for your records. Form W-3 will be created for you based on your Forms W-2.

- **Online wage reporting:**

- You can access SSA’s Business Services Online (BSO) to electronically report wage data. To obtain information regarding filing wage data electronically with SSA or to access BSO, visit the SSA’s W-2 filing instructions and information website at www.socialsecurity.gov/employer. Corrections to previously filed wage data can be made by accessing BSO. Call the SSA at 1-888-772-2970 if you experience problems using any of the services within BSO.

The website includes information on electronic filing, some IRS and SSA publications, and general topics of interest about annual wage reporting. You can also use BSO to ask questions about wage reporting.

Form 8508 (November 2023)	Department of the Treasury - Internal Revenue Service Application for a Waiver from Electronic Filing of Information Returns <small>(Forms W-2, W-2AS, W-2G, W-2GU, W-2PR, W-2PI, 1042-S, 1097-BTC, 1098 Series except 1098-F, 1099 Series, 3921, 3922, 5498 Series except 5498-QA, 8027, ACA Forms 1095-B, 1095-C, or an Authoritative Transmittal Form 1094-C (Refer to Instructions for Form 1094-C and 1095-C)) (Type or print in black ink when completing this form - Refer to instructions on the back.)</small>	OMB Number 1545-0957
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Note: Only the person required to file electronically can sign Form 8508. A transmitter cannot sign Form 8508 for the issuer unless a power of attorney has been established. If you have a power of attorney, attach a copy to this form.

1. Type of submission <input type="checkbox"/> Original <input type="checkbox"/> Reconsideration	1a. Requested tax year
2. Issuer name, complete address, and contact person name and telephone number <small>((if different than issuer name. (A separate Form 8508 must be filed for each issuer requesting a waiver))</small> Issuer name _____ Address _____ City _____ State _____ Zip code _____	3. Taxpayer Identification Number <small>(9-digit EIN/SSN)</small> _____ 4. Contact person _____ Telephone number _____ Email address _____

5. Waiver Requested for:	Enter the Number of Returns that:		Waiver Requested for:	Enter the Number of Returns that:	
	(a) You expect to file on paper	(b) You expect to file next tax year		(a) You expect to file on paper	(b) You expect to file next tax year
<input type="checkbox"/> 1042-S			<input type="checkbox"/> 1099-OID		
<input type="checkbox"/> 1094-C/1095-C			<input type="checkbox"/> 1099-PATR		
<input type="checkbox"/> 1095-B			<input type="checkbox"/> 1099-Q		
<input type="checkbox"/> 1097-BTC			<input type="checkbox"/> 1099-QA		
<input type="checkbox"/> 1098			<input type="checkbox"/> 1099-R		
<input type="checkbox"/> 1098-C			<input type="checkbox"/> 1099-S		
<input type="checkbox"/> 1098-E			<input type="checkbox"/> 1099-SA		
<input type="checkbox"/> 1098-Q			<input type="checkbox"/> 1099-SB		
<input type="checkbox"/> 1098-T			<input type="checkbox"/> 3921		
<input type="checkbox"/> 1099-A			<input type="checkbox"/> 3922		
<input type="checkbox"/> 1099-B			<input type="checkbox"/> 5498		
<input type="checkbox"/> 1099-C			<input type="checkbox"/> 5498-ESA		
<input type="checkbox"/> 1099-CAP			<input type="checkbox"/> 5498-SA		
<input type="checkbox"/> 1099-DIV			<input type="checkbox"/> 8027		
<input type="checkbox"/> 1099-G			<input type="checkbox"/> W-2		
<input type="checkbox"/> 1099-INT			<input type="checkbox"/> W-2AS		
<input type="checkbox"/> 1099-K			<input type="checkbox"/> W-2G		
<input type="checkbox"/> 1099-LS			<input type="checkbox"/> W-2GU		
<input type="checkbox"/> 1099-LTC			<input type="checkbox"/> W-2PR		
<input type="checkbox"/> 1099-MISC			<input type="checkbox"/> W-2VI		
<input type="checkbox"/> 1099-NEC					

6. Are you completing this form because using the technology required to file electronically conflicts with your **religious beliefs** and you are requesting the IRS record your **religious exemption** Yes No

7. Is this waiver requested for corrections ONLY? **Note:** If filing through IRIS, leave box 7 blank Yes No

8. Is this the first time you requested a waiver from the electronic filing requirements for any of the forms listed in Block 5
 Yes (Skip to signature line) No (See instructions for required documents and complete Block 9 if your request is due to undue hardship)

IR App for TCC Tutorial

<https://www.irs.gov/pub/irs-pdf/p5911.pdf>



IR App **for TCC**

TUTORIAL

Publication 5911 (Rev. 12-2024) Catalog Number 94611R Department of the Treasury Internal Revenue Service www.irs.gov

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Part 1 What is the purpose of the IR Application for TCC ?

The purpose of the Information Returns (IR) Application for Transmitter Control Code (TCC) is to request authorization to participate in electronic filing of Information Returns through the Filing Information Returns Electronically (FIRE) System. Multiple Transmitter Control Code(s) (TCC) will be assigned based on the form family selected on the 'Application Details' page. The application currently supports the following:

- Forms 1097, 1098, 1099, 3921, 3922, 5498 and W-2G
- Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding
- Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips
- Form 8955-SSA, Annual Registration Statement Identifying Separated Participants with Deferred Vested Benefits
- Form 8596, Information Return - For use by Federal Agencies ONLY The automatic 30-day extension of time request

Complete the online IR Application for TCC if your firm or organization meets the definition of any of the following roles:

- **Issuer:** A business that will only transmit information returns for the company listed on the application.
- **Transmitter:** A business that will transmit information returns on behalf of their own company and/or other businesses not listed on the application.

When completing the application you will only be able to select either Issuer or Transmitter. You will need the following information to complete the IR Application for TCC:

- Your firm or organization's Employer Identification Number (EIN).
- Your firm or organization's legal business name, business type, physical and mailing addresses, and phone numbers.
Your firm or organization's doing business as (DBA) name is needed if different than the legal business name.
- Information about Responsible Officials (RO), minimum of two, Authorized Delegate (AD), minimum zero and maximum of 2, and Contacts, minimum of two and maximum of 250.

Exception: For 'Sole Proprietorship,' 'S-Corporation,' or 'Limited Liability Single Member' business structures, a minimum of one RO and Contact can be listed.

Everyone on the application will submit their:

- Taxpayer Identification Number, Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN).
- Date of birth (DOB) and US Citizenship.
- Contact information including e-mail address, title, phone number.
- Their role(s) for your firm/organization.
- Form(s) that you will be filing.
- Transmission method(s) you will use.

The IRS will review your application information and supply a written confirmation as to your acceptance or rejection into the program. Processing times may vary; however, the typical application will be processed within 45 business days.

1.1 | IR Application for TCC process

The process for completing an application consists of the following steps:

1. Each RO, AD, and Contact on the application must create an account, if they do not already have one.
2. Complete all necessary pages on the IR Application for TCC.
3. All ROs must sign the 'Application Submission' page with their 5-digit PIN to submit the application. ADs cannot sign the initial application until after the application goes to 'Completed' status.
4. When the application is in completed status, all Responsible Officials and Authorized Delegates are authorized to access the application and modify the application as necessary. The application must be allowed to process to 'Completed' before updates can be made to the application.

Part 2 How to Access the IR Application

To access the IR Application for TCC, click the 'Access IR Application for TCC' option at irs.gov and create a new account or sign in with an existing account. The system will then take you to the 'Select Your Organization' page. On this page you will select the firm/organization you are representing.

There are two types of firms or organizations you may choose from on the 'Select Your Organization' page:

- Every user will have both 'Individual' and 'Firm/Organization(s)' options. Under the 'Individual' profile, you may complete a new application or see a listing of all applications you are associated with.
Until the application is in 'Completed' status, Responsible Officials should select the 'Individual' option.
- Authorized users of e-Services products may have one or more 'Firm/Organizations'.
- Firm/organizations that have completed the IR Application for TCC process will have IR-TCC listed in the 'Application Type' column to the side of their Organization name.

If you are affiliated to multiple firm/organizations, you may use the 'filter' boxes under either 'Firm Roles' or 'Organization Roles'.

Note: 'Firm Role' option will only be seen by individuals who are listed as a Principal or have Principal Consent on an IRS e-File Application.

The screenshot shows the 'Select Your Organization' page. At the top, there is a navigation bar with the IRS logo and links for 'Sign In', 'Forgot My Username', and 'Logout'. Below the navigation bar, the main heading is 'Select Your Organization'. Underneath, there is a brief instruction: 'Select the organization you represent in this session. Each item below represents an organization for which you are authorized to perform work. By selecting an organization, you are logging in as an authorized user of that organization and will be able to perform work for only that organization. You may represent yourself by selecting individual. You may filter organizations to narrow down the choices based on matching text.'

The page is divided into three main sections:

- Individual:** A section with a 'Select' button and the text 'Select "Individual" to represent yourself as an individual. No organization-specific authorizations will be granted.'
- Firm Roles:** A section with the text 'Select a Firm to represent your organization as you are authorized.' Below this is a search box 'Filter Firms: Find by organization name or identification code'. A table follows with columns 'Select', 'Firm', and 'Application Type'. One entry is visible: 'AAH/CPA/CPA/CPA' with 'eFile' in the Application Type column.
- Organization Roles:** A section with the text 'Select an Organization to represent a specific role for your organization's account.' Below this is a search box 'Filter Organizations: Find by business name, address, or identification type'. A table follows with columns 'Select', 'Organization', and 'Application Type'. One entry is visible: 'AAH/CPA/CPA/CPA' with 'IR-TCC' in the Application Type column.

After selecting 'Individual' the system will take you to the External Services Authorization Management (ESAM) landing pages. Click on the arrow next to 'New Application' and then select IR Application for TCC. Individuals may be authorized to access multiple IR Applications for TCCs. Select the appropriate application and organization for the session.

If you selected a firm/organization on the 'Select Your Organization' page, you will only see the application affiliated with that organization.

Doing Business As (Trade/Company Name)	Last Update	Application Status	Tracking Number	Application Type	View Edit	Delete
Doing Business As	05/12/2021	Completed	221061210538493368	IR-TCC	View Edit	Delete

Part 3 Complete a New IR Application for TCC

3.1 | FIRM INFORMATION PAGE

The first page of the application is about the business; select the business structure from the drop-down menu. Enter the 'Employer Identification Number (EIN)' and 'Firm/Organization Legal Business' name. When entering the Firm legal name, you should only use the following characters numeric 0 – 9, alpha A – Z upper and lower case and special characters comma, space, period, __, /, @, #, -, and '. If your 'Doing Business As' is different than your legal name, complete the 'DBA' field. If the 'DBA' field is left blank, the 'Firm/Organization Legal Name' will autofill in the 'DBA' field.

Note: If any other characters are used in the legal name field you will not be able to create a FIRE Account.

Complete the phone country code, phone number, country, address, city, state, and zip code fields. If your business address is different than your mailing address, select 'Yes' to indicate the mailing address is different from the location. A Post Office (P.O.) box will **not** be accepted as your business address but can be used as your mailing address.

The screenshot shows the 'Firm Information' page of the IRS FIRE application. At the top, there is the IRS logo and a navigation bar with links for 'e-services', 'Online Tutorials', 'Market', 'Mobile-FIRE', 'FIRE', and 'Contact Us'. Below the navigation bar, there are tabs for 'Firm Information', 'Business Address', 'Mailing Address', and 'Phone Numbers'. The 'Firm Information' tab is active. The page contains several sections: 'Firm Information' with a note about EIN, legal name, and address; 'Required Fields' with a checkbox for 'Foreign Taxpayers'; 'Business Address' with a dropdown for 'State' and a 'Phone Number' field; 'Business Address (Physical Location)' with fields for 'Country', 'Address Line 1', 'Address Line 2', 'Address Line 3', 'City', and 'Address State & Territory'; and a 'Print/Close' button.

3.2 | APPLICATION DETAILS PAGE

Select the applicable form(s) you will be transmitting electronically. The following options can be electronically filed on the FIRE System:

- Forms 1097, 1098, 1099, 3921, 3922, 5498 and W-2G
- Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding
- Form 8027, Employers' Annual Information Return of Tip Income and Allocated Tips
- Form 8955-SSA, Annual Registration Statement Identifying Filing Information Returns Separated Participants with Deferred Vested Benefits
- Form 8596, Information Returns for Federal Contracts - For use by Federal Agencies ONLY.

The automatic 30-day extension of time request does not have a separate on the application. You will need to select the form type for which you will be requesting the extension.

Each form type will be issued a separate TCC.

The Transmission Method defaults to Filing Information Returns Electronically (FIRE).

You are required to select one of the following roles by selecting 'Add' under the 'Role' heading. The roles are defined as:

- **Issuers** - A business that will only transmit information returns for the company listed on the application.
- **Transmitters** - A business that will transmit information returns on behalf of their own company and/or other businesses not listed on the application.

The screenshot shows the IRS FIRE System interface. At the top, there's a navigation bar with tabs: Home, Create a New Application, Applications, My Applications, and My Profile. The 'Applications' tab is selected. Below this, there's a header for 'Application Details' with sub-tabs: Home, Application Details, Application Status, Application Comments, Application History, and Application Notifications. The 'Application Details' sub-tab is active. Underneath, there's a section for 'Forms' with a table of checkboxes for various forms and their transmission methods. Below the table is a 'Role' section with a dropdown menu and an 'Add' button.

3.3 | AUTHORIZED USERS

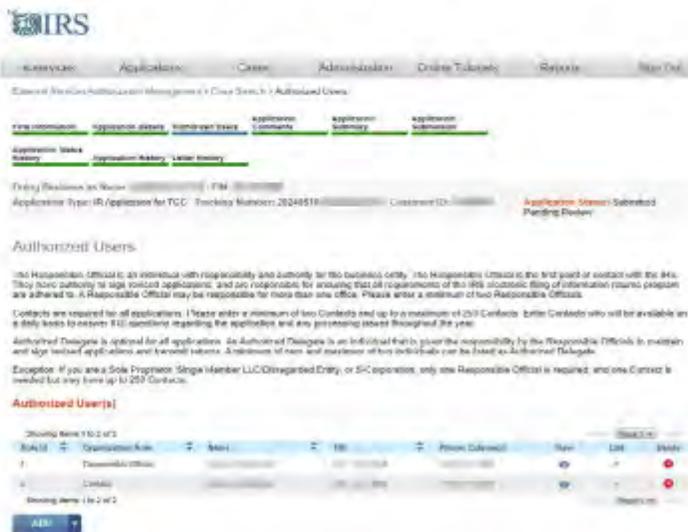
Add the Responsible Officials (Ros), Authorized Delegates (Ads), and 'Contacts' required for the IR Application for TCC.

- **ROs** are individuals with responsibility for and authority over the business entity. ROs are the first point of contact with the IRS. They have authority to sign original/revised applications and are responsible for ensuring that all requirements of the IRS electronic filing of information return program are adhered to. A Responsible Official may be responsible for more than one office. All ROs will be required to sign the Terms of Agreement. At least 2 two ROs must be listed on the application, unless you are a 'Sole Proprietor,' 'S-Corporation' or 'Single Member LLC'. An RO can also be a Contact on the application.
- **ADs** are optional for all applications. An AD is an individual that is given the authority by the ROs to maintain and sign revised application and transmit returns. A minimum of zero and maximum of 2 individuals can be listed as AD. An AD can also be a 'Contact' on the application but can't be an RO.
- **Contacts** should be available for inquiries from the IRS on a daily basis. There is a minimum of 2 required contacts, unless you are a 'Sole Proprietor,' 'S-Corporation' or 'Single Member, LLC', and a maximum of 250 contacts allowed per application. The 'Contact' listed on the application does not have to be the individual listed as a 'Contact' on the information return.

Exception: If you are 'Sole Proprietor', 'S-Corporation' or a 'Single Member LLC', only one RO and Contact is required.

To add ROs, ADs, or Contacts, select Role from the Add User option and complete the necessary information. The individual will be listed on the grid.

Note: If an individual is listed as a Responsible Official and Contact, they will be listed twice on the grid.



3.4 | APPLICATION COMMENTS

To add comments to the application, select the 'Application Comments' tab at the top of the page, click 'Add' button located at the bottom of the page. Enter your comment and Select 'Save'.



3.5 | APPLICATION SUMMARY

Provides a summary of information completed on the application. Verify all information is correct before selecting continue to complete the 'Application Submission'. If information needs to be revised, use the toolbar along the top of the page to navigate to the appropriate page. Update the information and select 'Save'. Once the application is in 'Completed' status, the TCCs will be visible on this page.

If you have made the decision to participate in the Combined Federal State Filing (CF/SF) program, you must submit a test file via the FIRE System. Once the test is successfully processed, you will be sent a letter advising you of your acceptance into the program. Your 'CF/SF' status will be updated to 'Yes' on your 'Application Summary' page.



3.6 | APPLICATION SUBMISSION

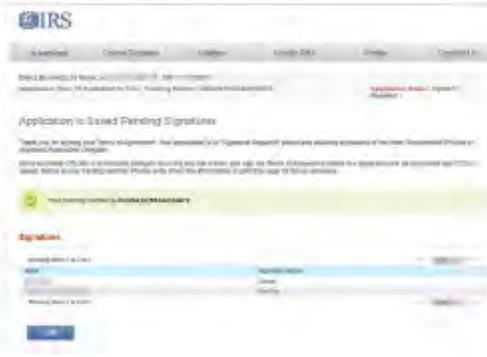
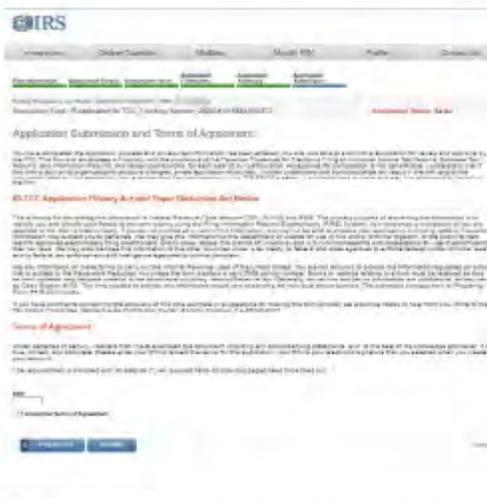
Each RO must sign the 'Application Submission' using their 5-digit. The application will be processed after all Responsible Officials have entered their PIN and accepted the Terms of Agreement.

An AD cannot sign an application until the initial application goes to 'Completed' status.

How other ROs sign a new application:

- Access application link on irs.gov/irtcc.
- Sign in with existing account or create new account.
- Select 'Individual' on 'Select Your Organization' page.
- Locate your firm DBA name with the application type 'IR-TCC' on ESAM landing page and click view/edit icon
- Click tab for 'Application Submission' page; enter PIN and accept Terms of Agreement.

If the application is incomplete due to a missing Responsible Official(s) signature, the Application will be saved pending signatures and the 'Application Status' will be 'Signature Required'. The RO who has not signed the application must complete the 'Application Submission' page before the application can be reviewed and TCC(s) be issued. Be advised the Authorized Delegate(s) cannot sign an application until the initial application goes to 'Completed' status.



INFORMATION RETURN EXTENSIONS AND WAIVERS

The IRS, not SSA, is responsible for granting extensions and for waiving the electronic reporting requirement. The Commissioner may waive the electronic reporting requirement if hardship is shown by the employer or payer. The principal factor to be considered is the amount by which the cost of filing returns electronically exceeds the cost of filing returns in other media. If your request for a waiver is accepted, this waiver will also cover all corrections. If you need a waiver for more than one year, you must reapply at the appropriate time each year. A waiver request, Form 8508, must be received by the IRS at least 45 days before the return due date.

A waiver request must be sent to:

*Internal Revenue Service
Attention: Extension of Time Coordinator
240 Murall Drive, Mail Stop 4360
Kearneysville, WV 25430*

Or by Fax: 1-877-477-0572

In an effort to accelerate the filing of forms in the W-2 series and Form 1099-NEC in order to fight identity theft, there are no automatic extension requests for Form W-2 nor Form 1099-NEC.

A 30-day extension may be requested by filing Form 8809 on or before the due date of the form for which you are requesting an extension. The form may be submitted on paper, or through the FIRE System either as a fill-in form or an electronic file. A signature or explanation may be required for the extension. The extension will only be granted for extraordinary circumstances or a catastrophe.

A paper filed extension request must be sent to:

*Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0209*

You may also request an extension to provide the W-2s to recipients by sending a letter, by the due date of the statements, to the West Virginia address. This letter must include (a) your name and address, (b) your EIN, (c) a statement that the extension request is to furnish "Forms W-2" to recipients, (d) the reason for delay and (e) a signature of the officer, owner or agent.

How to File Corrected Returns

The same filing requirements apply to the filing of corrected information returns as to original filings. If the corrections number less than 250, you may file on paper. If you are required to file electronically and can't, you must file for a waiver to avoid a penalty.

MARYLAND 3% TECH TAX

Maryland's HB 0352 (2025) imposes a 3 % sales and use tax on certain technology, data, and IT services, effective 7/1/25.

The tax is distinct from Maryland's regular 6 % sales tax. Services not previously taxed may now be taxed at 3 %, while goods or services already subject to 6 % remain taxed at 6 %.

The law defines taxable services via specific NAICS codes primarily:

- **518** — Data processing, hosting, and related services
- **519** — Other information services
- **5415** — Computer systems design and related services
- **5132** — Software publishing (system / application software)

Examples of Services Included

- Cloud computing, cloud storage, hosting, and backup
- Web hosting and related services
- Data processing, analytics, and data services
- IT consulting, systems integration, software development services
- Software publishing and subscription models (SaaS)

Exemptions & Special Rules

- **Exempt Entities / Sales:**
 - Sales to nonprofit organizations or government entities may be exempt if valid exemption certificates are provided.
 - Certain qualified cybersecurity businesses may be exempt from the tech tax.
 - Some services sold by or to companies in designated "emerging technology development areas" may qualify for exemptions.
- **Multiple Points of Use Certificate**
 - If a service is used both inside and outside Maryland (i.e. multi-jurisdiction use), the purchaser may submit an MPU certificate which allows tax to be apportioned. In such cases, the responsibility to remit the tax may shift from seller to purchaser
 - A separate MPU Certificate must be obtained for each transaction.
 - Buyer must apply to the Comptroller's office for MPU Certificate.

Compliance & Administration

- Vendors (in-state or out-of-state) with Maryland customers must register, collect, and remit the 3% tax when applicable.
- Out-of-state providers with economic nexus (e.g., more than \$100,000 in MD sales or 200+ transactions) will also need to comply.
- Sellers must carefully classify their services (using NAICS definitions) to decide if 3% tax applies.
- Bundled services: if not properly itemized, a bundle that includes taxable services may make the entire bundle subject to the 3% tax.

If service will be resold in its original state, buyer must issue a resale certificate to subcontractor

- If an individual or company is providing taxable services to a buyer who will be reselling those services to another customer the buyer should provide a MD resale certificate to the subcontractor to indicate that sales tax should not be charged.
- Resale certificates can be produced on the MD Tax Connect website by anyone with a valid CRN #.
- **Website:** <https://www.marylandcomptroller.gov/individuals/2025-tax-updates.html>

Technical Bulletin with More Information

<https://www.marylandcomptroller.gov/content/dam/mdcomp/tax/legal-publications/technical-bulletins/tb-56.pdf>

EMPLOYEE VS. INDEPENDENT CONTRACTOR

On September 25, 2020, the U.S. Department of Labor (Department) published in the Federal Register a proposed rule addressing how to determine whether a worker is an employee under the Fair Labor Standards Act (FLSA) or an independent contractor. The employer-employee relationship under the FLSA is tested by “economic reality” rather than “technical concepts.” Among the factors that are considered significant are the following:

1. The extent to which the services rendered are an integral part of the employer’s business.
2. The permanency of the relationship between the employer and the worker.
3. The amount the worker invests in facilities and equipment.
4. The nature and degree of control asserted over the worker by the employer.
5. The worker’s opportunity for profit and loss.
6. The amount of initiative, judgment or foresight in open-market competition with others required for the worker’s success.
7. The degree of independent business organization and operation.

For more detailed information, please refer to <https://www.dol.gov/agencies/whd/flsa/2020-independent-contractor-nprm>

Employers should review their relationships with independent contractors to determine whether they need to be reclassified.

The Internal Revenue Service’s official guidance can be found in Publication 15-A, Employer’s Supplemental Tax Guide (Supplement to Publication 15 (Circular E), Employer’s Tax Guide). This information outlines the facts that provide the evidence of the degree of control and independence which fall into three major categories: behavioral control, financial control and the type of relationship between the parties. In an employee – independent contractor determination, all information that provides evidence of the degree of control and the degree of independence must be considered. The information from Publication 15-A is retyped below.

Behavioral control. Facts that show whether the business has a right to direct and control how the worker does the task for which the worker is hired include the type and degree of:

Instructions that the business gives to the worker. An employee is generally subject to the business’ instructions about when, where, and how to work. The following are examples of types of instructions about how to do work.

- When and where to do the work.
- What tools or equipment to use.
- What workers to hire or to assist with the work.
- Where to purchase supplies and services.
- What work must be performed by a specified individual.
- What order or sequence to follow.

The amount of instruction needed varies among different jobs. Even if no instructions are given, sufficient behavioral control may exist if the employer has the right to control how the work results are achieved. A business may lack the knowledge to instruct some highly specialized professional; in other cases, the task may require little or no instruction. The key consideration is whether the business has retained the right to control the details of a worker’s performance or instead has given up that right.

Training that the business gives to the worker. An employee may be trained to perform services in a particular manner. Independent contractors ordinarily use their own methods.

Financial control. Facts that show whether the business has a right to control the business aspects of the worker's job include:

The extent to which the worker has unreimbursed business expenses. Independent contractors are more likely to have unreimbursed expenses than are employees. Fixed ongoing costs that are incurred regardless of whether work is currently being performed are especially important. However, employees may also incur unreimbursed expenses in connection with the services that they perform for their employer.

The extent of the workers' investment. An independent contractor often has a significant investment in the facilities or tools he or she uses in performing services for someone else. However, a significant investment is not necessary for independent contractor status.

The extent to which the worker makes his or her services available to the relevant market. An independent contractor is generally free to seek out business opportunities. Independent contractors often advertise, maintain a visible business location and are available to work in the relevant market.

How the business pays the worker. An employee is generally guaranteed a regular wage amount for an hourly, weekly or other period of time. This usually indicates that a worker is an employee, even when the wage or salary is supplemented by a commission. An independent contractor is often paid a flat fee or on a time and materials basis for the job. However, it is common in some professions, such as law, to pay independent contractors hourly.

The extent to which the worker can realize a profit or loss. An independent contractor can make a profit or loss.

Type of relationship. Facts that show the parties' type of relationship include:

- ***Written contracts describing the relationship the parties intended to create.***
- ***Whether or not the business provides the worker with employee-type benefits, such as insurance, a pension plan, vacation pay or sick pay.***
- ***The permanency of the relationship.*** If you engage a worker with the expectation that the relationship will continue indefinitely, rather than for a specific project or period, this is generally considered evidence that your intent was to create an employer-employee relationship.
- ***The extent to which services performed by the worker are a key aspect of the regular business of the company.*** If a worker provides services that are a key aspect of your regular business activity, it is more likely that you will have the right to direct and control his or her activities. For example, if a law firm hires an attorney, it is likely that it will present the attorney's work as its own and would have the right to control or direct that work. This would indicate an employer-employee relationship.

IRS help. If you want the IRS to determine whether or not a worker is an employee, file Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, with the IRS.

Voluntary Classification Settlement Program (VCSP). This program provides an opportunity for eligible taxpayers to voluntarily reclassify their workers as employees for employment tax purposes for future tax periods with partial relief from federal employment taxes for the most recent year plus avoid penalties and interest on the amount. To be eligible, the employer must not currently be under an employment tax audit by the IRS and cannot be currently under audit by the Labor Department or a state agency concerning worker classification. Employers can apply by using Form 8952, Application for Voluntary Classification Settlement Program.

Employer/Independent Contractor Ruling. In a 2012 information letter, IRS Chief Counsel has indicated that it is possible for an individual to be an employee and an independent contractor simultaneously, for the same company, when working as a professional consultant on two separate consulting projects where an individual provides services in two separate roles to the same business. The IRS examines separately the relationship between the worker and the business for each performance of service. The IRS looks at behavioral controls, financial controls and the relationship of the parties. Depending on the fact pattern, the worker could be an employee for one service and an independent contractor for the other service.

INCOME TAX WITHHELD FROM NONPAYROLL PAYMENTS

Who Must File

The IRS has created Form 945 titled “Annual Return of Withheld Federal Income Tax,” which must be used to report the federal income tax withheld on any nonpayroll payments. (See pages 153 and 154.)

Nonpayroll payments include the following:

- Pensions, annuities and IRA’s.
- Military retirement.
- Gambling winnings.
- Backup withholding.
- Other “reportable payments” reported on Form 1099.

All employment taxes and income tax withholding on Form W-2 must be reported on Form 941.

Filing Requirements

You are not required to file Form 945 until you have a nonpayroll tax liability.

Depositing Withheld Taxes

Separate deposits are required for nonpayroll income tax withholding. **Do not** combine deposits for Form 941 and Form 945.

You must deposit nonpayroll income tax withholdings using the EFTPS program. The payment must be designated as Form 945. If your total withheld taxes are less than \$2,500, then the payment can be remitted with Form 945, which is filed annually.

Deposit Rules

The deposit schedule is determined as follows:

- You are a monthly schedule depositor if the total tax reported on Form 945 (line 3) in the lookback period was \$50,000 or less.
- You are a semiweekly schedule depositor if the total tax reported on Form 945 (line 3) in the lookback period was more than \$50,000.
- If you are a new business and have not filed Form 941 previously, you are a monthly schedule depositor.

The **lookback period** is the second calendar year preceding the current calendar year. For example, the lookback period for calendar year 2026 is calendar year 2024 and, for calendar year 2025 is calendar year 2023.

Although payroll and nonpayroll tax liabilities must be deposited and reported separately, the rules on how and when to deposit are basically the same. Monthly depositors who accumulate \$100,000 or more on any day during a month must change to semiweekly for the remainder of the year and the following year. See Section 11 of Circular E (IRS Publication 15) for more information on the \$100,000 next-day deposit rule.

Note: Because the deposit requirements for Form 945 and Form 941 are separate, the application of the \$100,000 rule to one form will not affect the deposit schedule of the other.

LUMP SUM PAYOUTS - MANDATORY WITHHOLDING AND REPORTING

Congress passed legislation with a significant adverse effect on taxpayers who rollover amounts they will receive from qualified retirement plans.

As a result of this legislation, taxpayers will generally want to make a direct transfer of funds (a “trustee-to-trustee” transfer where the trustee’s check does not name the beneficiary as payee) from the qualified retirement plan to another qualified plan or IRA. If such a direct transfer is not made, 20% of the amount will be withheld. If this withholding occurs, the recipient will have to make up the 20% difference out of other funds and contribute 100% of the distributed amount (the 80% actually received plus the 20% withheld) to another qualified plan or IRA in order to accomplish a totally tax-free rollover transaction. Affected taxpayers would then have to wait until their tax returns for the year are filed to receive their refunds of the 20% withheld.

If a taxpayer does not substitute other funds and rollover the withheld amount, it will be subject to income tax and potentially the 10% premature withdrawal penalty tax if he/she is under age 59½. The bottom line is that for any qualified retirement plan payouts, the taxpayer may no longer receive 100% of the funds and then wait 60 days to make the rollover decision.

Example:

Denise, age 50, finds a new job and on 1/4/18 receives a \$100,000 distribution from her old employer’s qualified pension plan. She fails to arrange for a trustee-to-trustee transfer, so her old employer withholds \$20,000. Denise then immediately rolls over the \$80,000 she received into an IRA. Denise will be taxed on the \$20,000 that was not rolled over, and the 10% penalty tax on premature withdrawals will also apply. If Denise wants to make a totally tax-free rollover, she will have to come up with another \$20,000 to contribute to the IRA (within 60 days). She will then have to wait until her 2018 tax return is filed (in early 2019) to receive a refund of the \$20,000 withheld by her old employer. Thus, she will have to wait well over a year to recover her \$20,000 from the government. To summarize, the 20% withholding applies unless a trustee-to-trustee transfer occurs — even if the entire amount is eventually rolled over within the required 60-day period.

Planning note: An employee who opts to receive a qualified plan payout and rollover should consider reducing future income tax withholding, if there is time to do so.

The mandatory federal income tax withholding must be remitted using Form 945, Annual Return of Withheld Federal Income Tax. See the section on Form 945 for deposit requirements.

BACKUP WITHHOLDING

What are the Requirements?

You (the payer) may be required to withhold 24% of all reportable payments made to recipients (payees) for whom you filed an information return that had either a missing or incorrect taxpayer identification number (TIN). A TIN can be either a Social Security number or an employer identification number. Generally, you must begin backup withholding on any reportable payment you make when the recipient has failed to furnish a TIN, regardless of whether or not you (the payer) requested the TIN prior to making the payment.

You must get a TIN from a payee on any account, even for “one-time” transactions. Form W-9 is used to request the recipient’s TIN as well as to obtain certifications from recipients that they are not subject to backup withholding. **In order to minimize reporting and withholding uncertainties, a Form W-9 should always be obtained prior to making any payments.** The Form W-9 was revised in March 2024. (See pages 155 through 160.)

The IRS has summarized the rules to backup withholding in Backup Withholding for Missing and Incorrect TINs, Publication 1281. We have extracted the flowchart format (pages 182 and 183) along with a section discussing the most frequently asked questions about backup withholding from this publication.

To avoid issuing an information return with an incorrect taxpayer identification number, the IRS offers an online taxpayer identification matching program (TIN) to “authorized payers”. An authorized payer must first register with the IRS to use e-services. Once registered, this program allows the payer the opportunity to match 1099 payee information against IRS records prior to filing information returns. Publication 2108A discusses the program in more detail.

How to Remit

Payers must report backup withholding on Form 945. The amounts withheld are subject to basically the same depository requirements as wage withholding. However, separate deposits are required for nonpayroll (Form 945) income tax withholding. Be sure to designate the deposit as “Form 945”. **Do not** combine the Form 945 deposits with deposits for payroll taxes. (See page 111, Deposit Rules.)

PAYEE EXEMPTIONS (SEE W-9 INSTRUCTIONS FOR ADDITIONAL EXEMPTIONS)

1. Exempt organizations.
2. Individual retirement plans.
3. United States government or any of its agencies.
4. A state, District of Columbia, possession of the United States or any political subdivision of the foregoing.
5. A foreign government.
6. A corporation (other than payments made to a corporation that are reportable on Form 1099-MISC).

Penalties

Payments that are subject to backup withholding are treated as if they were wages paid by an employer to an employee. A payer who fails to impose backup withholding is liable for the amount that should have been withheld unless he can show that the tax has been paid by the recipient. However, a payer who shows that the tax has been paid by the recipient is not relieved of liability for any civil or criminal penalty.

A penalty of 5% a month of the tax required to be shown on a return up to a maximum of 25% is imposed for failure to file a required return unless reasonable cause is shown. If the failure is fraudulent, the penalty is 15% per month with a maximum of 75%.

A penalty of 2% is imposed for a failure of not more than five days and 5% for more than five days but not more than 15 days. For failures greater than 15 days, but less than 10 days after the first delinquency notice, the penalty is 10%. If corrected more than 10 days after the first delinquency notice, the penalty is 15%.

Any person who must collect, account for and pay over any tax, who willfully fails to collect it or account for and pay it or who willfully attempts to evade or defeat it or its payment, is subject to a penalty of 100% of the tax evaded, not collected or accounted for or paid. Responsible executives can be held personally liable in the event their company fails to pay the tax.

PART 2. FREQUENTLY ASKED QUESTIONS

1. Q... What is backup withholding?

A... Persons (payers) making certain payments to payees must withhold and pay to the IRS a specified percentage (see “BWH Rate” on page 3) of those payments under certain conditions. Payments that may be subject to backup withholding include interest, dividends, rents, royalties, commissions, non-employee compensation, and other payments including broker proceeds and barter exchange transactions, reportable gross proceeds paid to attorneys, and certain payments made by fishing boat operators. Payments that are excluded from backup withholding are real estate transactions, foreclosures and abandonments, cancelled debts, distributions from Archer Medical Savings Accounts (MSAs), long-term care benefits, distributions from any retirement account, distributions from an employee stock ownership plan (ESOP), fish purchases for cash, unemployment compensation, state or local income tax refunds, and qualified tuition program earnings.

2. Q... What is a Taxpayer Identification Number (TIN)?

A... A TIN is a Social Security Number (SSN) issued by the Social Security Administration (SSA) or an Employer Identification Number (EIN) issued by the IRS. A TIN can have only nine (9) numbers. It cannot have more or less than nine numbers nor can it have letters. See Question #3 for information on ITINs and ATINs.

3. Q... What is an Individual Taxpayer Identification Number (ITIN)/Adoption Taxpayer Identification Number (ATIN)?

A... An ITIN is an individual Taxpayer Identification Number (ITIN) issued by the IRS and may be used as a TIN to meet federal tax obligations only. Resident aliens and nonresident aliens, who are not eligible for SSNs, use ITINs. An ITIN has nine numbers in the same format as an SSN and always begins with the number 9. The fourth and fifth digits are always within the range of 70 through 88. An ATIN is an Adoption Taxpayer Identification Number issued by the IRS and can be used as a TIN. An ATIN is only a temporary taxpayer identification number issued for a child born, and adopted, in the United States. An ATIN contains nine numbers in the same format as an SSN. An ATIN should be requested when an SSN cannot be obtained in time to file your tax return. Once the adoptive parent obtains an SSN for the adopted child, the ATIN becomes obsolete.

4. Q... What payments are subject to backup withholding?

A... a) Rents and commissions, non-employee compensation for services, royalties, reportable gross proceeds paid to attorneys and other fixed or determinable gains, profits, or income payments reportable on Form 1099-MISC, Miscellaneous Income.
b) Interest reportable on Form 1099-INT, Interest Income.
c) Dividends reportable on Form 1099-DIV, Dividends and Distributions.
d) Patronage dividends paid in money or qualified check reportable on Form 1099-PATR, Taxable Distributions Received From Cooperatives.
e) Original issue discount reportable on Form 1099-OID, Original Issue Discount, if the payment is in cash.
f) Gross proceeds reportable on Form 1099-B, Proceeds From Broker and Barter Exchange Transactions.
g) Gambling winnings reportable on Form W-2G, Certain Gambling Winnings, unless subject to regular gambling withholding. If not subject to regular gambling withholding, backup withholding only applies if, and only if, the payee does not furnish a taxpayer identification number to the payor.
h) Gross payments reportable on Form 1099-K, Payment Card and Third Party Network Transactions.
i) Form 1099-G payments that are subject to backup withholding under IRC 6041 and 3406(b)(3)(A) which include taxable grants and agricultural payments (1099-G Box 6 or 7)

5. Q... Can a payee claim he or she is exempt from backup withholding?

A... Yes. Payees who may be exempt are listed in the "Instructions for the Requester of Form W-9". They include tax-exempt organizations, government agencies, corporations (For certain payments), and other listed entities.

6. Q... Is a payee an exempt corporation if it uses the term "Company" or "Co." in its name?

A... A payer cannot treat a payee as an exempt organization merely because the business name contains the word "Company" or "Co." A payer may treat a payee as exempt if:

- the name contains the term insurance company, indemnity company, reinsurance company or assurance company. Requirement one is also met if the entities name indicates that it is an entity listed as a corporation under IRS Regulations, section 301.7701-2(b)(8)(i),
- the payer has on file a corporate resolution or similar document clearly indicating corporate status,
- the payer receives a Form W-9 which includes an EIN and a statement from the payee that it is a domestic corporation or,
- the payer receives a withholding certificate described in Section 1.1441-1(e) (2)(i), that includes a certification that the person whose name is on the certificate is a foreign corporation.

7. Q... When is a TIN considered missing or incorrect?

A... Missing TIN - We consider a TIN to be missing if it is not provided, has more or less than nine numbers, or it has an alpha character as one of the nine positions.

Example: Missing SSN: 123-45-678

Example: Missing SSN: 123-45-67899

Example: Missing EIN: 12- 345678P

Incorrect TIN - We consider a TIN incorrect if it is in the proper format but the Name/TIN combination does not match or cannot be found on IRS or SSA files.

Examples of Proper Format:

Correct SSN:123-45-6789

Correct EIN: 12-3456789

8. Q... What files do the IRS use in the matching process?

A... The DM-1 File -- A file containing all SSNs ever issued by the SSA
The EIN-Name Control File -- A file containing all the IRS-assigned EINs
The ITIN File -- A file containing all the IRS-assigned ITINs (On DM-1)
The ATIN File -- A file containing all the IRS-assigned ATINs (On DM-1)

9. Q... What should I do if a payee refuses or neglects to provide a TIN?

A... Begin backup withholding immediately on any reportable payments. Do the required annual solicitation (request) for the TIN. Question 19 has information about the solicitation requirements for missing and incorrect TINs. Backup withhold until you receive a TIN.

10. Q... How do I know if a TIN on my account is incorrect?

A... After the submission of Form 1099 information returns, the IRS will send you a CP2100 or a CP2100A Notice and a listing of incorrect Name/TIN(s) reported on those forms.

11. Q... What is a CP2100 or CP2100A Notice?

A... It is a notice that tells a payer that he or she may be responsible for backup withholding. It is accompanied by a listing of missing, incorrect, and/or not currently issued payee TINs. Large volume filers will receive a CD or DVD data file CP2100, mid-size filers receive a paper CP2100, and small filers receive a paper CP2100A.

Large Filer **250 or more error documents;**
Mid Size Filer **Between 50 and 249 documents.**
Small Filer **Less than 50 error documents.**

12. Q... What should I do if I receive a CP2100 or CP2100A Notice?

A... Compare the listing(s) with your records. For missing TINs: If you have not started backup withholding, begin to do so immediately and continue until you receive a TIN. You must make up to three solicitations for the TIN (initial, first annual, second annual), as described in Question 19, to avoid a penalty for failing to include a TIN on the information return.

For incorrect TINs: Compare the accounts on the listing with your business records. See Question 19 for the solicitation requirements in order to avoid a penalty for failure to include the correct TIN on an Information Return. If they agree, send the appropriate "B" Notice to the payee. If an account does not agree, this could be the result of a recent update to SSA records, an error in the information you submitted, or an IRS processing error. If this type of error occurred, the only thing you should do is correct or update your records, if necessary.

Remember: You do not have to call or write to the IRS to say that you made the correction or update to your records.

13. Q... What is a "B" Notice?

A... A "B" Notice is a backup withholding notice. There are two "B" Notices -- the First "B" Notice and the Second "B" Notice. You must send the First "B" Notice and a Form W-9 to a payee after you receive the first CP2100 or CP2100A Notice with respect to this account for soliciting a correct Name/TIN combination. You must send the second "B" Notice to a payee after you receive a second CP2100 or CP2100A Notice within a 3 calendar year period. The text of the Second "B" Notice is different from that of the First "B" Notice. The Second "B" Notice tells the payee to contact IRS or SSA to obtain the correct Name/TIN combination. The mailing of the second notice should not include a Form W-9. The payor must receive validation of the payee's Name/TIN combination from SSA or IRS after sending the second "B" Notice. Payees should be instructed regarding how to request validation of their name/TIN combinations in accordance with the procedures described in Part 4. Generally, you do not have to send a "B" Notice more than two times within three calendar years to the same account.

14. Q... When do I send a "B" Notice to a payee?

A... You have 15 business days from the date of the CP2100A or CP2100 Notice, or the date you received it (whichever is later), to send a "B" Notice to a payee. For incorrect TINs you only have to send a "B" Notice to a payee whose Name/TIN combination and account number on your records agrees with the combination that IRS identified as incorrect.

15. Q... How do I know which "B" Notice to send?

A... If this is the first CP2100 or CP2100A Notice you have received with respect to this account, you must provide the payee with (1) the First "B" Notice and (2) a copy of Form W-9 (or acceptable substitute). You may also provide an optional reply envelope. Your outside mailing envelope must be clearly marked **"IMPORTANT TAX INFORMATION ENCLOSED"** or **"IMPORTANT TAX RETURN DOCUMENT ENCLOSED."**

If this is the second CP2100 or CP2100A Notice you have received within three calendar years with respect to this account, you must provide the payee with the Second "B" Notice. Do not include a Form W-9. You may also provide an optional reply envelope. Your outside mailing envelope must be

clearly marked **“IMPORTANT TAX INFORMATION ENCLOSED”** or **“IMPORTANT TAX RETURN DOCUMENT ENCLOSED.”**

16. **Q... Do I have to mail a Second “B” Notice if I receive the second CP2100 or CP2100A Notice in the same calendar year as the first notice?**
A... No. You may disregard the second CP2100 or CP2100A notice, even if it relates to a different tax year than the first notice. You also have no obligation to mail a second ‘B’ Notice if you receive the second CP2100 or CP2100A Notice in a different calendar year than the first, but both of the CP notices relate to the same payee’s account for the same calendar year.
17. **Q... What should I do if a “B” Notice is returned as “undeliverable”?**
A... You must begin backup withholding. However, try to get the correct address for the payee and re-mail the notice. If you cannot find the correct address, keep the undelivered notice with your records for a period of three years, in order to track the “two-in-three-year” rule (see Question 13) or, until you have obtained a valid address.
18. **Q... After I receive a CP2100 or CP2100A Notice, when do I start and stop backup withholding?**
A... You must begin backup withholding on all reportable payments to the payee no later than 30 business days after you have received the CP2100 or CP2100A Notice. You must stop backup withholding on payments within 30 calendar days after you have received the required certification (Form W-9) from the payee or TIN validation from the SSA or the IRS, if it was a second notification. At your option, you may start and stop backup withholding at any time during these 30-day periods.
19. **Q... What are the first and second annual solicitation requirements?**
A... A solicitation is a request for a payee’s correct TIN. You must make the request to satisfy the backup withholding requirements and to avoid a penalty for filing another information return with a missing or an incorrect TIN. The payee must furnish a certified TIN (initial solicitation) on Form W-9 with respect to payments of interest, dividends, and amounts subject to broker reporting. For other payments, the payee may furnish/provide the TIN in any manner.

For missing TINs: For all payees you must make the initial solicitation when the payee opens the account or when the transaction occurs. If the payee does not provide a TIN when you initially ask for it, you must begin backup withholding. In addition, to avoid a penalty for filing an incorrect information return, you must make a first annual solicitation by December 31 of the year in which the account is opened (for accounts opened before December) or January 31 of the following year (for accounts opened during the preceding December). If the payee does not provide a TIN after the first annual solicitation, you must make the second annual solicitation by December 31 of the year following the calendar year in which the account was opened.

For incorrect TINs: You must make up to two annual solicitations in response to the CP2100 or CP2100A Notice. You must send a B Notice within 15 business days after you receive a CP2100 or CP2100A Notice. If you receive a Proposed Penalty Notice (972CG) but not a CP2100 or CP2100A Notice, your annual solicitation must be made by December 31st of the year you received the Proposed Penalty Notice (972CG).

However, if you already sent a B Notice in the calendar year in response to a CP2100 or CP2100A Notice, you do not have to send another solicitation in response to the proposed penalty notice. If the IRS notifies you in the next calendar year that a TIN is still incorrect, you must make a second annual solicitation within 15 business days after you receive the second CP2100 or CP2100A Notice.

20. **Q... Does a CP2100 or CP2100A Notice indicate whether it is the first or second notification of an incorrect TIN for a specific account?**
A... No. The backup withholding regulations require that payers be responsible for tracking the status of the notices they receive.
21. **Q... What is the relationship between the requirements to make an annual solicitation for a payee's TIN and the requirements to send a "B" Notice?**
A... Sending a "B" Notice to a payee in response to a CP2100A or CP2100 Notice satisfies the annual solicitation requirement in order to avoid a penalty for filing an information return with an incorrect TIN.
22. **Q... Why are accounts I corrected still on the listing of missing or incorrect TIN(s)?**
A... Due to processing cut-off points, a listing may or may not reflect your latest corrections. If you know that an account was corrected, do not send a "B" Notice to the payee.
23. **Q... What should I do if a TIN was actually on file but was omitted from the Form 1099 or reported incorrectly?**
A... Make any required change to your records and use the correct information on future filings. Do not send a "B" Notice to the payee.
24. **Q... What should I do if this is the first notification and the Form W-9 is returned with the same incorrect information?**
A... Keep the Form W-9 on file to show that the payee certified the Name/TIN combination. Do not backup withhold.
25. **Q... If I don't do business anymore with a payee, or if it was only a one-time transaction, what should I do with the "B" Notice?**
A... Send it and try to get the correct TIN. Also, note your records to track the notice for the "two-in-three year" rule. You will need this information if you should renew business with the payee. We require that you track these accounts for three years after the date of the first CP2100A or CP2100 Notice.
- Note: A "B" Notice is not required if no payments have been made to an account and no return is required for the account for one year.**
26. **Q... Can a sole proprietor have an SSN or does he or she need an EIN?**
A... A sole proprietor may have an SSN or an EIN. However, he or she must always furnish his or her individual name (on Name Line 1), regardless of whether he or she uses a SSN or an EIN. A sole proprietor may also provide a business name or Doing Business As (DBA) (on Name Line 2), but he or she must list his or her individual name first on the account with you.
27. **Q... Should I backup withhold on a payee who is a nonresident alien?**
A... Yes. A nonresident alien is subject to backup withholding unless you have a signed Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, on file for him or her.
28. **Q... Can a Form W-9 for one account be used to correct all accounts?**
A... Yes, if the payer required a payee to file only one Form W-9 for all accounts or instruments of the payee.
29. **Q... Can a payee be subject to backup withholding for more than one reason?**

- A... Yes. However, backup withhold for only one reason at a time.
- 30. Q... How do I get an EIN?**
A... Complete Form SS-4, Application for Employer Identification Number. Follow "How to Apply" in the instructions for Form SS-4 to obtain an EIN by mail, telephone, or facsimile (fax).
- 31. Q... What form do I use to report backup withholding?**
A... Report backup withholding on Form 945, Annual Return of Withheld Federal Income Tax. For more information, including the deposit requirements for Form 945, see the instructions for Form 945, or Pub. 15, (Circular E), Employer's Tax Guide.
- 32. Q... How is a Name/TIN mismatch identified?**
A... A Name/TIN combination is incorrect if it does not match, or cannot be found, on IRS or SSA files. For example, a Name/TIN mismatch occurs when an individual name is submitted with a TIN not associated with the individual name provided. A TIN is not interchangeable with different names. A business EIN must be used for a partnership, corporation, or non-disregarded Limited Liability Company (LLC). An SSN must be used with an individual name (In first name line). A Sole Proprietor must always provide his/her individual name. A Sole Proprietor may provide his/her Doing Business As (DBA) name (in second name line) in addition to the required individual name together with the matching SSN.
- 33. Q... What amount is subject to backup withholding with respect to security sales made through margin accounts?**
A... The amount subject to backup withholding in the case of a security sale made through a margin account is limited to the amount of cash available for withdrawal by the customer immediately after the settlement of the sale. The amount available for withdrawal by the customer does not include amounts required to satisfy margin account maintenance. If a margin call forces a customer into a sell - off, such proceeds are not subject to backup withholding.
- 34. Q... In what manner should a payer treat erroneously withheld tax?**
A... If a payer withholds from a payee in error or withholds more than the correct amount of tax, the payer may refund the amount improperly withheld. The refund must be made prior to the end of the calendar year and prior to the time the payer issues a Form 1099. If the payer has not deposited the amount of the tax prior to the time that the refund is made to the payee, the payer should not deposit the improperly withheld tax. If the improperly withheld tax has been deposited prior to the time the refund is made to the payee, the payer may adjust any subsequent deposit of tax collected, which the payer is required to make, by the amount of the tax which has been refunded to the payee. Payers may use refund alternatives only when backup withholding is the result of an error by the payer. The timely submission of requested TIN information including any verifications and/or certifications by the payee does not establish an error by the payer.

PART 3. WHERE TO CALL FOR HELP

If you have any questions about backup withholding, information reporting, Forms 1099, or the CP2100 or CP2100A Notice(s) and listing(s), you may call:

The Information Reporting Program Centralized Customer Service Site

Telephone (866) 455-7438 (TOLL FREE) / (304) 263-8700 (not toll free)

Hours 8:30 am to 4:30 pm Monday through Friday, ET

E-Mail mccirp@irs.gov.

Access this publication on-line at www.irs.gov/pub/irs-pdf/p1281.pdf.

Pennsylvania Information Returns and Reporting



PENNSYLVANIA - SUBMISSION OF FEDERAL FORM 1099-MISC

On September 11, 2012, the Pennsylvania Department of Revenue issued a notice that provides payors of either nonemployee compensation or payments under an oil and gas lease with guidance for submitting a copy of their 1099-MISC (1099M) information returns to the Department. The payments under an oil and gas lease are defined as rents, royalties, bonuses and other income paid under the terms of the lease.

Additionally, beginning January 1, 2018, any payors that withheld Pennsylvania income tax on PA-source non-employee compensation, business income or certain lease payments paid to non-resident individuals or single member LLCs with a non-resident member are required to submit a copy of the 1099M forms that report the income and related withholding amounts.

The current filing guidelines regarding the 1099 forms are as follows:

- The entity issuing the 1099 forms must have a PA Employer Withholding Account to be able to file the forms electronically through MyPath. The forms will have to be filed using a multi-import file upload. This process will allow users to prepare a file and upload all their records in a single transaction. The file should not exceed 20 MB and be formatted using the .CSV file extension or any other type of a comma delimited/comma separated value file.
- If the entity issuing the 1099 has a PA Employer Withholding Account and 10 or more 1099-MISC forms, they must be filed through MyPath.

If you are mailing paper forms, please mail them to:

*PA Department of Revenue
P.O. Box 280412
Harrisburg, PA 17128-0412*

Pennsylvania does not require a transmittal form similar to the federal Form 1096.

Pennsylvania Act 43

Act 43 of 2017 created a withholding obligation for certain payors of Pennsylvania-source income and lessees of Pennsylvania real estate to non-residents and also expanded the requirements with respect to when a copy of Federal Form 1099-MISC is required to be filed with the Pennsylvania Department of Revenue.

Withholding on Non-Employee Compensation and Business Income

Beginning January 1, 2018, anyone that pays PA-source non-employee compensation or business income to a non-resident individual or disregarded entity (single member LLC) that has a non-resident member and is required to file a Federal Form 1099-MISC with the Department is required to withhold from such payments an amount equal to the PA personal income tax rate (currently, 3.07%).

- Withholding is optional for payors paying a payee less than \$5,000 annually.
 - Payors that withhold from a payee are:
 - Required to apply for a 1099-MISC withholding account by completing a PA-100 registration form.
 - Required to electronically file quarterly withholding returns and annual reconciliations with the Department via MyPath.
 - Required to electronically remit the withheld monies via MyPath.
 - Liable for withheld taxes in the same manner as employers withholding employee compensation and
 - Liable for taxes not withheld in the same manner as employers withholding employee compensation.

Please see the Informational Notice on pages 204 and 205 for the filing and remittance frequency schedule.

Withholding on Certain Lease Payments

Beginning January 1, 2018, anyone leasing PA real estate who makes a lease payment in the course of their trade or business to a non-resident lessor (includes only individuals, estates and trusts) is required to withhold from such payments an amount equal to the PA personal income tax rate (currently, 3.07%).

- Withholding is optional for lessees paying a non-resident lessor less than \$5,000 annually.
- Lessees withholding tax are required to file a Federal Form 1099-MISC with both the lessor and the Department showing the amount paid to them and the amount of withholding.
 - Lessees that withhold from a lessor are:
 - Required to apply for a 1099-MISC withholding account by completing a PA-100 registration form.
 - Required to electronically file quarterly withholding returns and annual reconciliations with the Department via e-TIDES.
 - Required to electronically remit the withheld monies via e-TIDES.
 - Liable for withheld taxes in the same manner as employers withholding employee compensation.
 - Liable for taxes not withheld in the same manner as employers withholding employee compensation.

Please see the Informational Notice on pages 204 and 205 for the filing and remittance frequency schedule.

Penalty Relief

The 1099-MISC income subject to the withholding provisions will not be subject to penalty assessment for failure to withhold for the period ending prior to July 1, 2018.

REV-1832

The 1099-MISC withholding exemption certificate should be given by the payor to all payees for the payees to complete if the payor is not going to withhold on the payments to the payee (pages 207 and 208).

EMPLOYEE VS. INDEPENDENT CONTRACTOR – PENNSYLVANIA AWARENESS CAMPAIGN

PA Department of Labor and Industry developed new website content at getclassified.pa.gov that includes links to the U.S. Department of Labor information on misclassification of employees and a worker misclassification inquiry form for individuals to fill out and submit. A toll-free number – (866) 403-6163 (option 3) – is available for anyone to call for more information.

Maryland Information Returns and Reporting



MARYLAND - SUBMISSION OF FEDERAL FORM 1099-MISC

1099-Misc forms only need to be submitted to Maryland if there is a Maryland State withholding.

Forms need to be submitted with MD MW508. If submitting 25 or more, they must be e-filed on the MD b-file website: <https://interactive.marylandtaxes.gov/business/bfile/osc/selectapp.aspx>

2025 Maryland Employer Reporting of 1099s Instructions

The filing due date for 1099 statements/MW508 return is January 31st. If the due date falls on a Saturday, Sunday or legal holiday, it must be filed by the next business day.

Maryland continues to participate in the Combined Federal/State Filing Program for Forms 1099. 1099 filers who do not participate in the Combined Federal/State Filing Program, should submit paper returns with 1099s directly to Maryland by January 31st, each year.

Maryland requires a 1099-G, 1099-R, 1099-S and W-2G for every Maryland payee who receives a payment of \$10 or more during the tax year being reported.

Note: Maryland only requires a 1099-MISC and 1099-NEC from the payee (or employer) when there is Maryland withholding greater than zero.

Failure to comply may result in a penalty of \$100 for each violation. Each 1099 that is not properly filed is a separate violation subject to the above penalty. Failure to comply with Section 13-706 of the Tax-General Article, Annotated Code of Maryland may result in the assessing of additional penalties.

For information concerning 1099 filing requirements refer to the 2022 Maryland Reporting of 1099s Instructions and Specifications (not available at this time).

To submit 1099s in bulk (required for 25 or more):

Filing Year 2022 (for Tax Year 2021) was the last year Maryland accepted magnetic media (Diskettes/ CDs).

For Filing Year 2023 (Tax Year 2022) forward, Maryland will require 1099 text files to be placed at the Comptroller of Maryland secure server by SFTP (Secure File Transfer Protocol), using one of the following two methods:

- **Option 1:** Manually upload to Comptroller of Maryland SFTP website
- **Option 2:** SFTP automated server to server transmission in which an IP address will be required to be whitelisted with Comptroller, State of Maryland

Please email SecureTransmission@marylandtaxes.gov no later than October to obtain your SFTP 2023 Account info along with instructions for setup. In the email, please provide the following:

- Point of Contact Email address
- Business Name
- Point of Contact Name
- Point of Contact Number
- Business choice of (SFTP) either Option 1 or Option 2 or both

Reminders for Tax Year 2025:

The filing due date for 1099 wage/tax statements is January 31.

It is a requirement to provide the Federal Employer Identification Number (FEIN) and the corresponding Central Registration Number (CRN) in positions 715-722 of the B record. Not providing this information will either delay the processing time or will be cause for the file to be rejected.

Amounts reported on a paper Form MW508 are for paper submission only; if you are providing additional information by SFTP, exclude that which was reported on paper. Duplicate filings create a bill, erroneous balance due notices and/or penalty notices for the employer.

If the payer (employer, organization, etc.) should withhold state taxes that are reported on a 1099-MISC for Maryland payee(s), then the 1099-MISC should be included in the payer's annual reconciliation (MW508) for the tax year reported. If there is no 1099-MISC Maryland withholding, then there is no need to submit this 1099-MISC information to the state. This is also true for the Form 1099-NEC.

The Comptroller of Maryland is a participant in the IRS Combined Federal/State Filing Program. The following resources are available:

- a) The IRS format from Publication 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, 8935 and W-2G
- b) 2022 Maryland Reporting of 1099s Instructions and Specifications (not available at this time)

If you are participating in the Combined Federal/State filing program, do not send paper or media with the same returns that are being reported to the IRS. The IRS will forward the 1099 information to Maryland. Additionally, if the IRS includes the 1099-NEC in the Combined Federal/State filing program, then Maryland will accept the 1099-NEC from the IRS.



ACCOUNTING AUTOMATION MATERIALS

AUTOMATION TIPS FOR SMALL BUSINESS ACCOUNTING DEPARTMENTS

Why Automate Now?

Automation reduces manual data entry, shortens close cycles, improves accuracy, and enhances visibility. Small businesses can save 40–70% of staff time spent on repetitive accounting tasks.

Core Principles

1. Standardize processes and naming conventions before automating.
2. Automate routine workflows after defining roles and responsibilities.
3. Measure results—track time saved and error reduction.
4. Start small with a pilot, then scale up.

Key Automated Workflows

- **Accounts Payable:** Use digital intake and OCR tools like Dext or Hubdoc; automate approvals and payments with Bill.com or Melio.
- **Accounts Receivable:** Automate invoicing and reminders using QuickBooks Online; embed payment links and match deposits automatically.
- **Expenses & Payroll:** Set up virtual cards (Ramp/Divvy) and mobile receipt capture; integrate payroll via Gusto or ADP.
- **Bank Feeds & Reporting:** Connect all accounts to QuickBooks or Xero; automate reconciliations and variance analysis; share dashboards with KPIs.

AI and No-Code Tools

- **AI Copilots:** Draft vendor/customer emails, categorize ambiguous transactions, and summarize financial reports.
- **No-Code Platforms (Zapier, Make, Power Automate):** Connect apps and trigger workflows between systems.

30/60/90 Day Roadmap

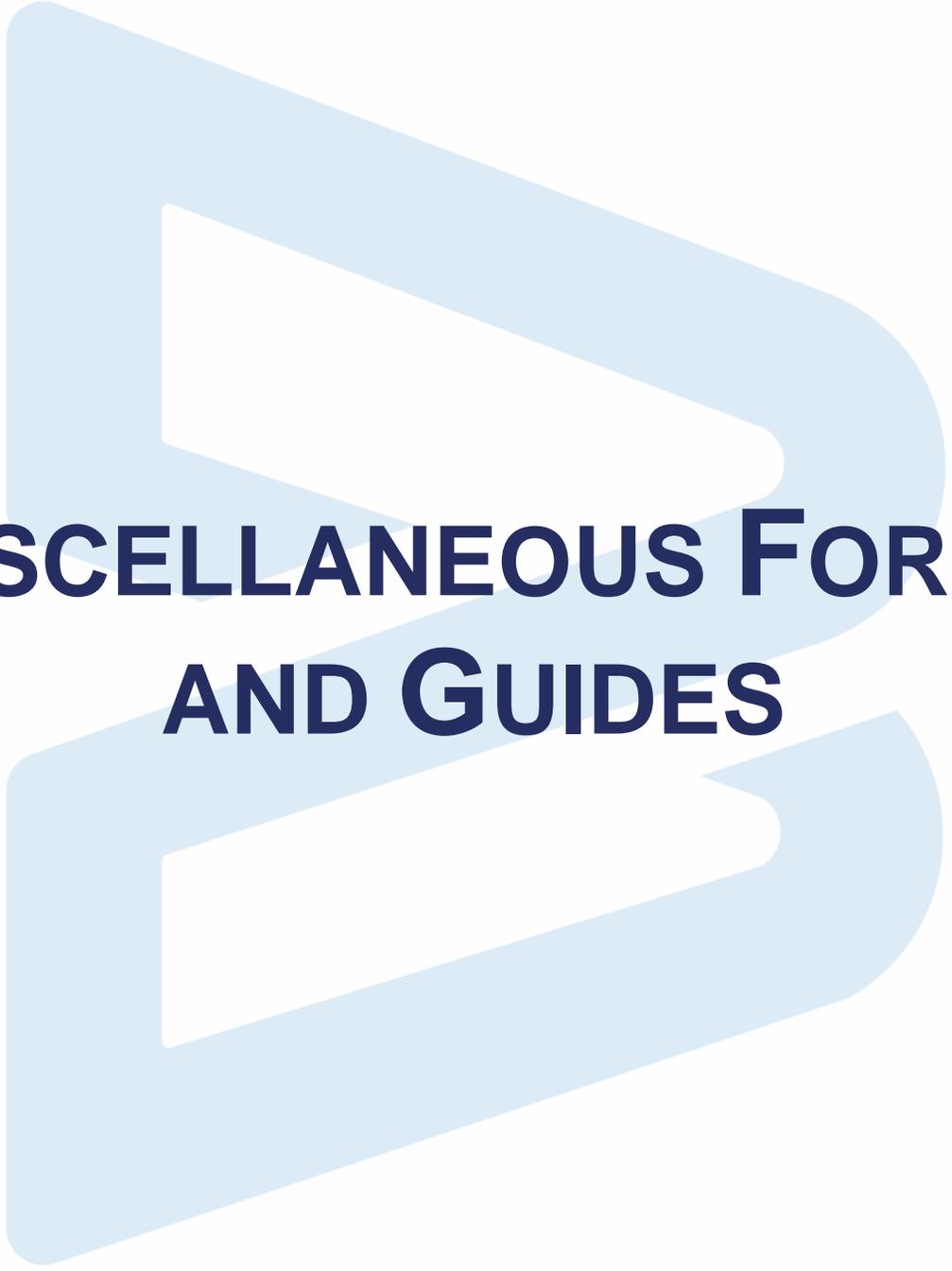
- **Days 1–30:** Document workflows, turn on bank feeds, pilot AP intake with OCR.
- **Days 31–60:** Implement approvals and payment batching; deploy expense policies.
- **Days 61–90:** Automate close checklist and KPI dashboard.

ROI Snapshot

Expect payback within six months from time savings, reduced errors, and improved cash flow.

Takeaway

Automate one workflow, document it, train your team, and track measurable impact.



MISCELLANEOUS FORMS AND GUIDES

Federal Miscellaneous Forms and Guides



How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) and find resources that can help you right away.

Preparing and filing your tax return. After receiving your wage and earning statements (Form W-2, W-2G, 1099-R, 1099-MISC) from all employers and interest and dividend statements from banks (Forms 1099), you can find free options to prepare and file your return on [IRS.gov](https://www.irs.gov) or in your local community if you qualify.

The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors.

You can go to [IRS.gov](https://www.irs.gov) to see your options for preparing and filing your return, which include the following.

- **Free File.** Go to [IRS.gov/FreeFile](https://www.irs.gov/FreeFile) to see if you qualify to use brand-name software to

prepare and *e-file* your federal tax return for free.

- **VITA.** Go to [IRS.gov/VITA](https://www.irs.gov/VITA), download the free IRS2Go app, or call 800-906-9887 to find the nearest VITA location for free tax return preparation.
- **TCE.** Go to [IRS.gov/TCE](https://www.irs.gov/TCE), download the free IRS2Go app, or call 888-227-7669 to find the nearest TCE location for free tax return preparation.

Employers can register to use Business Services Online. The SSA offers online service for fast, free, and secure online W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Forms W-2, Wage and Tax Statement, and Forms W-2c, Corrected Wage and Tax Statement. Employers can go to [SSA.gov/employer](https://www.ssa.gov/employer) for more information.



Getting answers to your tax questions. On [IRS.gov](https://www.irs.gov), get answers to your tax questions anytime, anywhere.

- Go to [IRS.gov/Help](https://www.irs.gov/Help) for a variety of tools that will help you get answers to some of the most common tax questions.
- Go to [IRS.gov/ITA](https://www.irs.gov/ITA) for the Interactive Tax Assistant, a tool that will ask you questions on a number of tax law topics

and provide answers. You can print the entire interview and the final response for your records.

- Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to search for our forms, instructions, and publications. You will find details on 2019 tax changes and hundreds of interactive links to help you find answers to your questions.
- You may also be able to access tax law information in your electronic filing software.

Tax reform. Tax reform legislation affects individuals, businesses, and tax-exempt and government entities. Go to [IRS.gov/TaxReform](https://www.irs.gov/TaxReform) for information and updates on how this legislation affects your taxes.

IRS social media. Go to [IRS.gov/SocialMedia](https://www.irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are paramount. We use these tools to share public information with you. **Don't** post your social security number or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos](https://www.youtube.com/irsvideos).
- [Youtube.com/irsvideosmultilingua](https://www.youtube.com/irsvideosmultilingua).
- [Youtube.com/irsvideosASL](https://www.youtube.com/irsvideosASL).

Watching IRS videos. The IRS Video portal ([IRSVideos.gov](https://www.irsvideos.gov)) contains video and audio presentations for individuals, small businesses, and tax professionals.

Getting tax information in other languages. For taxpayers whose native language isn't English, we have the following resources available. Taxpayers can find information on [IRS.gov](https://www.irs.gov) in the following languages.

- [Spanish \(IRS.gov/Spanish\)](https://www.irs.gov/Spanish).
- [Chinese \(IRS.gov/Chinese\)](https://www.irs.gov/Chinese).
- [Korean \(IRS.gov/Korean\)](https://www.irs.gov/Korean).
- [Russian \(IRS.gov/Russian\)](https://www.irs.gov/Russian).
- [Vietnamese \(IRS.gov/Vietnamese\)](https://www.irs.gov/Vietnamese).

The IRS Taxpayer Assistance Centers (TACs) provide over-the-phone interpreter service in over 170 languages, and the service is available free to taxpayers.

Getting tax forms and publications. Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to

view, download, or print all of the forms, instructions, and publications you may need. You can also download and view popular tax publications and instructions (including the 1040 and 1040-SR instructions) on mobile devices as an eBook at no charge at [IRS.gov/eBooks](https://www.irs.gov/eBooks). Or you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order and have them mailed to you within 10 business days.

Access your online account (individual taxpayers only). Go to [IRS.gov/Account](https://www.irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe, pay online, or set up an online payment agreement.
- Access your tax records online.
- Review the past 24 months of your payment history.
- Go to [IRS.gov/SecureAccess](https://www.irs.gov/SecureAccess) to review the required identity authentication process.

Using direct deposit. The fastest way to receive a tax refund is to combine direct deposit and IRS e-file. Direct deposit securely and electronically transfers your refund directly into your financial account. Eight in 10 taxpayers use direct deposit to receive their refund. The IRS issues more than 90% of refunds in less than 21 days.

Getting a transcript or copy of a return. The quickest way to get a copy of your tax transcript is to go to [IRS.gov/Transcripts](https://www.irs.gov/Transcripts). Click on either "Get Transcript Online" or "Get Transcript by Mail" to order a copy of your transcript. If you prefer, you can order your transcript by calling 800-908-9946.

Using online tools to help prepare your return. Go to [IRS.gov/Tools](https://www.irs.gov/Tools) for the following.

- The *Earned Income Tax Credit Assistant* ([IRS.gov/EITCAssistant](https://www.irs.gov/EITCAssistant)) determines if you're eligible for the EIC.
- The *Online EIN Application* ([IRS.gov/EIN](https://www.irs.gov/EIN)) helps you get an employer identification number.
- The *Tax Withholding Estimator* ([IRS.gov/W4app](https://www.irs.gov/W4app)) makes it easier for everyone to pay the correct amount of tax during the year. The Estimator replaces the Withholding Calculator. The redesigned tool is a convenient, online way to check and tailor your withholding. It's more user-friendly for taxpayers, including retirees and self-em-

ployed individuals. The new and improved features include the following.

- Easy to understand language;
- The ability to switch between screens, correct previous entries, and skip screens that don't apply;
- Tips and links to help you determine if you qualify for tax credits and deductions;
- A progress tracker;
- A self-employment tax feature; and
- Automatic calculation of taxable social security benefits.
- The *First Time Homebuyer Credit Account Look-up* ([IRS.gov/HomeBuyer](https://www.irs.gov/HomeBuyer)) tool provides information on your repayments and account balance.
- The *Sales Tax Deduction Calculator* ([IRS.gov/Sales Tax](https://www.irs.gov/SalesTax)) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040 or 1040-SR), choose not to claim state and local income taxes, and you didn't save your receipts showing the sales tax you paid.

Resolving tax-related identity theft issues.

- The IRS doesn't initiate contact with taxpayers by email or telephone to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.
- Go to [IRS.gov/IDProtection](https://www.irs.gov/IDProtection) for information.
- If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, visit [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft) to learn what steps you should take.

Checking on the status of your refund.

- Go to [IRS.gov/Refunds](https://www.irs.gov/Refunds).
- The IRS can't issue refunds before mid-February 2020 for returns that claimed the EIC or the ACTC. This applies to the entire refund, not just the portion associated with these credits.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

Making a tax payment. The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to [IRS.gov/Payments](https://www.irs.gov/Payments) to make a payment using any of the following options.

- *IRS Direct Pay:* Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- *Debit or Credit Card:* Choose an approved payment processor to pay online, by phone, and by mobile device.
- *Electronic Funds Withdrawal:* Offered only when filing your federal taxes using tax return preparation software or through a tax professional.
- *Electronic Federal Tax Payment System:* Best option for businesses. Enrollment is required.
- *Check or Money Order:* Mail your payment to the address listed on the notice or instructions.
- *Cash:* You may be able to pay your taxes with cash at a participating retail store.
- *Same-Day Wire:* You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and cut-off times.

What if I can't pay now? Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an *online payment agreement* ([IRS.gov/OPA](https://www.irs.gov/OPA)) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the *Offer in Compromise Pre-Qualifier* to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](https://www.irs.gov/OIC).

Checking the status of an amended return. Go to [IRS.gov/WMAR](https://www.irs.gov/WMAR) to track the status of Form 1040-X amended returns. Please note that it can take up to 3 weeks from the date you mailed your amended re-

turn for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter. Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

Contacting your local IRS office. Keep in mind, many questions can be answered on IRS.gov without visiting an IRS Taxpayer Assistance Center (TAC). Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC, check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an *independent* organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the *Taxpayer Bill of Rights*.

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [TaxpayerAdvocate.IRS.gov](https://www.irs.gov/TaxpayerAdvocate) to help you understand *what these rights mean to you* and how they apply. These are *your* rights. Know them. Use them.

What Can TAS Do For You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything

possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices [in every state, the District of Columbia, and Puerto Rico](#).

[Rico](#). Your local advocate's number is in your local directory and at [TaxpayerAdvocate.IRS.gov/Contact-Us](#). You can also call them at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to them at [IRS.gov/SAMS](#).

TAS also has a website, [Tax Reform Changes](#), which shows you how the new tax law may change your future tax filings and helps you plan for these changes. The information is categorized by

tax topic in the order of the IRS Form 1040 or 1040-SR. Go to [TaxChanges.us](#) for more information.

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals

whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee. To find a clinic near you, visit [IRS.gov/LITC](#) or see IRS Pub. 4134, [Low Income Taxpayer Clinic List](#).



EMPLOYEE REPRESENTATION REGARDING USE OF COMPANY VEHICLE

The Internal Revenue Service requires employers to provide certain information on their tax return with respect to the vehicles provided to employees. This information is also used to calculate the amount of the fringe benefit to be included in the employee's W-2 income.

The Internal Revenue Service generally requires that written records be maintained to document the business use of vehicles. Since the company policy requires employees to maintain the detailed records, please provide answers to the following questions. If you were provided more than one vehicle that was used during the year, you need to prepare a separate statement for each vehicle.

This completed form must be returned no later than _____ or 100% of the value will be included in the employee's W-2 income.

Description of vehicle _____
Reporting period from _____ **to** _____
Odometer reading: Beginning _____ **Ending** _____

Was the vehicle available for your personal use during off duty hours?
 Yes No

Did you have another vehicle available for your personal use (this includes a car you own personally)?
 Yes No

Are you an officer or a 1% or greater owner of the business?
 Yes No

How many commuting round trips did you make in this vehicle? _____

For the reporting period specified above, please provide the number of miles for each of the following categories:

Total commuting miles	_____
Total other personal (noncommuting) miles	_____ +
Total personal miles	_____ =
Total business miles	_____ +
Total miles	_____ =

Did the employer pay the cost of fuel consumed by this vehicle?
 Yes No

Employee signature _____ **Date** _____

**EMPLOYER'S WORKSHEET TO CALCULATE EMPLOYEE'S TAXABLE
INCOME RESULTING FROM EMPLOYER-PROVIDED VEHICLE**

Employee: _____
 Description of vehicle: _____
 Date vehicle first made available to any employee: _____
 Date vehicle first made available to this employee: _____

Select one method (note limitations on Methods II and III)

METHOD I - ANNUAL LEASE VALUE METHOD (For autos available 30 days or more)

Fair market value of vehicle (to be redetermined at the beginning of the 5 th year and every four years thereafter).	\$ _____
Annual lease value, per attached chart	\$ _____ (1)
Enter number of days during the year that the vehicle was available	x _____
Divide by number of days in tax year	÷ _____
Prorated annual lease value	_____
Personal use percentage (personal/total miles, per statement from employee)	_____ %
Personal annual lease value	\$ _____
If fuel is provided by employer, enter personal miles	
_____ x _____ (2)	+ _____
Personal use taxable income	\$ _____

(continued)

**EMPLOYER'S WORKSHEET TO CALCULATE EMPLOYEE'S TAXABLE
INCOME RESULTING FROM EMPLOYER-PROVIDED VEHICLE
(CONTINUED)**

METHOD II - STANDARD MILEAGE RATE METHOD

In order to qualify to use the cents-per-mile method, the vehicle must: (1) be expected to be regularly used in the employer's business through the calendar year, (2) be driven at least 10,000 miles per year, and (3) have a fair market value of \$61,200 or less for a passenger automobile, truck or van. Once this method is adopted for a particular vehicle, it must be used until the vehicle no longer qualifies.

Enter personal miles driven from
January 1 through December 31 _____ x \$0.70 = \$ _____

If fuel is **not** provided by the employer enter total
personal miles _____ x \$0.055 = (_____)

Personal use taxable income \$ _____

(continued)

**EMPLOYER'S WORKSHEET TO CALCULATE EMPLOYEE'S TAXABLE
INCOME RESULTING FROM EMPLOYER-PROVIDED VEHICLE
(CONTINUED)**

METHOD III - SPECIAL COMMUTING METHOD

This method may only be used for vehicles covered by a written policy that allows commuting but no other personal use. **Do not use** if employee is a 1% or greater owner, an officer whose compensation is \$140,000 or more, a control employee whose compensation equals or exceeds \$285,000 or a "highly compensated" employee as defined in IRS Regulations Section 1.132-8(f).

Number of commuting round trips made		_____
Value per round trip	x	\$3.00
Personal use taxable income		\$ _____

- (1) For autos continuously available to the employee for periods of 30 days or more, but less than an entire calendar year, the value of the auto's availability is prorated, computed by multiplying the annual lease value by a fraction, the numerator is the number of days available, and the denominator is 365. For autos continuously available to the employee for at least one but less than 30 days, the value of the use of the auto is its daily lease value, calculated by multiplying the annual lease value by a fraction; the numerator is four times the number of days available, and the denominator is 365. A 30-day period may be used even if availability is less than 30 days if this produces a lower valuation.
- (2) If fuel is provided "in kind," the fair market value may be determined based on all facts and circumstances or, alternatively, at 5½ cents per mile if auto usage is within the United States, Canada and Mexico. Generally, where fuel is purchased and charged to the employer, the actual cost or reimbursement should be used. If the employer has a fleet of 20 or more vehicles, reimburses or allows employees to charge fuel cost, the fleet-average cents per mile may be used. If the fleet employer determines that actual cost or fleet average methods are unreasonable administrative burdens, the 5½ cents per mile may be used.

AUTOMOBILE USAGE SAMPLE POLICIES

Policy Prohibiting All Personal Use of Company Vehicles

Management has adopted the following policy regarding personal use of Company owned vehicles:

Vehicles owned or leased by this Company are to be used solely for Company business. There shall be no personal use of the vehicles (including commuting to and from work). Individuals driving Company vehicles may have occasions where an incidental stop is necessary between business stops. Such use shall not be considered in violation of this policy.

The Company requires that vehicles not in use shall be parked in designated areas on the Company premises. No personal items are to be stored in the vehicles. Company materials and supplies are to be secured in the trunk, lock boxes, or within the Company offices.

Keys are to be returned to _____ upon the close of business each day.

Policy Prohibiting All Personal Use of Company Vehicle Except Commuting

Management has adopted the following policy regarding personal use of Company owned vehicles:

For business reasons, certain employees have been designated to drive a Company owned vehicle to and from their residence. This shall be the only authorized personal use of the vehicle. Individuals driving Company vehicles may have occasions where an incidental stop is necessary between business stops. Such use shall not be considered in violation of this policy.

The Company requires that no personal items other than incidentals be stored in the vehicle. The vehicle is to be locked each night with work articles stored either in the lock box or trunk during times when the vehicle is not in use.

The Company will compute a daily value for the commuting which will be included in the employee's W-2 at the end of the calendar year. Such amount will be the minimum allowed by federal income tax laws.

Note: Internal Revenue Service regulations require the Company to maintain evidence which would enable the IRS to determine whether the use of the vehicle is in accordance with the policy maintained by the Company.

Policy Regarding Cut-Off Date to Calculate the Value of Personal Use of Company-Owned Vehicles

Management has adopted the following policy regarding computation of the taxable value of the personal use of company-owned vehicles:

The personal use of Company vehicles will be computed for the 12 months ending _____.

Annually, the Company requires you to provide a complete accounting of the personal use of the vehicle as of _____. The taxable value of the personal use will be computed using the least costly method allowable by tax law.

This income will be considered paid as of _____ and federal, state (if appropriate), and Social Security/Medicare* withholding will be deducted from your _____ paycheck.

or

The taxable value and related withholding amounts will be reflected on your W-2 at year-end.

Please address your information and questions to _____.

The company may elect to withhold **only** Social Security/Medicare. If so, the paragraph should read as follows:

This income will be considered paid as of _____ and Social Security/Medicare withholding will be deducted from your _____ paycheck.

[COMPANY LETTERHEAD]

[DATE]

To: Spouses and Dependent Children of Employees of [COMPANY NAME]

We are hereby notifying you of your rights to continuation coverage under the group health plan sponsored by [COMPANY NAME], as required by Public Law 99-272, Title X, known as COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985, as amended). We have enclosed a written Notice of Rights which provides an explanation of your rights and responsibilities. We recommend that you review this important document and retain a copy with your other plan documents.

If you have any questions concerning this information, please feel free to contact our benefits coordinator.

Sincerely,

[COMPANY NAME]

Model General Notice Of COBRA Continuation Coverage Rights
(For use by single-employer group health plans)

**** Continuation Coverage Rights Under COBRA****

Introduction

You're getting this notice because you recently gained coverage under a group health plan (the Plan). This notice has important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. **This notice explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect your right to get it.** When you become eligible for COBRA, you may also become eligible for other coverage options that may cost less than COBRA continuation coverage.

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and other members of your family when group health coverage would otherwise end. For more information about your rights and obligations under the Plan and under federal law, you should review the Plan's Summary Plan Description or contact the Plan Administrator.

You may have other options available to you when you lose group health coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

What is COBRA continuation coverage?

COBRA continuation coverage is a continuation of Plan coverage when it would otherwise end because of a life event. This is also called a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage [*choose and enter appropriate information: must pay or aren't required to pay*] for COBRA continuation coverage.

If you're an employee, you'll become a qualified beneficiary if you lose your coverage under the Plan because of the following qualifying events:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

If you're the spouse of an employee, you'll become a qualified beneficiary if you lose your coverage under the Plan because of the following qualifying events:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because of the following qualifying events:

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the Plan as a "dependent child."

[If the Plan provides retiree health coverage, add the following paragraph:]

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to [*enter name of employer sponsoring the Plan*], and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee will become a qualified beneficiary. The retired employee's spouse, surviving spouse, and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

When is COBRA continuation coverage available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. The employer must notify the Plan Administrator of the following qualifying events:

- The end of employment or reduction of hours of employment;
- Death of the employee;
- [*add if Plan provides retiree health coverage: Commencement of a proceeding in bankruptcy with respect to the employer;*]; or
- The employee's becoming entitled to Medicare benefits (under Part A, Part B, or both).

For all other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator within 60 days [*or enter longer period permitted under the terms of the*

Plan] after the qualifying event occurs. You must provide this notice to: [Enter name of appropriate party]. [Add description of any additional Plan procedures for this notice, including a description of any required information or documentation.]

How is COBRA continuation coverage provided?

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage that generally lasts for 18 months due to employment termination or reduction of hours of work. Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive a maximum of 36 months of coverage.

There are also ways in which this 18-month period of COBRA continuation coverage can be extended:

Disability extension of 18-month period of COBRA continuation coverage

If you or anyone in your family covered under the Plan is determined by Social Security to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to get up to an additional 11 months of COBRA continuation coverage, for a maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of COBRA continuation coverage. *[Add description of any additional Plan procedures for this notice, including a description of any required information or documentation, the name of the appropriate party to whom notice must be sent, and the time period for giving notice.]*

Second qualifying event extension of 18-month period of continuation coverage

If your family experiences another qualifying event during the 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if the Plan is properly notified about the second qualifying event. This extension may be available to the spouse and any dependent children getting COBRA continuation coverage if the employee or former employee dies; becomes entitled to Medicare benefits (under Part A, Part B, or both); gets divorced or legally separated; or if the dependent child stops being eligible under the Plan as a dependent child. This extension is only available if the second qualifying event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

Are there other coverage options besides COBRA Continuation Coverage?

Yes. Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at www.healthcare.gov.

If you have questions

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified below. For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.) For more information about the Marketplace, visit www.HealthCare.gov.

Keep your Plan informed of address changes

To protect your family's rights, let the Plan Administrator know about any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

Plan contact information

[Enter name of the Plan and name (or position), address and phone number of party or parties from whom information about the Plan and COBRA continuation coverage can be obtained on request.]

Model COBRA Continuation Coverage Election Notice
(For use by single-employer group health plans)

IMPORTANT INFORMATION: COBRA Continuation Coverage and other Health Coverage Alternatives

[Enter date of notice]

Dear: [Identify the qualified beneficiary(ies), by name or status]

This notice has important information about your right to continue your health care coverage in the [enter name of group health plan] (the Plan), as well as other health coverage options that may be available to you, including coverage through the Health Insurance Marketplace at www.HealthCare.gov or call 1-800-318-2596. You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage. Please read the information in this notice very carefully before you make your decision. If you choose to elect COBRA continuation coverage, you should use the election form provided later in this notice.

Why am I getting this notice?

You're getting this notice because your coverage under the Plan will end on [enter date] due to [check appropriate box]:

- | | |
|--|---|
| <input type="checkbox"/> End of employment | <input type="checkbox"/> Reduction in hours of employment |
| <input type="checkbox"/> Death of employee | <input type="checkbox"/> Divorce or legal separation |
| <input type="checkbox"/> Entitlement to Medicare | <input type="checkbox"/> Loss of dependent child status |

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage through COBRA continuation coverage when there's a "qualifying event" that would result in a loss of coverage under an employer's plan.

What's COBRA continuation coverage?

COBRA continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries who aren't getting continuation coverage. Each "qualified beneficiary" (described below) who elects COBRA continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan.

Who are the qualified beneficiaries?

Each person ("qualified beneficiary") in the category(ies) checked below can elect COBRA continuation coverage:

- Employee or former employee
- Spouse or former spouse
- Dependent child(ren) covered under the Plan on the day before the event that caused the loss of coverage
- Child who is losing coverage under the Plan because he or she is no longer a dependent under the Plan

Are there other coverage options besides COBRA Continuation Coverage?

Yes. Instead of enrolling in COBRA continuation coverage, there may be other more affordable coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse’s plan) through what is called a “special enrollment period.” Some of these options may cost less than COBRA continuation coverage.

You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

When you lose job-based health coverage, it’s important that you choose carefully between COBRA continuation coverage and other coverage options, because once you’ve made your choice, it can be difficult or impossible to switch to another coverage option.

If I elect COBRA continuation coverage, when will my coverage begin and how long will the coverage last?

If elected, COBRA continuation coverage will begin on [enter date] and can last until [enter date].

[Add, if appropriate: You may elect any of the following options for COBRA continuation coverage: [list available coverage options].

Continuation coverage may end before the date noted above in certain circumstances, like failure to pay premiums, fraud, or the individual becomes covered under another group health plan.

Can I extend the length of COBRA continuation coverage?

If you elect continuation coverage, you may be able to extend the length of continuation coverage if a qualified beneficiary is disabled, or if a second qualifying event occurs. You must notify [enter name of party responsible for COBRA administration] of a disability or a second qualifying event within a certain time period to extend the period of continuation coverage. If you don’t provide notice of a disability or second qualifying event within the required time period, it will affect your right to extend the period of continuation coverage.

For more information about extending the length of COBRA continuation coverage visit <http://www.dol.gov/ebsa/publications/cobraemployee.html>.

How much does COBRA continuation coverage cost?

COBRA continuation coverage will cost: *[enter amount each qualified beneficiary will be required to pay for each option per month of coverage and any other permitted coverage periods.]*

Other coverage options may cost less. If you choose to elect continuation coverage, you don't have to send any payment with the Election Form. Additional information about payment will be provided to you after the election form is received by the Plan. Important information about paying your premium can be found at the end of this notice.

You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage. You can learn more about the Marketplace below.

What is the Health Insurance Marketplace?

The Marketplace offers “one-stop shopping” to find and compare private health insurance options. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace you'll also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You can access the Marketplace for your state at www.HealthCare.gov.

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage won't limit your eligibility for coverage or for a tax credit through the Marketplace.

When can I enroll in Marketplace coverage?

You always have 60 days from the time you lose your job-based coverage to enroll in the Marketplace. That is because losing your job-based health coverage is a “special enrollment” event. **After 60 days your special enrollment period will end and you may not be able to enroll, so you should take action right away.** In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit www.HealthCare.gov.

If I sign up for COBRA continuation coverage, can I switch to coverage in the Marketplace? What about if I choose Marketplace coverage and want to switch back to COBRA continuation coverage?

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also end your COBRA continuation coverage early and switch to a Marketplace plan if you have another qualifying event such as marriage or birth of a child through something called a “special enrollment period.” But be careful though - if you terminate your COBRA continuation coverage early without another qualifying event, you’ll have to wait to enroll in Marketplace coverage until the next open enrollment period, and could end up without any health coverage in the interim.

Once you’ve exhausted your COBRA continuation coverage and the coverage expires, you’ll be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage under any circumstances.

Can I enroll in another group health plan?

You may be eligible to enroll in coverage under another group health plan (like a spouse’s plan), if you request enrollment within 30 days of the loss of coverage.

If you or your dependent chooses to elect COBRA continuation coverage instead of enrolling in another group health plan for which you’re eligible, you’ll have another opportunity to enroll in the other group health plan within 30 days of losing your COBRA continuation coverage.

What factors should I consider when choosing coverage options?

When considering your options for health coverage, you may want to think about:

- **Premiums:** Your previous plan can charge up to 102% of total plan premiums for COBRA coverage. Other options, like coverage on a spouse’s plan or through the Marketplace, may be less expensive.
- **Provider Networks:** If you’re currently getting care or treatment for a condition, a change in your health coverage may affect your access to a particular health care provider. You may want to check to see if your current health care providers participate in a network as you consider options for health coverage.
- **Drug Formularies:** If you’re currently taking medication, a change in your health coverage may affect your costs for medication – and in some cases, your medication may not be covered by another plan. You may want to check to see if your current medications are listed in drug formularies for other health coverage.
- **Severance payments:** If you lost your job and got a severance package from your former employer, your former employer may have offered to pay some or all of your COBRA payments for a period of time. In this scenario, you may want to contact the Department of Labor at 1-866-444-3272 to discuss your options.
- **Service Areas:** Some plans limit their benefits to specific service or coverage areas – so if you move to another area of the country, you may not be able to use your benefits. You may want to see if your plan has a service or coverage area, or other similar limitations.

- **Other Cost-Sharing:** In addition to premiums or contributions for health coverage, you probably pay copayments, deductibles, coinsurance, or other amounts as you use your benefits. You may want to check to see what the cost-sharing requirements are for other health coverage options. For example, one option may have much lower monthly premiums, but a much higher deductible and higher copayments.

For more information

This notice doesn't fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your summary plan description or from the Plan Administrator.

If you have questions about the information in this notice, your rights to coverage, or if you want a copy of your summary plan description, contact [*enter name of party responsible for COBRA administration for the Plan, with telephone number and address*].

For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at www.dol.gov/ebsa or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit www.HealthCare.gov.

Keep Your Plan Informed of Address Changes

To protect your and your family's rights, keep the Plan Administrator informed of any changes in your address and the addresses of family members. You should also keep a copy of any notices you send to the Plan Administrator.

COBRA Continuation Coverage Election Form

Instructions: To elect COBRA continuation coverage, complete this Election Form and return it to us. Under federal law, you have 60 days after the date of this notice to decide whether you want to elect COBRA continuation coverage under the Plan.

Send completed Election Form to: *[Enter Name and Address]*

This Election Form must be completed and returned by mail *[or describe other means of submission and due date]*. If mailed, it must be post-marked no later than *[enter date]*.

If you don't submit a completed Election Form by the due date shown above, you'll lose your right to elect COBRA continuation coverage. If you reject COBRA continuation coverage before the due date, you may change your mind as long as you submit a completed Election Form before the due date. However, if you change your mind after first rejecting COBRA continuation coverage, your COBRA continuation coverage will begin on the date you submit the completed Election Form.

Read the important information about your rights included in the pages after the Election Form.

I (We) elect COBRA continuation coverage in the *[enter name of plan]* (the Plan) listed below:

Name	Date of Birth	Relationship to Employee	SSN (or other identifier)
a. _____			
	<i>[Add if appropriate: Coverage option elected: _____]</i>		
b. _____			
	<i>[Add if appropriate: Coverage option elected: _____]</i>		
c. _____			
	<i>[Add if appropriate: Coverage option elected: _____]</i>		

Signature

Date

Print Name

Relationship to individual(s) listed above

Print Address

Telephone number

Important Information About Payment

First payment for continuation coverage

You must make your first payment for continuation coverage no later than 45 days after the date of your election (this is the date the Election Notice is postmarked). If you don't make your first payment in full no later than 45 days after the date of your election, you'll lose all continuation coverage rights under the Plan. You're responsible for making sure that the amount of your first payment is correct. You may contact [enter appropriate contact information, e.g., the Plan Administrator or other party responsible for COBRA administration under the Plan] to confirm the correct amount of your first payment.

Periodic payments for continuation coverage

After you make your first payment for continuation coverage, you'll have to make periodic payments for each coverage period that follows. The amount due for each coverage period for each qualified beneficiary is shown in this notice. The periodic payments can be made on a monthly basis. Under the Plan, each of these periodic payments for continuation coverage is due [enter due day for each monthly payment] for that coverage period. [If Plan offers other payment schedules, enter with appropriate dates: You may instead make payments for continuation coverage for the following coverage periods, due on the following dates:]. If you make a periodic payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that coverage period without any break. The Plan [select one: will or will not] send periodic notices of payments due for these coverage periods.

Grace periods for periodic payments

Although periodic payments are due on the dates shown above, you'll be given a grace period of 30 days after the first day of the coverage period [or enter longer period permitted by Plan] to make each periodic payment. You'll get continuation coverage for each coverage period as long as payment for that coverage period is made before the end of the grace period. [If Plan suspends coverage during grace period for nonpayment, enter and modify as necessary: If you pay a periodic payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, your coverage will be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.]

If you don't make a periodic payment before the end of the grace period for that coverage period, you'll lose all rights to continuation coverage under the Plan.

Your first payment and all periodic payments for continuation coverage should be sent to:

[enter appropriate payment address]

Annual Return of Withheld Federal Income Tax
For withholding reported on Forms 1099 and W-2G.
For more information on income tax withholding, see Pub. 15 and Pub. 15-A.
Go to www.irs.gov/Form945 for instructions and the latest information.

OMB No. 1545-0029

2024

Type or Print	Name (as distinguished from trade name)	Employer identification number (EIN)	If address is different from prior return, check here. <input type="checkbox"/>
	Trade name, if any		
	Address (number and street)		
	City or town, state or province, country, and ZIP or foreign postal code		

A If you don't have to file returns in the future, check here and enter date final payments made: _____

1	Federal income tax withheld from pensions, annuities, IRAs, gambling winnings, etc.	1	
2	Backup withholding	2	
3	Total taxes. If \$2,500 or more, this must equal line 7M below or Form 945-A, line M	3	
4	Total deposits for 2024, including overpayment applied from a prior year and overpayment applied from Form 945-X	4	
5	Balance due. If line 3 is more than line 4, enter the difference and see the separate instructions	5	
6	Overpayment. If line 4 is more than line 3, enter the difference \$ _____		

Check one: Apply to next return. Send a refund.

- **All filers:** If line 3 is less than \$2,500, **don't** complete line 7 or Form 945-A.
- **Semiweekly schedule depositors:** Complete Form 945-A and check here
- **Monthly schedule depositors:** Complete line 7, entries A through M, and check here

7 Monthly Summary of Federal Tax Liability. (Don't complete if you were a semiweekly schedule depositor.)					
	Tax liability for month			Tax liability for month	
A January			F June		
B February			G July		
C March			H August		
D April			I September		
E May			J October		
			K November		
			L December		
			M Total liability for year (add lines A through L)		

Third-Party Designee Do you want to allow another person to discuss this return with the IRS? See separate instructions. Yes. Complete the following. No.

Designee's name _____ Phone no. _____ Personal identification number (PIN) _____

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature _____ Print your name and title _____ Date _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PIN#
	Firm's name			Firm's EIN	
	Firm's address			Phone no.	

Form 945-V, Payment Voucher

Purpose of Form

Complete Form 945-V if you're making a payment with Form 945. We will use the completed voucher to credit your payment more promptly and accurately, and to improve our service to you.

Making Payments With Form 945

To avoid a penalty, make your payment with your 2024 Form 945 **only** if:

- Your total taxes for the year (Form 945, line 3) are less than \$2,500 and you're paying in full with a timely filed return, or
- You're a monthly schedule depositor making a payment in accordance with the Accuracy of Deposits Rule. See section 11 of Pub. 15 for details. In this case, the amount of your payment may be \$2,500 or more.

Otherwise, you must make deposits by electronic funds transfer. See section 11 of Pub. 15 for deposit instructions. Don't use Form 945-V to make federal tax deposits.



Use Form 945-V when making any payment with Form 945. However, if you pay an amount with Form 945 that should've been deposited, you may be subject to a penalty. See Deposit Penalties in section 11 of Pub. 15.

Specific Instructions

Box 1 – Employer identification number (EIN). If you don't have an EIN, you may apply for one online by going to www.irs.gov/EIN. You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If you haven't received your EIN by the due date of Form 945, write "Applied For" and the date you applied in this entry space.

Box 2 – Amount paid. Enter the amount paid with Form 945.

Box 3 – Name and address. Enter your name and address as shown on Form 945.

- Enclose your check or money order made payable to "United States Treasury." Be sure to enter your EIN, "Form 945," and "2024" on your check or money order. Don't send cash. Don't staple Form 945-V or your payment to the return (or to each other).

- Detach Form 945-V and send it with your payment and Form 945 to the address provided in the Instructions for Form 945.

Note: You must also complete the entity information above line A on Form 945.

Detach Here and Mail With Your Payment and Form 945.

Form 945-V Department of the Treasury Internal Revenue Service	Payment Voucher Don't staple this voucher or your payment to Form 945.	OMB No. 1545-0020 2024
1 Enter your employer identification number (EIN). _____	2 Enter the amount of your payment. Make your check or money order payable to "United States Treasury." Dollars: _____ Cents: _____	
	3 Enter your business name (individual name if sole proprietor). _____ Enter your address. _____ Enter your city or town, state or province, country, and ZIP or foreign postal code. _____	

must obtain your correct taxpayer identification number (TIN), which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid).
- Form 1099-DIV (dividends, including those from stocks or mutual funds).
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds).
- Form 1099-NEC (nonemployee compensation).
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers).
- Form 1099-S (proceeds from real estate transactions).
- Form 1099-K (merchant card and third-party network transactions).
- Form 1098 (home mortgage interest), 1098-E (student loan interest), and 1098-T (tuition).
- Form 1099-C (canceled debt).
- Form 1099-A (acquisition or abandonment of secured property).

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

Caution: If you don't return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued);
2. Certify that you are not subject to backup withholding; or
3. Claim exemption from backup withholding if you are a U.S. exempt payee; and
4. Certify to your non-foreign status for purposes of withholding under chapter 3 or 4 of the Code (if applicable); and
5. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting is correct. See *What Is FATCA Reporting*, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding. Payments made to foreign persons, including certain distributions, allocations of income, or transfers of sales proceeds, may be subject to withholding under chapter 3 or chapter 4 of the Code (sections 1441-1474). Under those rules, if a Form W-9 or other certification of non-foreign status has not been received, a withholding agent, transferee, or partnership (payor) generally applies presumption rules that may require the payor to withhold applicable tax from the recipient, owner, transferor, or partner (payee). See Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

The following persons must furnish Form W-9 to the payor for purposes of establishing its non-foreign status.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the disregarded entity.
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the grantor trust.
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust and not the beneficiaries of the trust.

See Pub. 515 for more information on providing a Form W-9 or a certification of non-foreign status to avoid withholding.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person (under Regulations section 1.1441-1(b)(2)(iv) or other applicable section for chapter 3 or 4 purposes), do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515). If you are a qualified foreign pension fund under Regulations section 1.897(l)-1(d), or a partnership that is wholly owned by qualified foreign pension funds, that is treated as a non-foreign person for purposes of section 1445 withholding, do not use Form W-9. Instead, use Form W-8EXP (or other certification of non-foreign status).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a saving clause. Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if their stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first Protocol) and is relying on this exception to claim an exemption from tax on their scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include, but are not limited to, interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third-party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester;
2. You do not certify your TIN when required (see the instructions for Part II for details);
3. The IRS tells the requester that you furnished an incorrect TIN;
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only); or
5. You do not certify to the requester that you are not subject to backup withholding, as described in item 4 under "By signing the filled-out form" above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

See also *Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding*, earlier.

What Is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all U.S. account holders that are specified U.S. persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you are no longer tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

• **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note for ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040 you filed with your application.

• **Sole proprietor.** Enter your individual name as shown on your Form 1040 on line 1. Enter your business, trade, or "doing business as" (DBA) name on line 2.

• **Partnership, C corporation, S corporation, or LLC, other than a disregarded entity.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

• **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. Enter any business, trade, or DBA name on line 2.

• **Disregarded entity.** In general, a business entity that has a single owner, including an LLC, and is not a corporation, is disregarded as an entity separate from its owner (a disregarded entity). See Regulations section 301.7701-2(c)(2). A disregarded entity should check the appropriate box for the tax classification of its owner. Enter the owner's name on line 1. The name of the owner entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For

example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, enter it on line 2.

Line 3a

Check the appropriate box on line 3a for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3a.

IF the entity/individual on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation.
• Individual or • Sole proprietorship	Individual/sole proprietor.
• LLC classified as a partnership for U.S. federal tax purposes or • LLC that has filed Form 8832 or 2553 electing to be taxed as a corporation	Limited liability company and enter the appropriate tax classification: P = Partnership, C = C corporation, or S = S corporation.
• Partnership	Partnership.
• Trust/estate	Trust/estate.

Line 3b

Check this box if you are a partnership (including an LLC classified as a partnership for U.S. federal tax purposes), trust, or estate that has any foreign partners, owners, or beneficiaries, and you are providing this form to a partnership, trust, or estate, in which you have an ownership interest. You must check the box on line 3b if you receive a Form W-8 (or documentary evidence) from any partner, owner, or beneficiary establishing foreign status or if you receive a Form W-9 from any partner, owner, or beneficiary that has checked the box on line 3b.

Note: A partnership that provides a Form W-9 and checks box 3b may be required to complete Schedules K-2 and K-3 (Form 1065). For more information, see the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

If you are required to complete line 3b but fail to do so, you may not receive the information necessary to file a correct information return with the IRS or furnish a correct payee statement to your partners or beneficiaries. See, for example, sections 6698, 6722, and 6724 for penalties that may apply.

Line 4 Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

• Generally, individuals (including sole proprietors) are not exempt from backup withholding.

• Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.

• Corporations are not exempt from backup withholding for payments made in settlement of payment card or third-party network transactions.

• Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space on line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).

- 2—The United States or any of its agencies or instrumentalities.
- 3—A state, the District of Columbia, a U.S. commonwealth or territory, or any of their political subdivisions or instrumentalities.
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities.
- 5—A corporation.
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or territory.
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission.
- 8—A real estate investment trust.
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940.
- 10—A common trust fund operated by a bank under section 584(a).
- 11—A financial institution as defined under section 581.
- 12—A middleman known in the investment community as a nominee or custodian.
- 13—A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
• Interest and dividend payments	All exempt payees except for 7.
• Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
• Barter exchange transactions and patronage dividends	Exempt payees 1 through 4.
• Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5. ²
• Payments made in settlement of payment card or third-party network transactions	Exempt payees 1 through 4.

¹ See Form 1099-MISC, Miscellaneous Information, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) entered on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37).

B—The United States or any of its agencies or instrumentalities.

C—A state, the District of Columbia, a U.S. commonwealth or territory, or any of their political subdivisions or instrumentalities.

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i).

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i).

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state.

G—A real estate investment trust.

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940.

I—A common trust fund as defined in section 584(a).

J—A bank as defined in section 581.

K—A broker.

L—A trust exempt from tax under section 664 or described in section 4947(a)(1).

M—A tax-exempt trust under a section 403(b) plan or section 457(g) plan.

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, enter "NEW" at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have, and are not eligible to get, an SSN, your TIN is your IRS ITIN. Enter it in the entry space for the Social security number. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note: See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/EIN. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or Form SS-4 mailed to you within 15 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and enter "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, you will generally have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon. See also *Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding*, earlier, for when you may instead be subject to withholding under chapter 3 or 4 of the Code.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third-party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLÉ accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor ²
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
6. Sole proprietorship or disregarded entity owned by an individual	The owner ³
7. Grantor trust filing under Optional Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))**	The grantor ⁴

For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity ⁴
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing Form 1041 or under the Optional Filing Method 2, requiring Form 1099 (see Regulations section 1.671-4(b)(2)(i)(B))**	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name on line 1, and enter your business or DBA name, if any, on line 2. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

* **Note:** The grantor must also provide a Form W-9 to the trustee of the trust.

** For more information on optional filing methods for grantor trusts, see the Instructions for Form 1041.

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information, such as your name, SSN, or other identifying information, without your permission to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax return preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity, or a questionable credit report, contact the IRS Identity Theft Hotline at 800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 877-777-4778 or TTY/TDD 800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Go to www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their laws. The information may also be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payors must generally withhold a percentage of taxable interest, dividends, and certain other payments to a payee who does not give a TIN to the payor. Certain penalties may also apply for providing false or fraudulent information.

Guide to Information Returns

If any filing due date in these instructions falls on a Saturday, Sunday, or a legal holiday, you will be considered to have timely filed if you file by the next day that is not a Saturday, Sunday, or a legal holiday. Legal holidays for this purpose are legal holidays in the District of Columbia or a statewide legal holiday where the return is required to be filed. Also, a leap year does not extend the filing deadline. Dates of February 28 in these instructions remain February 28 even in leap years; the due date does not become February 29. For example, see Announcement 91-179, 1991-49 I.R.B. 78.

Form	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1042-S	Foreign Person's U.S. Source Income Subject to Withholding	Income such as interest, dividends, royalties, pensions and annuities, etc., and amounts withheld under chapter 3. Also, distributions of effectively connected income by publicly traded partnerships or nominees.	See form instructions	March 15	March 15
1097-BTC	Bond Tax Credit	Tax credit bond credits to bondholders.	All amounts	February 28*	On or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the credit is allowed
1098	Mortgage Interest Statement	Mortgage interest (including points) and certain mortgage insurance premiums you received in the course of your trade or business from individuals and reimbursements of overpaid interest.	\$600 or more	February 28*	(To Payer/Borrower) January 31
1099-C	Contributions of Motor Vehicles, Boats, and Airplanes	Information regarding a donated motor vehicle, boat, or airplane.	Gross proceeds of more than \$500	February 28*	(To Donor) 90 days from date of sale or contribution
1099-E	Student Loan Interest Statement	Student loan interest received in the course of your trade or business.	\$600 or more	February 28*	January 31
1099-F	Fines, Penalties, and Other Amounts	Statement furnished by a government or governmental entity regarding payments required by a court order or agreement with respect to a violation or potential violation of law.	\$50,000 or more	N/A	N/A
1099-MA	Mortgage Assistance Payments	Assistance payments paid to homeowners from funds allocated from the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HFA Hardest Hit Fund) or the Emergency Homeowners' Loan Program.	All amounts	February 28	January 31
1099-Q	Qualifying Longevity Annuity Contract Information	Status of a contract that is intended to be a qualifying longevity annuity contract (QLAC), defined in section A-17 of Regulations section 1.401(a)(9)-6, that is purchased or held under any plan, annuity, or account described in section 401(a), 403(a), 403(b), or 408 (other than a Roth IRA) or eligible governmental plan under section 457(b).	All amounts	February 28	January 31
1099-T	Tuition Statement	Qualified tuition and related expenses, reimbursements or refunds, and scholarships or grants (optional).	See instructions	February 28*	January 31
1099-A	Acquisition or Abandonment of Secured Property	Information about the acquisition or abandonment of property that is security for a debt for which you are the lender.	All amounts	February 28*	(To Borrower) January 31
1099-B	Proceeds From Broker and Barter Exchange Transactions	Sales or redemptions of securities, futures transactions, commodities, and barter exchange transactions (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(ii)(A)).	All amounts	February 28*	February 15**
1099-C	Cancellation of Debt	Cancellation of a debt owed to a financial institution, the federal government, a credit union, RTC, FDIC, NCUA, a military department, the U.S. Postal Service, the Postal Rate Commission, or any organization having a significant trade or business of lending money.	\$600 or more	February 28*	January 31
1099-CAP	Changes in Corporate Control and Capital Structure	Information about cash, stock, or other property from an acquisition of control or the substantial change in capital structure of a corporation.	Over \$1,000	February 28*	(To Shareholders) January 31, (To Clearing Organization) January 5
1099-DA	Digital Asset Proceeds From Broker Transactions	Sales of digital assets you effect as a broker.	All amounts	February 28*	February 15**
1099-DIV	Dividends and Distributions	Distributions, such as dividends, capital gain distributions, or nontaxable distributions, that were paid on stock and liquidation distributions (including distributions reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(ii)(A)).	\$10 or more, except \$600 or more for liquidations	February 28*	January 31**

* The due date is March 31 if filed electronically.

** The due date is March 15 for reporting by trustees and middlemen of WHFITs.

Guide to Information Returns (continued)

Form	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1099-G	Certain Government Payments	Unemployment compensation, state and local income tax refunds, agricultural payments, and taxable grants.	\$10 or more for refunds and unemployment	February 28*	January 31
1099-H	Health Coverage Tax Credit (HCTC) Advance Payments	Health insurance premiums paid on behalf of certain individuals.	All amounts	February 28*	January 31
1099-INT	Interest Income	Interest income (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A)); or reported as described in Regulations section 1.1471-4(d)(2)(i)(A)); market discount subject to an election under section 1278(b). Tax-exempt interest and U.S. Savings Bonds and Treasury obligations interest are also reported on this form.	\$10 or more (\$600 or more in some cases)	February 28*	January 31**
1099-K	Payment Card and Third Party Network Transactions	Payment card transactions.	All amounts	February 28*	January 31
		Third party network transactions.	more than \$2,500		
1099-LES	Reportable Life Insurance Sale	Payments made to a payment recipient in a reportable policy sale.	All amounts***	February 28*	(To Reportable Policy Sale Payment Recipient) February 15, (To Issuer) January 15 or earlier as required by Regulations section 1.6050Y-2(d)(2)(i)(A)
1099-LTC	Long-Term Care and Accelerated Death Benefits	Payments under a long-term care insurance contract and accelerated death benefits paid under a life insurance contract or by a viatical settlement provider.	All amounts	February 28*	January 31
1099-MISC	Miscellaneous Information	Rent or royalty payments; prizes and awards that are not for services, such as winnings on TV or radio shows (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(i)(A)).	\$600 or more, except \$10 or more for royalties	February 28*	January 31**
		Payments to crew members by owners or operators of fishing boats including payments of proceeds from sale of catch.	All amounts		
		Section 409A income from nonqualified deferred compensation plans (NQDCs).	All amounts		
		Payments to a physician, physicians' corporation, or other supplier of health and medical services. Issued mainly by medical assistance programs or health and accident insurance plans.	\$600 or more		
		Fish purchases paid in cash for resale.	\$600 or more		
		Crop insurance proceeds.	\$600 or more		
		Substitute dividends and tax-exempt interest payments reportable by brokers.	\$10 or more		
		Gross proceeds paid to attorneys.	\$600 or more		
		A U.S. account for chapter 4 purposes to which you made no payments during the year that are reportable on any applicable Form 1099 (or a U.S. account to which you made payments during the year that do not reach the applicable reporting threshold for any applicable Form 1099) reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A).	All amounts (including \$0)		
Aggregated direct sales of consumer goods for resale.	\$5,000 or more				
1099-NEC	Nonemployee Compensation	Payments for services performed for a trade or business by people not treated as its employees (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(i)(A)). Examples: fees to subcontractors or directors and golden parachute payments.	\$600 or more	January 31	January 31
		Aggregated direct sales of consumer goods for resale.	\$5,000 or more		

* The due date is March 31 if filed electronically.

** The due date is March 15 for reporting by trustees and middlemen of WHFTs.

*** See Regulations sections 1.6050Y-1(a)(16)(ii) and 1.6050Y-2(f)(2) for exceptions for amounts paid to persons other than sellers. Also, no amounts are required to be reported on statements furnished to issuers. See Regulations section 1.6050Y-2(d)(2)(i)(A).

Guide to Information Returns (continued)

Form	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1099-OID	Original Issue Discount	Original issue discount (including amounts reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(ii)(A)); market discount subject to an election under section 1276(b). OID on U.S. Treasury obligations and tax-exempt OID are also reported on this form. Stated interest (other than stated interest that is OID) may be reported on this form.	\$10 or more	February 28*	January 31**
1099-PATR	Taxable Distributions Received From Cooperatives	Distributions from cooperatives passed through to their patrons including any domestic production activities deduction and certain pass-through credits.	\$10 or more	February 28*	January 31
1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)	Earnings from qualified tuition programs and Coverdell ESAs.	All amounts	February 28*	January 31
1099-QA	Distributions From ABLER Accounts	Distributions from ABLER accounts.	All amounts	February 28	January 31
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	Distributions from retirement or profit-sharing plans, any IRA, insurance contracts, and IRA recharacterizations (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(B) or reported as described in Regulations section 1.1471-4(d)(2)(ii)(A)).	\$10 or more	February 28*	January 31
1099-S	Proceeds From Real Estate Transactions	Gross proceeds from the sale or exchange of real estate and certain royalty payments.	Generally, \$600 or more	February 28*	February 15
1099-SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA	Distributions from an HSA, Archer MSA, or Medicare Advantage MSA.	All amounts	February 28*	January 31
1099-SB	Seller's Investment in Life Insurance Contract	Seller's investment in a life insurance contract as determined by the issuer.	All amounts	February 28* (except as provided in Regulations section 1.6050Y-3(c))	February 15 (except as provided in Regulations section 1.6050Y-3(d)(2))
3921	Exercise of an Incentive Stock Option Under Section 422(b)	Transfer of stock pursuant to the exercise of an incentive stock option under section 422(b).	All amounts	February 28*	January 31
3922	Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)	Transfer of stock acquired through an employee stock purchase plan under section 423(c).	All amounts	February 28*	January 31
5498	IRA Contribution Information	Contributions (including rollover contributions) to any individual retirement arrangement (IRA), including a SEP, SIMPLE, and Roth IRA; Roth conversions; IRA recharacterizations; and the fair market value (FMV) of the account (including information on hard-to-value assets).	All amounts	May 31	(To Participant) For FMV/RMD/SIMPLE IRA contributions, January 31; For all other contributions, May 31
5498-ESA	Coverdell ESA Contribution Information	Contributions (including rollover contributions) to a Coverdell ESA.	All amounts	May 31	April 30
5498-QA	ABLE Account Contributions Information	Contributions (including rollover contributions) to an ABLER account.	All amounts	May 31	March 15
5498-SA	HSA, Archer MSA, or Medicare Advantage MSA Information	Contributions to an HSA (including transfers and rollovers) or Archer MSA and the FMV of an HSA, Archer MSA, or Medicare Advantage MSA.	All amounts	May 31	(To Participant) May 31
W-2G	Certain Gambling Winnings	Gambling winnings from horse racing, dog racing, jai alai, lotteries, keno, bingo, slot machines, sweepstakes, wagering pools, poker tournaments, etc.	Generally, \$600 or more; \$1,200 or more from bingo or slot machines; \$1,500 or more from keno	February 28*	January 31

* The due date is March 31 if filed electronically.

Types of Payments

Below is an alphabetic list of some payments and the forms to file and report them on. However, it is not a complete list of all payments, and the absence of a payment from the list does not indicate that the payment is not reportable. For instructions on a specific type of payment, see the separate instructions in the form(s) listed.

Type of Payment	Report on Form
ABLE accounts:	
Contributions	5498-QA
—Distributions	1099-QA
Abandonment	1099-A
Accelerated death benefits	1099-LTC
Acquisition of control	1099-CAP
Agriculture payments	1099-G
Allocated tips	W-2
Alternate TAA payments	1099-G
Annuities	1099-R
Archer MSAs:	
—Contributions	5498-SA
Distributions	1099-SA
Attorney, fees and gross proceeds	1099-MISC
Auto reimbursements—employee	W-2
Auto reimbursements—nonemployee	1099-NEC
Awards—employee	W-2
Awards—nonemployee	1099-NEC
Barter exchange income	1099-B
Bond tax credit	1097-BTC
Bonuses—employee	W-2
Bonuses—nonemployee	1099-NEC
Broker transactions	1099-B
Cancellation of debt	1099-C
Capital gain distributions	1099-DIV
Car expense—employee	W-2
Car expense—nonemployee	1099-NEC
Changes in capital structure	1099-CAP
Charitable gift annuities	1099-R
Commissions—employee	W-2
Commissions—nonemployee	1099-NEC
Commodities transactions	1099-B
Compensation—employee	W-2
Compensation—nonemployee	1099-NEC
Contributions of motor vehicles, boats, and airplanes	1098-C
Cost of current life insurance protection	1099-R
Coverdell ESA contributions	5498-ESA
Coverdell ESA distributions	1099-Q
Crop insurance proceeds	1099-MISC
Damages	1099-MISC
Death benefits	1099-R
Debt cancellation	1099-C
Dependent care payments	W-2
Direct rollovers	1099-Q, 1099-R, 5498
Direct sales of consumer products for resale	1099-MISC
Directors' fees	1099-MISC
Discharge of indebtedness	1099-C
Dividends	1099-DIV
Donation of motor vehicle	1098-C
Education loan interest	1098-E
Employee business expense reimbursement	W-2
Employee compensation	W-2
Excess deferrals, excess contributions-distributions	1099-R
Exercise of incentive stock option under section 422(b)	3921
Fees—employee	W-2
Fees—nonemployee	1099-NEC
Fishing boat crew members proceeds	1099-MISC
Fish purchases for cash	1099-MISC
Foreclosures	1099-A

Type of Payment

Type of Payment	Report on Form
Foreign persons' income	1042-S
401(k) contributions	W-2
404(k) dividend	1099-DIV
Gambling winnings	W-2G
Golden parachute—employee	W-2
Golden parachute—nonemployee	1099-NEC
Grants taxable	1099-G
Health care services	1099-MISC
Health savings accounts:	
—Contributions	5498-SA
Distributions	1099-SA
Income attributable to domestic production activities, deduction for	1099-PATR
Income tax refunds—state and local	1099-G
Indian gaming profits paid to tribal members	1099-MISC
Interest income	1099-INT
Tax-exempt	1099-INT
Interest, mortgage	1098
IRA contributions	5498
IRA distributions	1099-R
Life insurance contract distributions	1099-R, 1099-LTC
Liquidation—distributions	1099-DIV
Loans, distribution from pension plan	1099-R
Long-term care benefits	1099-LTC
Medicare Advantage MSAs:	
—Contributions	5498-SA
Distributions	1099-SA
Medical services	1099-MISC
Mileage—employee	W-2
Mileage—nonemployee	1099-NEC
Military retirement	1099-R
Mortgage assistance payments	1098-MA
Mortgage interest	1098
Moving expense	W-2
Nonemployee compensation	1099-NEC
Nonqualified deferred compensation:	
—Beneficiary	1099-R
Employee	W-2
Nonemployee	1099-NEC
Original issue discount (OID)	1099-OID
Tax-exempt OID	1099-OID
Patronage dividends	1099-PATR
Payment card transactions	1099-K
Pensions	1099-R
Points	1098
Prizes—employee	W-2
Prizes—nonemployee	1099-NEC
Profit-sharing plan	1099-R
Punitive damages	1099-MISC
Qualified longevity annuity contract	1098-Q
Qualified plan distributions	1099-R
Qualified tuition program payments	1099-Q
Real estate transactions	1099-S
Recharacterized IRA contributions	1099-R, 5498
Refund—state and local tax	1099-G
Rents	1099-MISC
Reportable policy sale	1099-LS
Retirement	1099-R
Roth conversion IRA contributions	5498
Roth conversion IRA distributions	1099-R
Roth IRA contributions	5498
Roth IRA distributions	1099-R
Royalties	1099-MISC, 1099-S
Timber pay-as-cut contract	1099-S
Sales:	
—Real estate	1099-S
—Securities	1099-B
Section 1035 exchange	1099-R
Seller's investment in life insurance contract	1099-SB
SEP contributions	W-2, 5498
SEP distributions	1099-R
Severance pay	W-2
Sick pay	W-2

Type of Payment	Report on Form
SIMPLE contributions	W-2, 5498
SIMPLE distributions	1099-R
Student loan interest	1098-E
Substitute payments in lieu of dividends or tax-exempt interest	1099-MISC
Supplemental unemployment	W-2
Tax refunds—state and local	1099-G
Third party network transactions	1099-K
Tips	W-2
Traditional IRA contributions	5498
Traditional IRA distributions	1099-R
Transfer of stock acquired through an employee stock purchase plan under section 423(c)	3922
Tuition	1098-T
Unemployment benefits	1099-G
Vacation allowance—employee	W-2
Vacation allowance nonemployee	1099-NEC
Wages	W-2

Employee's Withholding Certificate

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.
Give Form W-4 to your employer.
Your withholding is subject to review by the IRS.

Step 1: Enter Personal Information	(a) First name and middle initial	Last name	(b) Social security number
	Address		Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .
	City or town, state, and ZIP code		
	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly or Qualifying surviving spouse <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		

Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, and when to use the estimator at www.irs.gov/W4App.

Step 2: Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Multiple Jobs or Spouse Works Do only one of the following.

- (a) Use the estimator at www.irs.gov/W4App for most accurate withholding for this step (and Steps 3-4). If you or your spouse have self-employment income, use this option; or
- (b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below; or
- (c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is generally more accurate than (b) if pay at the lower paying job is more than half of the pay at the higher paying job. Otherwise, (b) is more accurate

Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependent and Other Credits	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):		
	Multiply the number of qualifying children under age 17 by \$2,000	\$	
	Multiply the number of other dependents by \$500	\$	
	Add the amounts above for qualifying children and other dependents. You may add to this the amount of any other credits. Enter the total here	3	\$
Step 4 (optional): Other Adjustments	(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income	4(a)	\$
	(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here	4(b)	\$
	(c) Extra withholding. Enter any additional tax you want withheld each pay period	4(c)	\$

Step 5: Sign Here	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.		
	Employee's signature (This form is not valid unless you sign it.)		Date
Employers Only	Employer's name and address	First date of employment	Employer identification number (EIN)

General Instructions

Section references are to the Internal Revenue Code.

Future Developments

For the latest information about developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose of Form

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. If too little is withheld, you will generally owe tax when you file your tax return and may owe a penalty. If too much is withheld, you will generally be due a refund. Complete a new Form W-4 when changes to your personal or financial situation would change the entries on the form. For more information on withholding and when you must furnish a new Form W-4, see Pub. 505, Tax Withholding and Estimated Tax.

Exemption from withholding. You may claim exemption from withholding for 2024 if you meet both of the following conditions: you had no federal income tax liability in 2023 and you expect to have no federal income tax liability in 2024. You had no federal income tax liability in 2023 if (1) your total tax on line 24 on your 2023 Form 1040 or 1040-SR is zero (or less than the sum of lines 27, 28, and 29), or (2) you were not required to file a return because your income was below the filing threshold for your correct filing status. If you claim exemption, you will have no income tax withheld from your paycheck and may owe taxes and penalties when you file your 2024 tax return. To claim exemption from withholding, certify that you meet both of the conditions above by writing "Exempt" on Form W-4 in the space below Step 4(c). Then, complete Steps 1(a), 1(b), and 5. Do not complete any other steps. You will need to submit a new Form W-4 by February 15, 2025.

Your privacy. Steps 2(c) and 4(a) ask for information regarding income you received from sources other than the job associated with this Form W-4. If you have concerns with providing the information asked for in Step 2(c), you may choose Step 2(b) as an alternative; if you have concerns with providing the information asked for in Step 4(a), you may enter an additional amount you want withheld per pay period in Step 4(c) as an alternative.

When to use the estimator. Consider using the estimator at www.irs.gov/W4App if you:

1. Expect to work only part of the year;
2. Receive dividends, capital gains, social security, bonuses, or business income, or are subject to the Additional Medicare Tax or Net Investment Income Tax; or
3. Prefer the most accurate withholding for multiple job situations.

Self-employment. Generally, you will owe both income and self-employment taxes on any self-employment income you receive separate from the wages you receive as an employee. If you want to pay these taxes through withholding from your wages, use the estimator at www.irs.gov/W4App to figure the amount to have withheld.

Nonresident alien. If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Step 1(c). Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.

Step 2. Use this step if you (1) have more than one job at the same time, or (2) are married filing jointly and you and your spouse both work.

Option (a) most accurately calculates the additional tax you need to have withheld, while option (b) does so with a little less accuracy.

Instead, if you (and your spouse) have a total of only two jobs, you may check the box in option (c). The box must also be checked on the Form W-4 for the other job. If the box is checked, the standard deduction and tax brackets will be cut in half for each job to calculate withholding. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld, and this extra amount will be larger the greater the difference in pay is between the two jobs.

 **Multiple jobs.** Complete Steps 3 through 4(b) on only one Form W-4. Withholding will be most accurate if you do this on the Form W-4 for the highest paying job.

Step 3. This step provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required social security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 501, Dependents, Standard Deduction, and Filing Information. You can also include **other tax credits** for which you are eligible in this step, such as the foreign tax credit and the education tax credits. To do so, add an estimate of the amount for the year to your credits for dependents and enter the total amount in Step 3. Including these credits will increase your paycheck and reduce the amount of any refund you may receive when you file your tax return.

Step 4 (optional).

Step 4(a). Enter in this step the total of your other estimated income for the year, if any. You shouldn't include income from any jobs or self-employment. If you complete Step 4(a), you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your paycheck, see Form 1040-ES, Estimated Tax for Individuals.

Step 4(b). Enter in this step the amount from the Deductions Worksheet, line 5, if you expect to claim deductions other than the basic standard deduction on your 2024 tax return and want to reduce your withholding to account for these deductions. This includes both itemized deductions and other deductions such as for student loan interest and IRAs.

Step 4(c). Enter in this step any additional tax you want withheld from your pay **each pay period**, including any amounts from the Multiple Jobs Worksheet, line 4. Entering an amount here will reduce your paycheck and will either increase your refund or reduce any amount of tax that you owe.

Step 2(b) – Multiple Jobs Worksheet *(Keep for your records.)*



If you choose the option in Step 2(b) on Form W-4, complete this worksheet (which calculates the total extra tax for all jobs) on **only ONE** Form W-4. Withholding will be most accurate if you complete the worksheet and enter the result on the Form W-4 for the highest paying job. To be accurate, submit a new Form W-4 for all other jobs if you have not updated your withholding since 2019.

Note: If more than one job has annual wages of more than \$120,000 or there are more than three jobs, see Pub. 505 for additional tables; or, you can use the online withholding estimator at www.irs.gov/W4App.

- 1 **Two jobs.** If you have two jobs or you're married filing jointly and you and your spouse each have one job, find the amount from the appropriate table on page 4. Using the "Higher Paying Job" row and the "Lower Paying Job" column, find the value at the intersection of the two household salaries and enter that value on line 1. Then, **skip** to line 3 **1** \$

- 2 **Three jobs.** If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise, skip to line 3.
 - a Find the amount from the appropriate table on page 4 using the annual wages from the highest paying job in the "Higher Paying Job" row and the annual wages for your next highest paying job in the "Lower Paying Job" column. Find the value at the intersection of the two household salaries and enter that value on line 2a **2a** \$
 - b Add the annual wages of the two highest paying jobs from line 2a together and use the total as the wages in the "Higher Paying Job" row and use the annual wages for your third job in the "Lower Paying Job" column to find the amount from the appropriate table on page 4 and enter this amount on line 2b **2b** \$
 - c Add the amounts from lines 2a and 2b and enter the result on line 2c **2c** \$

- 3 Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52; if it pays every other week, enter 26; if it pays monthly, enter 12, etc. **3**

- 4 **Divide** the annual amount on line 1 or line 2c by the number of pay periods on line 3. Enter this amount here and in **Step 4(c)** of Form W-4 for the highest paying job (along with any other additional amount you want withheld) **4** \$

Step 4(b) – Deductions Worksheet *(Keep for your records.)*



- 1 Enter an estimate of your 2024 itemized deductions (from Schedule A (Form 1040)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income **1** \$

- 2 Enter:

{	\$29,200 if you're married filing jointly or a qualifying surviving spouse
	\$21,900 if you're head of household
	\$14,600 if you're single or married filing separately

 **2** \$

- 3 If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here. If line 2 is greater than line 1, enter "-0-" **3** \$

- 4 Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040)). See Pub. 505 for more information **4** \$

- 5 **Add** lines 3 and 4. Enter the result here and in **Step 4(b)** of Form W-4 **5** \$

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person with no other entries on the form; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation; to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws; and to the Department of Health and Human Services for use in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Married Filing Jointly or Qualifying Surviving Spouse

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$0	\$0	\$780	\$850	\$940	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020	\$1,370
\$10,000 - 19,999	0	780	1,780	1,940	2,140	2,220	2,220	2,220	2,220	2,220	2,570	3,570
\$20,000 - 29,999	780	1,780	2,870	3,140	3,340	3,420	3,420	3,420	3,420	3,770	4,770	5,770
\$30,000 - 39,999	850	1,940	3,140	3,410	3,610	3,690	3,690	3,690	4,040	5,040	6,040	7,040
\$40,000 - 49,999	940	2,140	3,340	3,610	3,810	3,890	3,890	4,240	5,240	6,240	7,240	8,240
\$50,000 - 59,999	1,020	2,220	3,420	3,690	3,890	3,970	4,320	5,320	6,320	7,320	8,320	9,320
\$60,000 - 69,999	1,020	2,220	3,420	3,690	3,890	4,320	5,320	6,320	7,320	8,320	9,320	10,320
\$70,000 - 79,999	1,020	2,220	3,420	3,690	4,240	5,320	6,320	7,320	8,320	9,320	10,320	11,320
\$80,000 - 99,999	1,020	2,220	3,620	4,890	6,090	7,170	8,170	9,170	10,170	11,170	12,170	13,170
\$100,000 - 149,999	1,870	4,070	6,270	7,540	8,740	9,820	10,820	11,820	12,830	14,030	15,230	16,430
\$150,000 - 239,999	1,960	4,360	6,760	8,230	9,630	10,910	12,110	13,310	14,510	15,710	16,910	18,110
\$240,000 - 259,999	2,040	4,440	6,840	8,310	9,710	10,990	12,190	13,390	14,590	15,790	16,990	18,190
\$260,000 - 279,999	2,040	4,440	6,840	8,310	9,710	10,990	12,190	13,390	14,590	15,790	16,990	18,190
\$280,000 - 299,999	2,040	4,440	6,840	8,310	9,710	10,990	12,190	13,390	14,590	15,790	16,990	18,380
\$300,000 - 319,999	2,040	4,440	6,840	8,310	9,710	10,990	12,190	13,390	14,590	15,980	17,980	19,980
\$320,000 - 364,999	2,040	4,440	6,840	8,310	9,710	11,280	13,280	15,280	17,280	19,280	21,280	23,280
\$365,000 - 524,999	2,720	6,010	9,510	12,080	14,580	16,950	19,250	21,550	23,850	26,150	28,450	30,750
\$525,000 and over	3,140	6,840	10,540	13,310	16,010	18,590	21,090	23,590	26,090	28,590	31,090	33,590

Single or Married Filing Separately

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$240	\$870	\$1,020	\$1,020	\$1,020	\$1,540	\$1,870	\$1,870	\$1,870	\$1,870	\$1,910	\$2,040
\$10,000 - 19,999	870	1,680	1,830	1,830	2,350	3,350	3,680	3,680	3,680	3,720	3,920	4,050
\$20,000 - 29,999	1,020	1,830	1,980	2,510	3,510	4,510	4,830	4,830	4,870	5,070	5,270	5,400
\$30,000 - 39,999	1,020	1,830	2,510	3,510	4,510	5,510	5,830	5,870	6,070	6,270	6,470	6,600
\$40,000 - 59,999	1,390	3,200	4,360	5,360	6,360	7,370	7,890	8,090	8,290	8,490	8,690	8,820
\$60,000 - 79,999	1,870	3,680	4,830	5,840	7,040	8,240	8,770	8,970	9,170	9,370	9,570	9,700
\$80,000 - 99,999	1,870	3,690	5,040	6,240	7,440	8,640	9,170	9,370	9,570	9,770	9,970	10,810
\$100,000 - 124,999	2,040	4,050	5,400	6,600	7,800	9,000	9,530	9,730	10,180	11,180	12,180	13,120
\$125,000 - 149,999	2,040	4,050	5,400	6,600	7,800	9,000	10,180	11,180	12,180	13,180	14,180	15,310
\$150,000 - 174,999	2,040	4,050	5,400	6,860	8,860	10,860	12,180	13,180	14,230	15,530	16,830	18,060
\$175,000 - 199,999	2,040	4,710	6,860	8,860	10,860	12,860	14,380	15,680	16,980	18,280	19,580	20,810
\$200,000 - 249,999	2,720	5,610	8,060	10,360	12,660	14,960	16,590	17,890	19,190	20,490	21,790	23,020
\$250,000 - 399,999	2,970	6,080	8,540	10,840	13,140	15,440	17,060	18,360	19,660	20,960	22,260	23,500
\$400,000 - 449,999	2,970	6,080	8,540	10,840	13,140	15,440	17,060	18,360	19,660	20,960	22,260	23,500
\$450,000 and over	3,140	6,450	9,110	11,610	14,110	16,610	18,430	19,930	21,430	22,930	24,430	25,870

Head of Household

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$0	\$510	\$850	\$1,020	\$1,020	\$1,020	\$1,020	\$1,220	\$1,870	\$1,870	\$1,870	\$1,960
\$10,000 - 19,999	510	1,510	2,020	2,220	2,220	2,220	2,420	3,420	4,070	4,070	4,160	4,360
\$20,000 - 29,999	850	2,020	2,560	2,760	2,760	2,960	3,960	4,960	5,610	5,700	5,900	6,100
\$30,000 - 39,999	1,020	2,220	2,760	2,960	3,160	4,160	5,160	6,160	6,900	7,100	7,300	7,500
\$40,000 - 59,999	1,020	2,220	2,810	4,010	5,010	6,010	7,070	8,270	9,120	9,320	9,520	9,720
\$60,000 - 79,999	1,070	3,270	4,810	6,010	7,070	8,270	9,470	10,670	11,520	11,720	11,920	12,120
\$80,000 - 99,999	1,870	4,070	5,670	7,070	8,270	9,470	10,670	11,870	12,720	12,920	13,120	13,450
\$100,000 - 124,999	2,020	4,420	6,160	7,560	8,760	9,960	11,160	12,360	13,210	13,880	14,880	15,880
\$125,000 - 149,999	2,040	4,440	6,180	7,580	8,780	9,980	11,250	13,250	14,900	15,900	16,900	17,900
\$150,000 - 174,999	2,040	4,440	6,180	7,580	9,250	11,250	13,250	15,250	16,900	18,030	19,330	20,630
\$175,000 - 199,999	2,040	4,510	7,050	9,250	11,250	13,250	15,250	17,530	19,480	20,780	22,080	23,380
\$200,000 - 249,999	2,720	5,920	8,620	11,120	13,420	15,720	18,020	20,320	22,270	23,570	24,870	26,170
\$250,000 - 449,999	2,970	6,470	9,310	11,810	14,110	16,410	18,710	21,010	22,960	24,260	25,560	26,860
\$450,000 and over	3,140	6,840	9,880	12,580	15,080	17,580	20,080	22,580	24,730	26,230	27,730	29,230



Employment Eligibility Verification
 Department of Homeland Security
 U.S. Citizenship and Immigration Services

USCIS
Form I-9
 OMB No. 1615-0047
 Expires 03/31/2027

START HERE: Employers must ensure the form instructions are available to employees when completing this form. Employers are liable for failing to comply with the requirements for completing this form. See below and the [instructions](#).

ANTI-DISCRIMINATION NOTICE: All employees can choose which acceptable documentation to present for Form I-9. Employers cannot ask employees for documentation to verify information in Section 1, or specify which acceptable documentation employees must present for Section 2 or Supplement B, Reverification and Rehire. Treating employees differently based on their citizenship, immigration status, or national origin may be illegal.

Section 1. Employee Information and Attestation: Employees must complete and sign Section 1 of Form I-9 no later than the **first day of employment**, but not before accepting a job offer.

Last Name (Family Name)		First Name (Given Name)		Middle Initial (if any)	Other Last Names Used (if any)	
Address (Street Number and Name)			Apt. Number (if any)		City or Town	State ZIP Code
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number		Employee's Email Address		Employee's Telephone Number	
I am aware that federal law provides for imprisonment and/or fines for false statements, or the use of false documents, in connection with the completion of this form. I attest, under penalty of perjury, that this information, including my selection of the box attesting to my citizenship or immigration status, is true and correct.		Check one of the following boxes to attest to your citizenship or immigration status (See page 2 and 3 of the instructions.)				
		<input type="checkbox"/> 1. A citizen of the United States				
		<input type="checkbox"/> 2. A noncitizen national of the United States (See instructions.)				
		<input type="checkbox"/> 3. A lawful permanent resident (Enter USCIS or A-Number)				
		<input type="checkbox"/> 4. A noncitizen (other than Item Numbers 2 and 3 , above) authorized to work until (exp. date, if any)				
		If you check Item Number 4 , enter one of these:				
		USCIS A-Number		Form I-94 Admission Number		Foreign Passport Number and Country of Issuance
Signature of Employee		Today's Date (mm/dd/yyyy)				

If a preparer and/or translator assisted you in completing Section 1, that person **MUST** complete the **Preparer and/or Translator Certification** on Page 3.

Section 2. Employer Review and Verification: Employers or their authorized representative must complete and sign Section 2 within three business days after the employee's first day of employment, and must physically examine, or examine consistent with an alternative procedure authorized by the Secretary of DHS, documentation from List A OR a combination of documentation from List B and List C. Enter any additional documentation in the Additional Information box; see instructions.

Document Title †	List A	OR	List B	AND	List C
Issuing Authority					
Document Number (if any)					
Expiration Date (if any)					
Document Title 2 (if any)	Additional Information <input type="checkbox"/> Check here if you used an alternative procedure authorized by DHS to examine documents.				
Issuing Authority					
Document Number (if any)					
Expiration Date (if any)					
Document Title 3 (if any)					
Issuing Authority					
Document Number (if any)					
Expiration Date (if any)					
Certification: I attest, under penalty of perjury, that (1) I have examined the documentation presented by the above-named employee, (2) the above-listed documentation appears to be genuine and to relate to the employee named, and (3) to the best of my knowledge, the employee is authorized to work in the United States.					First Day of Employment (mm/dd/yyyy)
Last Name, First Name and Title of Employer or Authorized Representative			Signature of Employer or Authorized Representative		Today's Date (mm/dd/yyyy)
Employer's Business or Organization Name			Employer's Business or Organization Address, City or Town, State, ZIP Code		

For reverification or rehire, complete **Supplement B, Reverification and Rehire** on Page 4.

LISTS OF ACCEPTABLE DOCUMENTS

All documents containing an expiration date must be unexpired.

* Documents extended by the issuing authority are considered unexpired.

Employees may present one selection from List A or a combination of one selection from List B and one selection from List C.

Examples of many of these documents appear in the Handbook for Employers (M-274).

LIST A Documents that Establish Both Identity and Employment Authorization	OR	LIST B Documents that Establish Identity	AND	LIST C Documents that Establish Employment Authorization
<ol style="list-style-type: none"> 1. U.S. Passport or U.S. Passport Card 2. Permanent Resident Card or Alien Registration Receipt Card (Form I-551) 3. Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa 4. Employment Authorization Document that contains a photograph (Form I-766) 5. For an individual temporarily authorized to work for a specific employer because of his or her status or parole: <ol style="list-style-type: none"> a. Foreign passport; and b. Form I-94 or Form I-94A that has the following: <ol style="list-style-type: none"> (1) The same name as the passport; and (2) An endorsement of the individual's status or parole as long as that period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form. 6. Passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI 	OR	<ol style="list-style-type: none"> 1. Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address 2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address 3. School ID card with a photograph 4. Voter's registration card 5. U.S. Military card or draft record 6. Military dependent's ID card 7. U.S. Coast Guard Merchant Mariner Card 8. Native American tribal document 9. Driver's license issued by a Canadian government authority <p style="text-align: center;">For persons under age 18 who are unable to present a document listed above:</p> <ol style="list-style-type: none"> 10. School record or report card 11. Clinic, doctor, or hospital record 12. Day-care or nursery school record 	AND	<ol style="list-style-type: none"> 1. A Social Security Account Number card, unless the card includes one of the following restrictions: <ol style="list-style-type: none"> (1) NOT VALID FOR EMPLOYMENT (2) VALID FOR WORK ONLY WITH INS AUTHORIZATION (3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION 2. Certification of report of birth issued by the Department of State (Forms DS-1350, FS-545, FS-240) 3. Original or certified copy of birth certificate issued by a State, county, municipal authority, or territory of the United States bearing an official seal 4. Native American tribal document 5. U.S. Citizen ID Card (Form I-197) 6. Identification Card for Use of Resident Citizen in the United States (Form I-179) 7. Employment authorization document issued by the Department of Homeland Security <p>For examples, see Section 7 and Section 13 of the M-274 on uscis.gov/i-9-central.</p> <p>The Form I-766, Employment Authorization Document, is a List A, Item Number 4, document, not a List C document.</p>
<p>Acceptable Receipts</p> <p>May be presented in lieu of a document listed above for a temporary period.</p> <p>For receipt validity dates, see the M-274.</p>				
<ul style="list-style-type: none"> • Receipt for a replacement of a lost, stolen, or damaged List A document. • Form I-94 issued to a lawful permanent resident that contains an I-551 stamp and a photograph of the individual. • Form I-94 with "RE" notation or refugee stamp issued to a refugee. 	OR	<ul style="list-style-type: none"> • Receipt for a replacement of a lost, stolen, or damaged List B document. 	AND	<ul style="list-style-type: none"> • Receipt for a replacement of a lost, stolen, or damaged List C document.

*Refer to the Employment Authorization Extensions page on I-9 Central for more information.



**Supplement A,
Preparer and/or Translator Certification for Section 1**

Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9
Supplement A
OMB No. 1615-0047
Expires 05/31/2027

Last Name (Family Name) from Section 1.	First Name (Given Name) from Section 1.	Middle initial (if any) from Section 1.

Instructions: This supplement must be completed by any preparer and/or translator who assists an employee in completing Section 1 of Form I-9. The preparer and/or translator must enter the employee's name in the spaces provided above. Each preparer or translator must complete, sign, and date a separate certification area. Employers must retain completed supplement sheets with the employee's completed Form I-9.

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Date (mm/dd/yyyy)	
Last Name (Family Name)	First Name (Given Name)	Middle Initial (if any)	
Address (Street Number and Name)	City or Town	State	ZIP Code
		▼	

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Date (mm/dd/yyyy)	
Last Name (Family Name)	First Name (Given Name)	Middle Initial (if any)	
Address (Street Number and Name)	City or Town	State	ZIP Code
		▼	

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Date (mm/dd/yyyy)	
Last Name (Family Name)	First Name (Given Name)	Middle Initial (if any)	
Address (Street Number and Name)	City or Town	State	ZIP Code
		▼	

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Date (mm/dd/yyyy)	
Last Name (Family Name)	First Name (Given Name)	Middle Initial (if any)	
Address (Street Number and Name)	City or Town	State	ZIP Code
		▼	



**Supplement B,
Reverification and Rehire (formerly Section 3)**
Department of Homeland Security
U.S. Citizenship and Immigration Services

**USCIS
Form I-9
Supplement B**
OMB No. 1615-0047
Expires 05/31/2027

Last Name (Family Name) from Section 1.	First Name (Given Name) from Section 1.	Middle Initial (if any) from Section 1.
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Instructions: This supplement replaces Section 3 on the previous version of Form I-9. Only use this page if your employee requires reverification, is rehired within three years of the date the original Form I-9 was completed, or provides proof of a legal name change. Enter the employee's name in the fields above. Use a new section for each reverification or rehire. Review the Form I-9 instructions before completing this page. Keep this page as part of the employee's Form I-9 record. Additional guidance can be found in the [Handbook for Employers: Guidance for Completing Form I-9 \(M-274\)](#)

Date of Rehire (if applicable) Date (mm/dd/yyyy)	New Name (if applicable) Last Name (Family Name)	First Name (Given Name)	Middle Initial
Reverification: If the employee requires reverification, your employee can choose to present any acceptable List A or List C documentation to show continued employment authorization. Enter the document information in the spaces below.			
Document Title	Document Number (if any)	Expiration Date (if any) (mm/dd/yyyy)	
I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented documentation, the documentation I examined appears to be genuine and to relate to the individual who presented it.			
Name of Employer or Authorized Representative	Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	
Additional Information (Initial and date each notation.)			<input type="checkbox"/> Check here if you used an alternative procedure authorized by DHS to examine documents.

Date of Rehire (if applicable) Date (mm/dd/yyyy)	New Name (if applicable) Last Name (Family Name)	First Name (Given Name)	Middle Initial
Reverification: If the employee requires reverification, your employee can choose to present any acceptable List A or List C documentation to show continued employment authorization. Enter the document information in the spaces below.			
Document Title	Document Number (if any)	Expiration Date (if any) (mm/dd/yyyy)	
I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented documentation, the documentation I examined appears to be genuine and to relate to the individual who presented it.			
Name of Employer or Authorized Representative	Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	
Additional Information (Initial and date each notation.)			<input type="checkbox"/> Check here if you used an alternative procedure authorized by DHS to examine documents.

Date of Rehire (if applicable) Date (mm/dd/yyyy)	New Name (if applicable) Last Name (Family Name)	First Name (Given Name)	Middle Initial
Reverification: If the employee requires reverification, your employee can choose to present any acceptable List A or List C documentation to show continued employment authorization. Enter the document information in the spaces below.			
Document Title	Document Number (if any)	Expiration Date (if any) (mm/dd/yyyy)	
I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented documentation, the documentation I examined appears to be genuine and to relate to the individual who presented it.			
Name of Employer or Authorized Representative	Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	
Additional Information (Initial and date each notation.)			<input type="checkbox"/> Check here if you used an alternative procedure authorized by DHS to examine documents.



Instructions for Form I-9, Employment Eligibility Verification

Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9
OMB No. 1615-0047
Expires 07/31/2026

Anti-Discrimination Notice: Employers must allow all employees to choose which acceptable documentation to present for Form I-9. Employers cannot ask employees for documentation to verify information entered in **Section 1**, or specify which acceptable documentation employees must present for **Section 2** or **Supplement B, Reverification and Rehire**. Employees do NOT need to prove their citizenship, immigration status, or national origin when establishing their employment authorization for Form I-9 or E-Verify. Requesting such proof or any specific document from employees based on their citizenship, immigration status, or national origin, may be illegal. Similarly, discriminating against employees in hiring, firing, recruitment, or referral for a fee, based on citizenship, immigration status, or national origin may be illegal. Employers should not reject acceptable documentation due to a future expiration date. For more information on how to avoid discrimination or how to report it, contact the Immigrant and Employee Rights Section in the Department of Justice's Civil Rights Division at www.justice.gov/ier.

Purpose of Form I-9

Employers and employees must complete their respective sections of Form I-9. The form is used to document verification of the identity and employment authorization of each new employee (both U.S. citizen and noncitizen) hired after November 6, 1986, to work in the United States. In the Commonwealth of the Northern Mariana Islands (CNMI), employers must complete Form I-9 to document the verification of the identity and employment authorization of each new employee (both U.S. citizen and noncitizen) hired after November 27, 2011.

Definitions

Employee: A person who performs labor or services in the United States for an employer in return for wages or other remuneration. The term "employee" does not include individuals who do not receive any form of remuneration (e.g., volunteers), independent contractors, or those engaged in certain casual domestic employment.

Employer: A person or entity, including an agent or anyone acting directly or indirectly in the interest thereof, who engages the services or labor of an employee to be performed in the United States for wages or other remuneration. This includes recruiters and referrers for a fee who are agricultural associations, agricultural employers, or farm labor contractors.

Authorized Representative: Any person an employer designates to complete and sign Form I-9 on the employer's behalf. Employers are liable for any statutory and regulatory violations made in connection with the form or the verification process, including any violations committed by any individual designated to act on the employer's behalf.

Preparer and/or Translator: Any individual who helps the employee complete or translates **Section 1** for the employee.

General Instructions

Form I-9 consists of:

- **Section 1:** Employee Information and Attestation
- **Section 2:** Employer Review and Verification
- Lists of Acceptable Documents
- Supplement A, Preparer and/or Translator Certification for Section 1
- Supplement B, Reverification and Rehire (formerly Section 3)

EMPLOYEES

Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment (i.e., the date the employee begins performing labor or services in the United States in return for wages or other remuneration). Employees may complete Section 1 before the first day of employment, but cannot complete the form before acceptance of an offer of employment.

EMPLOYERS

Employers in the United States, except Puerto Rico, must complete the English-language version of Form I-9. Only employers located in Puerto Rico may complete the Spanish-language version of Form I-9 instead of the English-language version. Any employer may use the Spanish-language form and instructions as a translation tool.

All employers must:

- Make the instructions for Form I-9 and Lists of Acceptable Documents available to the employee when completing the Form I-9 and when requesting that the employee present documentation to complete Supplement B, Reverification and Rehire. See page 5 for more information.
- Ensure that the employee completes Section 1.
- Complete Section 2 within three business days after the employee's first day of employment. If you hire an individual for less than three business days, complete Section 2 no later than the first day of employment.
- Complete Supplement B, Reverification and Rehire when applicable.
- Leave a field blank if it does not apply and allow employees to leave fields blank in Section 1, where appropriate.
- Retain completed forms. You are not required to retain or store the page(s) containing the Lists of Acceptable Documents or the instructions for Form I-9. Do not mail completed forms to U.S. Citizenship and Immigration Services (USCIS) or Immigration and Customs Enforcement (ICE).

Additional guidance about how to complete Form I-9 may be found in the [Handbook for Employers: Guidance for Completing Form I-9 \(M-274\)](#) and on [I-9 Central](#).

Section 1: Employee Information and Attestation

Step 1: Employee completes Section 1 no later than the first day of employment.

- All employees must provide their current legal name, complete address, and date of birth. If other fields do not apply, leave them blank.
- When completing the name fields, enter your current legal name and any last names you previously used, including any hyphens or punctuation. If you only have one name, enter it in the Last Name field and then enter "Unknown" in the First Name field.
- Providing your 9-digit Social Security number in the Social Security number field is voluntary, unless your employer participates in E-Verify. See page 5 for instructions related to E-Verify. Do not enter an Individual Taxpayer Identification Number (ITIN) as your Social Security number.

Step 2: Attest to your citizenship or immigration status.

You must select one box to attest to your citizenship or immigration status.

1. **A citizen of the United States.**
2. **A noncitizen national of the United States:** An individual born in American Samoa, certain former citizens of the former Trust Territory of the Pacific Islands, and certain children of noncitizen nationals born abroad.
3. **A lawful permanent resident:** An individual who is not a U.S. citizen and who resides in the United States under legally recognized and lawfully recorded permanent residence as an immigrant.

Conditional residents should select this status. Asylees and refugees should NOT select this status; they should instead select "A noncitizen authorized to work." If you select "lawful permanent resident," enter your 7- to 9-digit USCIS Number (A-Number) in the space provided.

-
4. **A noncitizen (other than Item Numbers 2. and 3. above) authorized to work:** An individual who has authorization to work but is not a U.S. citizen, noncitizen national, or lawful permanent resident.

If you select this box, enter the date that your employment authorization expires, if any, in the space provided. In most cases, your employment authorization expiration date is found on the documentation evidencing your employment authorization. If your employment authorization documentation has been automatically extended by the issuing authority, enter the expiration date of the automatic extension in this space.

- Refugees, asylees, and certain citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or Palau, and other noncitizens authorized to work whose employment authorization does not have an expiration date, should enter N/A in the Expiration Date field.

Employees who select "a noncitizen authorized to work" must enter one of the following to complete Section 1:

- (1) USCIS Number/A-Number (7 to 9 digits);
- (2) Form I-94 Admission Number (11 digits); or
- (3) Foreign Passport Number and the Country of Issuance

Your employer may not ask for documentation to verify the information you entered in Section 1.

Step 3: Sign and enter the date you signed Section 1. Do NOT back-date this field.

Step 4: Preparer and/or translator completes a Preparer and/or Translator Certification, if applicable.

If a preparer and/or translator assists an employee in completing Section 1, that person must complete a Certification area on Supplement A, Preparer and/or Translator Certification for Section 1, located on Page 3 of Form I-9. There is no limit to the number of preparers and/or translators an employee may use. Each preparer and/or translator must complete and sign a separate Certification area. Employers must ensure that they retain any additional pages with the employee's completed Form I-9. If the employee does not use a preparer or translator, employers are not required to provide or retain Supplement A.

Step 5: Present Form I-9 Documentation

Within three business days after your first day of employment, you, the employee, must present to your employer original, acceptable, and unexpired documentation that establishes your identity and employment authorization. For example, if you begin employment on Monday, you must present documentation on or before the Thursday of that week. However, if you were hired to work for less than three business days, you must present documentation no later than the first day of employment.

Choose which documentation to present to your employer from the Lists of Acceptable Documents. An employer cannot specify which documentation you may present from the Lists of Acceptable Documents. You may present either: 1.) one selection from List A or 2.) a combination of one selection from List B and one selection from List C. In certain cases, you may also present an acceptable receipt for List A, B, or C documents. For more information on receipts, refer to the M-274.

- List A documentations show both identity and employment authorization. Some documentation must be presented together to be considered acceptable List A documentation. If you present acceptable List A documentation, you should not be asked to present List B and List C documentation.
- List B documentation shows identity only and List C documentation shows employment authorization only. If you present acceptable List B and List C documentation, you should not be asked to present List A documentation. Guidance is available in the M-274 if you are under the age of 18 or have a disability (special placement) and cannot provide List B documentation.

Your employer must physically examine the documentation you present to complete Form I-9, or examine them consistent with an alternative procedure authorized by the Secretary of DHS. If your documentation reasonably appears to be genuine and to relate to you, your employer must accept the documentation. If your documentation does not reasonably appear to be genuine or to relate to you, your employer must reject it and provide you with an opportunity to present other documentation. Your employer may choose to make copies of your documentation, but must return the original(s) to you. Your employer may not ask for documentation to verify the information you entered in Section 1.

Section 2: Employer Review and Verification

Before completing Section 2, you, the employer, should review Section 1. If you find any errors or missing information in Section 1., the employee must correct the error, and then initial and date the correction.

You may designate an authorized representative to act on your behalf to complete Section 2.

You or your authorized representative must complete Section 2 by physically examining evidence of the employee's identity and employment authorization within three business days after the employee's first day of employment. For example, if an employee begins employment on Monday, you must review the employee's documentation and complete Section 2 on or before the Thursday of that week. However, if the individual will work for less than three business days, Section 2 must be completed no later than the first day of employment.

Step 1: Enter information from the documentation the employee presents.

You, the employer or authorized representative, must either physically examine, or examine consistent with an alternative procedure authorized by the Secretary of DHS, the original, acceptable, and unexpired documentation the employee presents from the Lists of Acceptable Documents to complete the applicable document fields in Section 2. You cannot specify which documentation an employee may present from these Lists of Acceptable Documents. A document is acceptable if it reasonably appears to be genuine and to relate to the person presenting it. Photocopies, except for certified copies of birth certificates, are not acceptable for Form I-9. Employees must present one selection from List A or a combination of one selection from List B and one selection from List C.

You may use common abbreviations for states, document titles, or issuing authorities, such as: "DL" for driver's license, and "SSA" for Social Security Administration. Refer to the M-274 for abbreviation suggestions.

List A documentation shows both identity and employment authorization.

- Enter the required information from the List A documentation in the first set of document entry fields in the List A column. Some List A documentation consists of a combination of documents that must be presented together to be considered acceptable List A documentation. If the employee presents a combination of documents for List A, use the second and third sets of document entry fields in the List A column. Use the Additional Information space, as necessary, for additional documents. When entering document information in this space, ensure you record all available document information, such as the document title, issuing authority, document number and expiration date.
- If an employee presents acceptable List A documentation, do not ask the employee to present List B and List C documentation.

List B documentation shows identity only, and List C documentation shows employment authorization only.

- If an employee presents acceptable List B and List C documentation, enter the required information from the documentation under each corresponding column and do not ask the employee to present List A documentation.
- If an employee under the age of 18 or with disabilities (special placement) cannot provide List B documentation, see the M-274 for guidance.

In certain cases, the employee may present an acceptable receipt for List A, B, or C documentation. For more information on receipts, refer to the Lists of Acceptable Documents and the M-274.

Photocopies

- You may make photocopies of the documentation examined but must return the original documentation to the employee.
- You must retain any photocopies you make with Form I-9 in case of an inspection by DHS, the Department of Labor, or the Department of Justice, Civil Rights Division, Immigrant and Employee Rights Section.

Step 2: Enter additional information, if necessary.

Use the Additional Information field to record any additional information required to complete Section 2, or any updates that are necessary once Section 2 is complete. Initial and date each additional notation. See the M-274 for more information. Such notations include, but are not limited to:

- Those required by DHS, such as extensions of employment authorization or a document's expiration date.
- Replacement document information if a receipt was previously presented.
- Additional documentation that may be presented by certain nonimmigrant employees.

You may also enter optional information, such as termination dates, form retention dates, and E-Verify case numbers, if applicable.

Step 3: Select the box in the Additional Information area if you used an alternate procedure for document examination authorized by the Secretary of DHS.

You must select this box if you used an alternative procedure authorized by DHS to examine the documents. You may refer to the M-274 for guidance on implementing alternative procedures for document examination approved by the Secretary of DHS.

Step 4: Complete the employer certification.

Employers or their authorized representatives, if applicable, must complete all applicable fields in this area, and sign and date where indicated.

Reverification and Rehire

To reverify an employee's work authorization or document an employee's rehire, use Supplement B, Reverification and Rehire (formerly Section 3). Employers need only complete and retain the supplement page when employment authorization reverification is required. Employers may choose to document a rehire on the supplement as well. Enter the employee's name at the top of each supplement page you use. In the New Name field, record any change the employee reports at the time of reverification or rehire. Use a new section of the supplement for each instance of a reverification or rehire, sign and date that section when completed, and attach it to the employee's completed Form I-9. Use additional supplement pages as necessary. Use the Additional Information fields if the employee's documentation presented for reverification requires future updates.

Reverifications

When reverification is required, you must reverify the employee by the earlier of the employment authorization expiration date stated in Section 1 (if any), or the expiration date of the List A or List C employment authorization documentation recorded in Section 2. Employers should complete any subsequent reverifications, if required, by the expiration date of the List A or List C documentation entered during the employee's most recent reverification.

For reverification, employees must present acceptable documentation from either List A or List C showing their continuing authorization to work in the United States. You must allow employees to choose which acceptable documentation to present for reverification. Employees are not required to show the same type of document they presented previously. Enter the documentation information in the appropriate fields provided.

You should not reverify the employment authorization of U.S. citizens and noncitizen nationals, or lawful permanent residents (including conditional residents) who presented a Permanent Resident Card (Form I-551) or other employment authorization documentation that is not subject to reverification (such as an unrestricted Social Security card). Reverification does not apply to List B documentation. Reverification may not apply to certain noncitizens. See the M-274 for more information about when reverification may not be required.

Rehires

If you rehire an employee within three years from the date the employee's Form I-9 was first completed, you may complete the supplement and attach it to the employee's previously completed Form I-9. If the employee remains employment-authorized, as indicated on the previously completed Form I-9, record the date of rehire and any name changes. If the employee's employment authorization or List A or C documents have expired, you must reverify the employee as described above.

Alternatively, you may complete a new Form I-9 for rehired employees. You must complete a new Form I-9 for any employee you rehired more than three years after you originally completed a Form I-9 for that employee.

Employee and Employer Instructions Related E-Verify

E-Verify uses Form I-9 information to confirm employees' employment eligibility. For more information, go to www.e-verify.gov or contact us at www.e-verify.gov/contact-us.

For employees of employers who participate in E-Verify:

- You must provide your Social Security number in the Social Security number field in Section I.
 - If you have applied for, but have not yet received, your Social Security number, you should leave the field blank until you receive the number. Update this field once you receive it, and initial and date the notation.
 - If you can present acceptable identity and employment authorization documentation to complete Form I-9, you may begin working while waiting to receive your Social Security number.
- Providing your email address and telephone number in Section I will allow you to receive notifications associated with your E-Verify case.
- If you present a List B document to your employer, it must contain a photograph.

For E-Verify employers:

- Ensure employees enter their Social Security number in Section I.
- You must only accept List B documentation that contains a photograph. This applies to individuals under the age of 18 and individuals with disabilities.
- You must retain photocopies of certain documentation.

What is the Filing Fee?

There is no fee for completing Form I-9. This form is not filed with USCIS or any other government agency. Form I-9 must be retained by the employer and made available for inspection by U.S. Government officials as specified in the "DHS Privacy Notice" below.

USCIS Forms and Information

Employers may photocopy or print blank Forms I-9. To ensure you are using the latest version of this form and corresponding instructions, visit the USCIS website at www.uscis.gov/i-9. You may order paper forms at www.uscis.gov/forms/forms-by-mail or by contacting the USCIS Contact Center at 1-800-375-5283 or 1-800-767-1833 (TTY).

For additional guidance about Form I-9, employers and employees should refer to the [Handbook for Employers: Guidance for Completing Form I-9 \(M-274\)](#) or USCIS' Form I-9 website at www.uscis.gov/i-9-central.

You can obtain information about Form I-9 by e-mailing USCIS at I9Central@uscis.dhs.gov. Employers may call 1-888-464-4218 or 1-877-875-6028 (TTY). Employees may call the USCIS employee hotline at 1-888-897-7781 or 1-877-875-6028 (TTY).

Retaining Completed Forms I-9

An employer must retain Form I-9, including any supplement pages, on which the employee and employer (or authorized representative) entered data, as well as any photocopies made of the documentation the employee presented, for as long as the employee works for the employer. When employment ends, the employer must retain the individual's Form I-9 and all attachments for one year from the date employment ends, or three years after the first day of employment, whichever is later. In the case of recruiters or referrers for a fee (only applicable to those that are agricultural associations, agricultural employers, or farm labor contractors), the retention period is three years after the first day of employment.

Completed Forms I-9 and all accompanying documents should be stored in a safe and secure location. Employers should ensure that the information employees provide on Form I-9 is used only as stated in the DHS Privacy Notice below.

Form I-9 may be generated, signed, and retained electronically, in compliance with Department of Homeland Security regulations at 8 CFR section 274a.2. Employers creating, modifying, or storing Form I-9 electronically are encouraged to review these and any other relevant standards for electronic signature, and the indexing, security, and documentation of electronic Form I-9 data.

Penalties

Employers may be subject to penalties if Form I-9 is not properly completed or for employment discrimination occurring during the employment eligibility verification process. See 8 U.S.C. section 1324a and section 1324b, 8 CFR section 274a.10 and 28 CFR Part 44. Individuals may also be prosecuted for knowingly and willfully entering false information, or for presenting fraudulent documentation, to complete Form I-9.

Employees: By signing Section 1 of this form, employees attest under penalty of perjury (28 U.S.C. section 1746) that the information they provided, along with the citizenship or immigration status they select, and all information and documentation they provide to their employer, is true and correct, and they are aware that they may face penalties provided by law and may be subject to criminal prosecution for knowingly and willfully making false statements or using false documentation when completing this form. Further, falsely attesting to U.S. citizenship may subject employees to penalties or removal proceedings, and may adversely affect an employee's ability to seek future immigration benefits.

Employers: By signing Sections 2 and 3, as applicable, employers attest under penalty of perjury (28 U.S.C. section 1746) that they have physically examined the documentation presented by the employee, that the documentation reasonably appears to be genuine and to relate to the employee named, that to the best of their knowledge the employee is authorized to work in the United States, that the information they enter in Section 2 is complete, true, and correct to the best of their knowledge, and that they are aware that they may face civil or criminal penalties provided by law and may be subject to criminal prosecution for knowingly and willfully making false statements or knowingly accepting false documentation when completing Form I-9.

DHS Privacy Notice

AUTHORITIES: The information requested on this form, and the associated documents, are collected under the Immigration Reform and Control Act of 1986, Pub. L. 99-603 (8 U.S.C. 1324a).

PURPOSE: The primary purpose for providing the requested information on this form is for employers to verify the identity and employment authorization of their employees. Consistent with the requirements of the Immigration Reform and Control Act of 1986, employers use the Form I-9 to document the verification of the identity and employment authorization for new employees to prevent the unlawful hiring, or recruiting or referring for a fee, of individuals who are not authorized to work in the United States. This form is completed by both the employer and the employee and is ultimately retained by the employer.

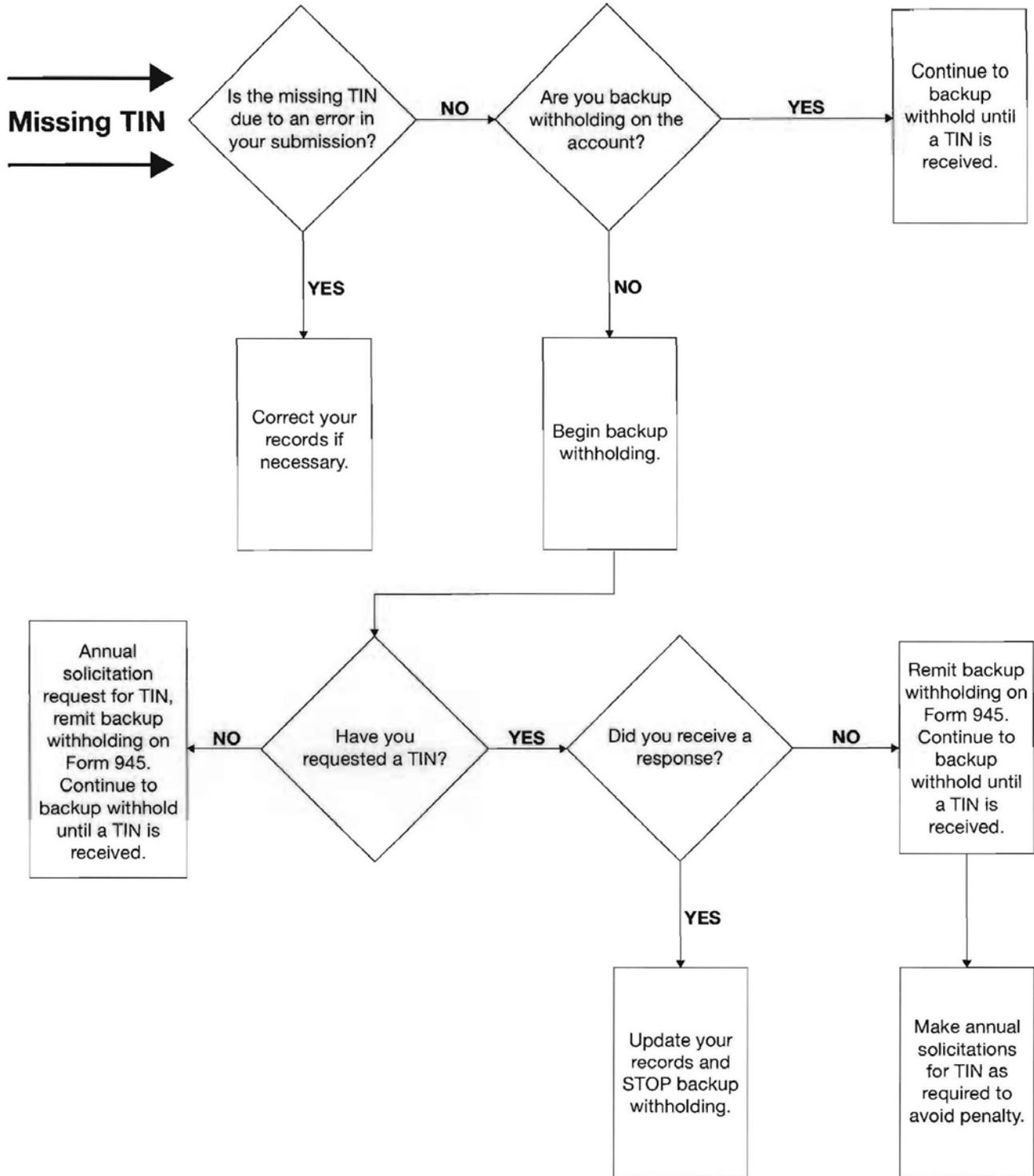
DISCLOSURE: The information employees provide is voluntary. However, failure to provide the requested information, and acceptable documentation evidencing identity and authorization to work in the United States, may result in termination of employment. Failure of the employer to ensure proper completion of this form may result in the imposition of civil or criminal penalties against the employer. In addition, knowingly employing individuals who are not authorized to work in the United States may subject the employer to civil and/or criminal penalties.

ROUTINE USES: This information will be used by employers as a record of their basis for determining eligibility of an individual to work in the United States. The employer must retain this completed form and make it available for inspection by authorized officials of the Department of Homeland Security, Department of Labor, and Department of Justice, Civil Rights Division, Immigrant and Employee Rights Section. DHS may also share this information, as appropriate, for law enforcement purposes or in the interest of national security.

Paperwork Reduction Act

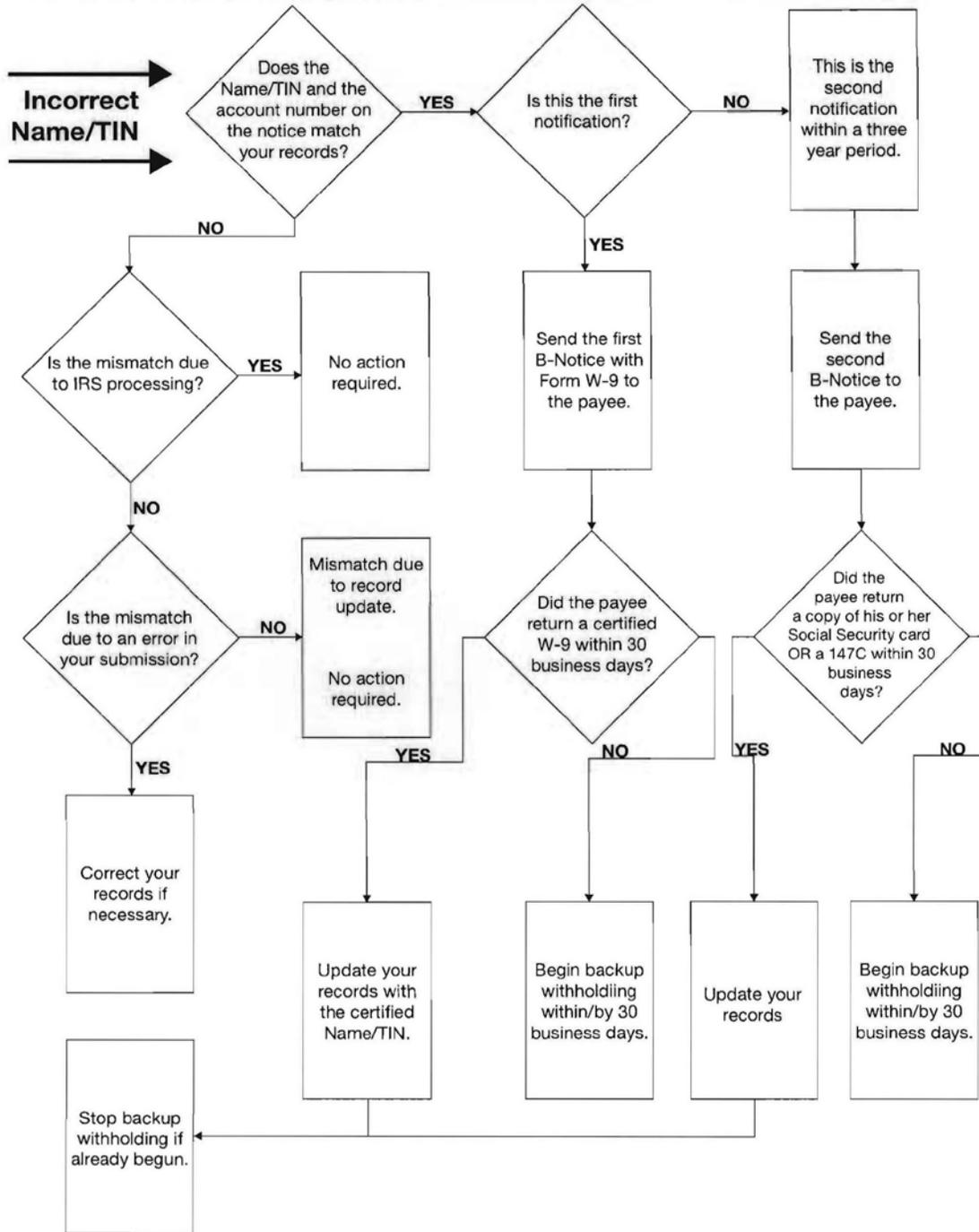
An agency may not conduct or sponsor an information collection and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number. The public reporting burden for this collection of information is estimated at 34 minutes per response, when completing the form manually, and 25 minutes per response when using a computer to aid in completion of the form, including the time for reviewing instructions and completing and retaining the form. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: U.S. Citizenship and Immigration Services, Office of Policy and Strategy, Regulatory Coordination Division, 5900 Capital Gateway Drive, Mail Stop Number 2140, Camp Springs, MD 20588-0009; OMB No. 1615-0047. **Do not mail your completed Form I-9 to this address.**

FLOWCHARTING for MISSING TINs



Part 6. FLOWCHARTS

FLOWCHARTING for INCORRECT NAME/TINs



Form W-2 Reference Guide for Box 12 Codes

A	Uncollected social security or RRTA tax on tips	L	Substantiated employee business expense reimbursements	Y	Deferrals under a section 409A nonqualified deferred compensation plan
B	Uncollected Medicare tax on tips (but not Additional Medicare Tax)	M	Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only)	Z	Income under a nonqualified deferred compensation plan that fails to satisfy section 409A
C	Taxable cost of group-term life insurance over \$50,000	N	Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (but not Additional Medicare Tax) (former employees only)	AA	Designated Roth contributions under a section 401(k) plan
D	Elective deferrals under a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement)	P	Excludable moving expense reimbursements paid directly to members of the Armed Forces	BB	Designated Roth contributions under a section 403(b) plan
E	Elective deferrals under a section 403(b) salary reduction agreement	Q	Nontaxable combat pay	DD	Cost of employer-sponsored health coverage
F	Elective deferrals under a section 408(k)(6) salary reduction SEP	R	Employer contributions to an Archer MSA	EE	Designated Roth contributions under a governmental section 457(b) plan
G	Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan	S	Employee salary reduction contributions under a section 408(p) SIMPLE plan	FF	Permitted benefits under a qualified small employer health reimbursement arrangement
H	Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan	T	Adoption benefits	GG	Income from qualified equity grants under section 83(i)
J	Nontaxable sick pay	V	Income from exercise of nonstatutory stock option(s)	HH	Aggregate deferrals under section 83(i) elections as of the close of the calendar year
K	20% excise tax on excess golden parachute payments	W	Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA)		

See [Box 12 Codes](#).

Form W-2 Box 13 Retirement Plan Checkbox Decision Chart

Type of Plan	Conditions	Check Retirement Plan Box?
Defined benefit plan (for example, a traditional pension plan)	Employee qualifies for employer funding into the plan, due to age/years of service—even though the employee may not be vested or ever collect benefits	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute but does not elect to contribute any money in this tax year	No
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute and elects to contribute money in this tax year	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute but does not elect to contribute any money in this tax year, but the employer does contribute funds	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee contributed in past years but not during the current tax year under report	No (even if the account value grows due to gains in the investments)
Profit-sharing plan	Plan includes a grace period after the close of the plan year when profit sharing can be added to the participant's account	Yes, unless the employer contribution is purely discretionary and no contribution is made by end of plan year

See [Box 13 Checkboxes](#).



Affordable Care Act Topics

- [Individuals and Families](#)
- [Employers](#)
- [Information Returns \(A/R\)](#)
- [ALE Info Center](#)
- [Tax Professionals](#)
- [What's Trending](#)
- [Health Care Tax Tips](#)
- [Questions and Answers](#)
- [List of Tax Provisions](#)
- [Legal Guidance and Other Resources](#)
- [Affordable Care Act Tax Provisions Home](#)

Form W-2 Reporting of Employer-Sponsored Health Coverage

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. The value of the employer's excludable contribution to health coverage continues to be excludable from an employee's income, and it is not taxable. This reporting is for informational purposes only and will provide employees useful and comparable consumer information on the cost of their health care coverage.

Employers that provide "applicable employer-sponsored coverage" under a group health plan are subject to the reporting requirement. This includes businesses, tax-exempt organizations, and federal, state and local government entities (except with respect to plans maintained primarily for members of the military and their families). However, federally recognized Indian tribal governments are not subject to this requirement.

Transition Relief

For certain employers, types of coverage and situations, there is transition relief from the requirement to report the value of coverage beginning with the 2012 Forms W-2. This transition relief first applied to the 2013 Forms W-2 that were issued in 2014. The relief applies for the 2015 tax year and will continue to apply to future calendar years until the IRS publishes additional guidance. (Note: employers generally are required to provide employees with the 2015 Forms W-2 in January 2016.) Any guidance that expands the reporting requirements will apply only to calendar years that start at least six months after the guidance is issued. See the "Optional Reporting" column in the below chart for the employers, types of coverage, and situations eligible for the transition relief.

Reporting on the Form W-2

Employers that are subject to this requirement should report the value of the health care coverage in Box 12 of the Form W-2, with Code DD to identify the amount. There is no reporting on the Form W-3 of the total of these amounts for all the employer's employees.

In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. See the chart, below, and the [questions and answers](#) for more information.

An employer is not required to issue a Form W-2 solely to report the value of the health care coverage for retirees or other employees or former employees to whom the employer would not otherwise provide a Form W-2.

The chart below illustrates the types of coverage that employers must report on the Form W-2. Certain items are listed as "optional" based on transition relief provided by [Notice 2012-9](#) (restating and clarifying [Notice 2011-28](#)). Future guidance may revise reporting requirements but will not be applicable until the tax year beginning at least six months after the date of issuance of such guidance.

The chart reviews the reporting requirements for Box 12, Code DD, and has no impact on requirements to report these items elsewhere. For example, while contributions to Health Savings Arrangements (HSA) are not to be reported in Box 12, Code DD, certain HSA contributions are reported in Box 12, Code W (see [General Instructions for Forms W-2 and W-3](#)).



HealthCare.gov
 Get more information about the Affordable Care Act from the Department of Health & Human Services.
[Go to HealthCare.gov](#)

Form W-2 Reporting of Employer-Sponsored Health Coverage

Coverage Type	Form W-2, Box 12, Code DD		
	Report	Do Not Report	Optional
Major medical	X		
Dental or vision plan not integrated into another medical or health plan			X
Dental or vision plan which gives the choice of declining or electing and paying an additional premium			X
Health Flexible Spending Arrangement (FSA) funded solely by salary-reduction amounts		X	
Health FSA value for the plan year in excess of employee's cafeteria plan salary reductions for all qualified benefits	X		
Health Reimbursement Arrangement (HRA) contributions			X
Health Savings Arrangement (HSA) contributions (employer or employee)		X	
Archer Medical Savings Account (Archer MSA) contributions (employer or employee)		X	

Hospital indemnity or specified illness (insured or self-funded), paid on after-tax basis		X	
Hospital indemnity or specified illness (insured or self-funded), paid through salary reduction (pre-tax) or by employer	X		
Employee Assistance Plan (EAP) providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
On-site medical clinics providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Wellness programs providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Multi-employer plans			X
Domestic partner coverage included in gross income	X		
Governmental plans providing coverage primarily for members of the military and their families		X	
Federally recognized Indian tribal government plans and plans of tribally chartered corporations wholly owned by a federally recognized Indian tribal government		X	
Self-funded plans not subject to Federal COBRA			X
Accident or disability income		X	
Long-term care		X	
Liability insurance		X	
Supplemental liability insurance		X	
Workers' compensation		X	
Automobile medical payment insurance		X	
Credit-only insurance		X	
Excess reimbursement to highly compensated individual, included in gross income		X	
Payment/reimbursement of health insurance premiums for 2% shareholder-employee, included in gross income		X	
Other Situations	Report	Do Not Report	Optional
Employers required to file fewer than 250 Forms W-2 for the preceding calendar year (determined without application of any entity aggregation rules for related employers)			X
Forms W-2 furnished to employees who terminate before the end of a calendar year and request, in writing, a Form W-2 before the end of that year			X
Forms W-2 provided by third-party sick-pay provider to employees of other employers			X

The chart was created at the suggestion of and in collaboration with the IRS' Information Reporting Program Advisory Committee (IRPAC). IRPAC's members are representatives of industries responsible for providing information returns, such as Form W-2, to the IRS. IRPAC works with IRS to improve the information reporting process.

Related Information:

- [IR-2011-31](#), IRS Issues Interim Guidance on Informational Reporting of Employer-Sponsored Health Coverage
- [Notice 2010-69](#), Interim Relief with Respect to Form W-2 Reporting of the Cost of Coverage of Group Health Insurance Under § 6051(a)(14)
- [Webinar](#), Reporting of Employer Healthcare Coverage on Form W-2.

8888

CORRECTED

FILER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone no.		Filer is an (check one):		OMB No. 1545-0029	
		<input type="checkbox"/> Employer		Form 8922	
		<input type="checkbox"/> Insurer/Agent		(Rev. October 2024)	
		FILER'S employer identification number		For calendar year	
OTHER PARTY'S name (see instructions before entering)		1 Sick pay subject to federal income tax	2 Federal income tax withheld from sick pay		
		\$	\$		
		3 Sick pay subject to social security tax	4 Social security tax withheld from sick pay		
		\$	\$		
		5 Sick pay subject to Medicare tax	6 Medicare tax withheld from sick pay		
		\$	\$		

Third-Party Sick Pay Recap

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

Instructions for Form 8922

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8922 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form8922.

What's New

Continuous-use form and instructions. Form 8922 and these instructions have been converted from an annual revision to continuous use. Both the form and these instructions will be updated only as needed.

General Instructions



Don't send this form to the Social Security Administration. This form is processed solely by the IRS for third-party sick pay reporting.

Purpose of Form

Form 8922 is filed to reconcile employment tax returns (for example, Form 941) with Forms W-2 when third-party sick pay is paid. For more information, see *Sick Pay Reporting* in Pub. 15-A.

Who Must File

Generally, if the liability for the employer's share of social security tax and Medicare tax is reported on the employer's employment tax return, Form 8922 must be filed by:

- The employer, if sick pay is reported on Forms W-2 under the name and employer identification number (EIN) of the insurer or agent; or
- The insurer or agent, if sick pay is reported on Forms W-2 under the name and EIN of the employer.

For more information on who must file Form 8922, see Pub. 15-A.

When To File

File Form 8922 by the last day of February. If the due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

Where To File

Send Form 8922 to the following address.

If your principal business, office, or agency is located in	Use the following address
Alabama, Alaska, Arizona, Arkansas, Colorado, Florida, Georgia, Hawaii, Kansas, Louisiana, Mississippi, Missouri, Nevada, New Mexico, Oklahoma, Tennessee, Texas, Utah, Washington	Internal Revenue Service Memphis Service Center P.O. Box 87 Mail Stop 814 D6 Memphis, TN 38101-0087
California, Connecticut, Delaware, District of Columbia, Idaho, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Vermont, Virginia, West Virginia, Wisconsin, Wyoming	Internal Revenue Service IRS SSA CAWR Philadelphia, PA 19255-0533

If your principal place of business is outside the United States, file with the Internal Revenue Service, IRS SSA CAWR, Philadelphia, PA 19255-0533.

Private delivery services. Private delivery services can't deliver to the addresses shown above. If you choose to use a private delivery service, send Form 8922 to the address shown below based on the location of your principal business, office, or agency.

Internal Revenue Service
5333 Getwell Rd Stop 814 D6
Memphis, TN 38118

Internal Revenue Service
Mail Stop 4-G08 151
2970 Market St
Philadelphia, PA 19104

Go to www.irs.gov/PDS for the current list of designated services.

Substitute Forms

The IRS accepts quality substitute tax forms that are consistent with the official forms and have no adverse impact on our processing. The official Form 8922 is the standard for substitute forms. Because a substitute form is a variation from the official form, you should know the requirements of the official form for the year of use before you create a substitute version. For details on the requirements for substitute forms, see Pub. 1167.

Specific Instructions

Calendar year. Enter the four-digit calendar year (for example, 2024) for which you're filing Form 8922.

Check box for employer or insurer/agent. Check the appropriate box to state whether you're the employer or the insurer/agent filing Form 8922.

Filer's name. If the Employer box is checked, the employer for whom the sick pay was paid by the insurer or agent will complete the information with the employer's name, address, and phone number.

If the Insurer/Agent box is checked, the insurer or agent who paid the sick pay will complete the information with the insurer/agent's name, address, and phone number.

Filer's EIN. If the Employer box is checked, enter the EIN of the employer.

If the Insurer/Agent box is checked, enter the EIN of the insurer or agent.

Other party's name and EIN. If the Employer box is checked, the employer must provide the name and EIN of the insurer or agent. If the employer has contracts with more than one insurer or agent, the employer must file a separate Form 8922 for the wages and taxes related to each contract.

If the Insurer/Agent box is checked, the insurer or agent may, but isn't required to, provide the name and EIN of the employer. If it is providing this information, and if it has contracts with more than one employer, it must file a separate Form 8922 for the wages and taxes related to each employer. Alternatively, it may file a separate Form 8922 for the wages and taxes related to each employer for which it is

supplying the name and EIN, and then file one Form 8922 for the wages and taxes related to the employers for which it isn't supplying the name and EIN.

Box 1. Enter the total amount of sick pay subject to federal income tax.

Box 2. Enter the total amount of federal income tax withheld from the sick pay.

Box 3. Enter the total amount of sick pay subject to social security tax.

Box 4. Enter the total amount of social security tax withheld from the sick pay.

Box 5. Enter the total amount of sick pay subject to Medicare tax.

Box 6. Enter the total amount of the Medicare tax (including Additional Medicare Tax) withheld from the sick pay.

Corrected Form 8922. If you filed Form 8922 with the IRS and later discover that you made an error on it, you must correct it as soon as possible. Complete all entries on Form 8922 when making a correction. Enter an "X" in the "CORRECTED" checkbox only when correcting a Form 8922 previously filed with the IRS.

Recordkeeping. Keep all records of employment taxes for at least 4 years. These should be available for IRS review.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Form 8922 to carry out the Internal Revenue laws of the United States. You're required to give us the information. We need it to ensure that you're complying with these laws and to allow us to figure and collect the right amount of tax. Section 6011 requires you to provide the requested information if the tax is applicable to you. Section 6109 requires you to provide your identification number.

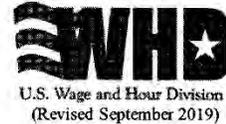
You're not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file Form 8922 will vary depending on individual circumstances. The estimated burden for filing Form 8922 is approved under OMB control number 1545-0029 and is included in the estimates shown in the instructions for the employment tax return that you file.

***Note:** The Department of Labor revised the regulations located at 29 C.F.R. part 541 with an effective date of January 1, 2020. WHD will continue to enforce the 2004 part 541 regulations through December 31, 2019, including the \$455 per week standard salary level and \$100,000 annual compensation level for Highly Compensated Employees. The final rule is available at: <https://www.federalregister.gov/documents/2019/09/27/2019-20353/defining-and-delimiting-the-exemptions-for-executive-administrative-professional-outside-sales-and>.

U.S. Department of Labor
Wage and Hour Division



Fact Sheet #17A: Exemption for Executive, Administrative, Professional, Computer & Outside Sales Employees Under the Fair Labor Standards Act (FLSA)

This fact sheet provides general information on the exemption from minimum wage and overtime pay provided by Section 13(a)(1) of the FLSA as defined by Regulations, [29 C.F.R. Part 541](#).

The FLSA requires that most employees in the United States be paid at least the federal minimum wage for all hours worked and overtime pay at not less than time and one-half the regular rate of pay for all hours worked over 40 hours in a workweek.

However, Section 13(a)(1) of the FLSA provides an exemption from both minimum wage and overtime pay for employees employed as bona fide executive, administrative, professional and outside sales employees. Section 13(a)(1) and Section 13(a)(17) also exempt certain computer employees. To qualify for exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than \$684⁺ per week. Employers may use nondiscretionary bonuses and incentive payments (including commissions) paid on an annual or more frequent basis, to satisfy up to 10 percent of the standard salary level. Job titles do not determine exempt status. In order for an exemption to apply, an employee's specific job duties and salary must meet all the requirements of the Department's regulations.

See other fact sheets in this series for more information on the exemptions for executive, administrative, professional, computer and outside sales employees, and for more information on the salary basis requirement.

To qualify for the executive employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary basis (as defined in the regulations) at a rate not less than \$684⁺ per week;
- The employee's primary duty must be managing the enterprise, or managing a customarily recognized department or subdivision of the enterprise;
- The employee must customarily and regularly direct the work of at least two or more other full-time employees or their equivalent; and
- The employee must have the authority to hire or fire other employees, or the employee's suggestions and recommendations as to the hiring, firing, advancement, promotion or any other change of status of other employees must be given particular weight.

Administrative Exemptions

To qualify for the administrative employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$684* per week;
- The employee's primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers; and
- The employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.

Professional Exemption

To qualify for the **learned professional** employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$684* per week;
- The employee's primary duty must be the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character and which includes work requiring the consistent exercise of discretion and judgment;
- The advanced knowledge must be in a field of science or learning; and
- The advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction.

To qualify for the **creative professional** employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$684* per week;
- The employee's primary duty must be the performance of work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor.

Computer Employee Exemption

To qualify for the computer employee exemption, the following tests must be met:

- The employee must be compensated **either** on a salary or fee basis (as defined in the regulations) at a rate not less than \$684* per week **or**, if compensated on an hourly basis, at a rate not less than \$27.63 an hour;
- The employee must be employed as a computer systems analyst, computer programmer, software engineer or other similarly skilled worker in the computer field performing the duties described below;
- The employee's primary duty must consist of:
 - 1) The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software or system functional specifications;

- 2) The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;
- 3) The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or
- 4) A combination of the aforementioned duties, the performance of which requires the same level of skills.

Outside Sales Exemption

To qualify for the outside sales employee exemption, all of the following tests must be met:

- The employee's primary duty must be making sales (as defined in the FLSA), or obtaining orders or contracts for services or for the use of facilities for which a consideration will be paid by the client or customer; and
- The employee must be customarily and regularly engaged away from the employer's place or places of business.

Highly Compensated Employees

Highly compensated employees performing office or non-manual work and paid total annual compensation of \$107,432 or more (which must include at least \$684⁺ per week paid on a salary or fee basis) are exempt from the FLSA if they customarily and regularly perform at least one of the duties of an exempt executive, administrative or professional employee identified in the standard tests for exemption.

Blue-Collar Workers

The exemptions provided by FLSA Section 13(a)(1) apply only to "white-collar" employees who meet the salary and duties tests set forth in the Part 541 regulations. The exemptions do not apply to manual laborers or other "blue-collar" workers who perform work involving repetitive operations with their hands, physical skill and energy. FLSA-covered, non-management employees in production, maintenance, construction and similar occupations such as carpenters, electricians, mechanics, plumbers, iron workers, craftsmen, operating engineers, longshoremen, construction workers and laborers are entitled to minimum wage and overtime premium pay under the FLSA, and are not exempt under the Part 541 regulations no matter how highly paid they might be.

Police, Fire Fighters, Paramedics & Other First Responders

The exemptions also do not apply to police officers, detectives, deputy sheriffs, state troopers, highway patrol officers, investigators, inspectors, correctional officers, parole or probation officers, park rangers, fire fighters, paramedics, emergency medical technicians, ambulance personnel, rescue workers, hazardous materials workers and similar employees, regardless of rank or pay level, who perform work such as preventing, controlling or extinguishing fires of any type; rescuing fire, crime or accident victims; preventing or detecting crimes; conducting investigations or inspections for violations of law; performing surveillance; pursuing, restraining and apprehending suspects; detaining or supervising suspected and convicted criminals, including those on probation or parole; interviewing witnesses; interrogating and fingerprinting suspects; preparing investigative reports; or other similar work.

Other Laws & Collective Bargaining Agreements

The FLSA provides minimum standards that may be exceeded, but cannot be waived or reduced. Employers must comply, for example, with any Federal, State or municipal laws, regulations or ordinances establishing a higher minimum wage or lower maximum workweek than those established under the FLSA. Similarly, employers may, on their own initiative or under a collective bargaining agreement, provide a higher wage, shorter workweek, or higher overtime premium than provided under the FLSA. While collective bargaining agreements cannot waive or reduce FLSA protections, nothing in the FLSA or the Part 541 regulation relieves employers from their contractual obligations under such bargaining agreements.

Where to Obtain Additional Information

For additional information, visit our Wage and Hour Division Website:

<http://www.wagehour.dol.gov> and/or call our toll-free information and helpline, available 8 a.m. to 5 p.m. in your time zone, 1-866-4USWAGE (1-866-487-9243).

When state law differs from the federal FLSA, an employer must comply with the standard most protective to employees. Links to your state labor department can be found at www.dol.gov/whd/contacts/state_of.htm.

This publication is for general information and is not to be considered in the same light as official statements of position contained in the regulations.

U.S. Department of Labor
Frances Perkins Building
200 Constitution Avenue, NW
Washington, DC 20210

1-866-4-USWAGE
TTY: 1-866-487-9243
Contact Us

**Application for Extension of Time
To File Information Returns**

(For Forms W-2, W-2G, 1042-S, 1094-C, 1095, 1097, 1098, 1099, 3921, 3922, 5498, and 8027)

OMB No. 1545-1081

Department of the Treasury
Internal Revenue Service

► This form may be filled out online. See *How to file* below.
► Go to www.irs.gov/Form8809 for the latest information.

Do not use this form to request an extension of time to (1) file Form 1040 or 1040-SR (use Form 4868), (2) file Form 1042 (use Form 7004), or (3) furnish statements to recipients (see Extensions under part M in the General Instructions for Certain Information Returns).

<p>1 Payer/filer's information. Type or print clearly in black ink.</p> <p>Payer/filer's name _____</p> <p>Address _____</p> <p>City _____ State _____ ZIP code _____</p> <p>Contact name _____ Telephone number _____</p> <p>Email address _____</p>	<p>2 Taxpayer identification number (TIN) Enter the payer's nine-digit number. Do not enter hyphens.</p> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>
<p>3 Check your method of filing information returns (check only one box). Use a separate Form 8809 for each method.</p> <p><input type="checkbox"/> Electronic <input type="checkbox"/> Paper</p>	<p>4 If you are requesting an extension for more than one payer/filer, enter the total number of payers/filers and attach a typed list of names and TINs. If sending an individual Form 8809 for each request, do not enter an amount. See <i>How to file</i> below for details. ►</p>

5 Check this box **only** if you already requested the automatic extension and you now need an **additional** extension. See instructions. ►

6 Check **only** the box(es) that apply. **Do not** enter the number of returns.

Form(s)	✓ here	Form(s)	✓ here	Form(s)	✓ here
W-2		5498		8027	
1097, 1098, 1099, 3921, 3922, W-2G		5498-ESA		1094-C, 1095-C	
1099-NEC		5498-QA		1095-B	
1042-S		5498-SA		1099-QA	

7 If you are requesting an extension for Forms W-2 or 1099-NEC, or if you checked the box on line 5, you must meet one of the following criteria. Check the applicable box(es) that describes your need for an extension.

<p>The filer suffered a catastrophic event in a federally declared disaster area that made the filer unable to resume operations or made necessary records unavailable <input type="checkbox"/></p> <p>Fire, casualty, or natural disaster affected the operation of the filer <input type="checkbox"/></p>	<p>Death, serious illness, or unavoidable absence of the individual responsible for filing the information returns affected the operation of the filer <input type="checkbox"/></p> <p>The filer was in the first year of establishment <input type="checkbox"/></p> <p>The filer did not receive data on a payee statement such as Schedule K-1, Form 1042-S, or the statement of stock pay required under section 31.8051-3(a)(1) in time to prepare an accurate information return <input type="checkbox"/></p>
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Under penalties of perjury, I declare that I have examined this form, including any accompanying statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ► _____ Title ► _____ Date ► _____

General Instructions

Purpose of form. Use Form 8809 to request an initial or additional extension of time to file only the forms shown on line 6 for the current tax year.

Note. Extension requests for Forms 1099-NEC, 1099-QA, 5498-QA, and W-2 must be submitted on paper.

Who should file. Payers/filers who need more time to file information returns with the IRS should file this form before the filing due date. See *When to file*, later.

How to file. Extensions may be requested:

- Online by completing a fill-in Form 8809 through the FIRE System at <https://fire.irs.gov> for an automatic 30-day extension (not available for Form W-2, 1099-NEC, 1099-QA, 5498-QA, or additional 30-day extension requests for all form types listed in box 6). Acknowledgements are automatically displayed online if the request is

made by the due date of the return. **Note:** A list that contains names and TINs cannot be attached to the fill-in Form 8809.

- Electronically through the FIRE System in a file formatted according to the specifications in Pub. 1220.
- On paper Form 8809. Mail the form to the address shown in *Where to file*, later. You are encouraged to submit your requests electronically.



There are no automatic extension requests for Forms W-2 or 1099-NEC. Requests must be submitted on paper with line 7 completed and signed by the filer/transmitter or person duly authorized to sign a return.

Where to file. Send Form 8809 to:
Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0209

Need help? If you have questions about Form 8809, call the IRS toll free at 866-455-7438 or 304-263-8700 (not toll free). Persons with a hearing or speech disability with access to TTY/TDD equipment can call 304-579-4827 (not toll free).

Also, see Pub. 1220 and Pub. 1187. For additional information, see Topic 803, Waivers and Extensions, at www.irs.gov/TaxTopics.

Note: Specifications for filing Forms W-2, Wage and Tax Statement, electronically are only available from the Social Security Administration (SSA). Call 800-772-6270 for more information or visit the SSA's Employer W-2 Filing Instructions & Information page at www.socialsecurity.gov/employer.

When to file. File Form 8809 as soon as you know an extension of time to file is necessary, but not before January 1 of the year in which the return is due. Form 8809 must be filed by the due date of the returns. See the chart below that shows the due dates for filing this form on paper or electronically. Payers/filers of Form W-2 whose business has terminated should see *Terminating a business* in the *Special Reporting Situations for Form W-2* section of the General Instructions for Forms W-2 and W-3 to request an extension.

If you are requesting an extension of time to file several types of forms, you may use one Form 8809, but you must file Form 8809 by the earliest due date. For example, if you are requesting an extension of time to file both Forms 1098 and 5498, you must file Form 8809 by February 28 (March 31 if you file electronically). You may complete more than one Form 8809 to avoid this problem. An extension cannot be granted if a request is filed after the filing due date of the information returns.

The due dates for filing Form 8809 are shown below.

IF you file Form(s) . . .	ON PAPER, then the due date is . . .	ELECTRONICALLY, then the due date is . . .
W-2	January 31	January 31
W-2G	February 28	March 31
1042-S	March 15	March 15
1094-C	February 28	March 31
1095	February 28	March 31
1097, 1098, 1099	February 28	March 31
1099-NEC	January 31	January 31
3921, 3922	February 28	March 31
5498	May 31	May 31
8027	Last day of February	March 31

If any due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

Note: File your information returns as soon as they are ready and do not send a copy of Form 8809 or any letters with the returns you file (see Exception below).

Exception. When filing Form 8027 on paper only, attach a copy of your timely filed Form 8809.

Extension period. For all forms other than Forms W-2 or 1099-NEC, you may request an automatic extension of 30 days from the original due date. For these forms, an additional 30-day extension of time to file information returns may be submitted if the initial 30-day extension was granted and the additional extension is filed before the expiration of the initial 30-day extension. Additional 30-day extension requests must be submitted on a paper Form 8809. For Forms W-2 or 1099-NEC, only one 30-day extension of time is available. You can request the one extension for Forms W-2 or 1099-NEC or the additional extension for the other forms if you meet and select one of the criteria listed on line 7.

Note: Any approved extension of time to file will only extend the due date for filing the information returns with the IRS. It does not extend the due date for furnishing statements to recipients. If you need an extension for furnishing statements to recipients, see part M in the General Instructions for Certain Information Returns. Also, see the General Instructions for Forms W-2 and W-3, the Instructions for Form 1042-S, the Instructions for Forms 1094-B and 1095-B, and the Instructions for Forms 1094-C and 1095-C.

Penalty. Payers/filers may be subject to a late filing penalty if they file a late return without receiving a valid extension. For more information on penalties, see part O in the General Instructions for Certain Information Returns, and Penalties in the Instructions for Form 1042-S, the Instructions for Form 8027, the General Instructions for Forms W-2 and W-3, the Instructions for Forms 1094-B and 1095-B, and the Instructions for Forms 1094-C and 1095-C.

Specific Instructions

Line 1. Enter the payer's/filer's name, in care of name, and complete mailing address, including room or suite number of the filer requesting the extension of time. Use the name and address where you want correspondence sent. For example, if you are a preparer and want to receive correspondence, enter your client's complete name, care of (c/o) your firm, and your complete mailing address.



The legal name and TIN on your extension request must be exactly the same as the name you provided when you applied for your EIN using Form SS-4, the Online Internet EIN Application, or the EIN Toll-Free Telephone Service. If a name change has been submitted to the IRS, supply the current legal name and TIN. Do not use abbreviations.

Enter the name of someone who is familiar with this request whom the IRS can contact if additional information is required. Please provide your telephone number and email address.

Line 2. Enter the payer's nine-digit employer identification number (EIN), qualified intermediary employer identification number (QI-EIN), withholding foreign partnership employer identification number (WP-EIN), or withholding foreign trust employer identification number (WT-EIN). If you are not required to have an EIN or QI-EIN, enter your social security number.



Do not enter hyphens.

Line 5. Check this box only if you have already received the automatic 30-day extension, and you need an additional extension for the same year for the same forms. Do not check this box unless you requested an original extension. Additional 30-day extension requests **must** be submitted on paper.

If you check this box, be sure to complete line 7.

Signature. No signature is required for the automatic 30-day extension (not available for Forms W-2 or 1099-NEC). For an additional extension or to request a 30-day nonautomatic extension for Form W-2 and/or Form 1099-NEC, Form 8809 must be signed by the filer/transmitter or person duly authorized to sign a return.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We use this information to determine if you qualify for an extension of time to file information returns. You are not required to request an extension of time to file; however, if you request an extension, sections 6061 and 6109 and their regulations require you to provide this information, including your identification number. Failure to provide this information may delay or prevent processing your request; providing false or fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	4 hr., 4 min.
Learning about the law or the form	18 min.
Preparing and sending the form to the IRS	22 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/FormComments. Or you can send your comments to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send the form to this address. Instead, see *Where to file*, earlier.

Instructions for Form 15397, Application for Extension of Time to Furnish Recipient Statements

General Instructions

Purpose of form. Use Form 15397 to request a one-time extension of up to 30 days to furnish copies of information returns (for the forms shown on line 4) to your recipients for the current tax year.

Who should file. Issuers/transmitters who need more time to furnish copies of information returns to payees should file this form before the filing due date. See *When to file*, later.

How to file. Complete, sign and fax Form 15397 no later than the date the statements are due to the recipients (see *When to File*, later). Send fax to:

Internal Revenue Service Technical Services Operation
Attn: Extension of Time Coordinator
Fax: 877-477-0572 (International: 304-579-4105)

Need help? If you have questions about Form 15397, call the IRS toll free at 866-455-7438 or 304-263-8700 (not toll free). Persons with a hearing or speech disability with access to TTY/TDD equipment can call 304-579-4827 (not toll free).

For additional information, see Pub. 1220 and Pub. 1187 on www.irs.gov/publications.

When to file. File Form 15397 as soon as you know an extension of time is needed but not before January 1st. Form 15397 must be filed by the due date of the recipient statement(s). See *General Instructions for Certain Information Returns* for a listing of recipient due dates, or visit <https://www.irs.gov/instructions/i1099gi>

If you are requesting an extension of time to furnish recipient copies of several types of forms, you may use one Form 15397, but you must file Form 15397 by the earliest recipient due date. For example, if you are requesting an extension of time to furnish recipient copies for both Forms 1099 and 5498, you must file Form 15397 by the earlier due date of the two information returns. Alternatively, if you have various due dates, you can complete more than one Form 15397 to ensure that you are granted the full 30-day extension. An extension cannot be granted if a request is filed after the filing due date of the information returns.

If any due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

Note: Any approved extension of time to file furnish recipient copies will only extend the due date for furnishing statements to the payee or recipient. It does not extend the due date for filing information returns with the IRS.

Penalty. Issuer/transmitter may be subject to a late filing penalty if they file a late return without receiving a valid extension. For more information, see the applicable form instructions. Refer to part O in the General Instructions for Certain Information Returns, and instructions for the applicable forms.

Specific Instructions

Line 1. Enter the issuer's/transmitter's name, in care of name, and complete mailing address, including room or suite number of the transmitter requesting the extension of time. Use the name and address where you want correspondence sent. For example, if you are a preparer and want to receive correspondence, enter your client's complete name, care of (c/o) your firm, and your complete mailing address.



The legal name and TIN on your extension request must be exactly the same as the name you provided when you applied for your EIN using Form SS-4, the Online Internet EIN Application, or the EIN Toll-Free Telephone Service. If a name change has been submitted to the IRS, supply the current legal name and TIN. Do not use abbreviations.

Enter the name of someone who is familiar with this request whom the IRS can contact if additional information is required. Provide your telephone number and email address.

Line 2. Enter the issuer's nine-digit employer identification number (EIN), qualified intermediary employer identification number (QI-EIN), withholding foreign partnership employer identification number (WP-EIN) or withholding foreign trust employer identification number (WT-EIN). If you are not required to have an EIN or QI-EIN, enter your social security number.



Do not enter hyphens.

Signature. Form 15397 must be signed by the issuer/transmitter or person duly authorized to sign a return.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We use this information to determine if you qualify for an extension of time to furnish statements to recipients. You are not required to request an extension of time; however, if you request an extension, you must provide this information. Section 6109 and its regulations require you to provide your TIN. Failure to provide this information may delay or prevent processing your request; providing false or fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form, or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	4 min.
Learning about the law or the form	18 min.
Preparing and sending the form to the IRS	21 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/FormComments. Or you can send your comments to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send the form to this address. Instead, see *How to file*, earlier.

Pennsylvania Miscellaneous Forms and Guides



New Hire Reporting Form

REQUIRED EMPLOYER INFORMATION:
(Please type or print **LEGIBLY** in blue or black ink **ONLY**)

Employer FEIN:
Employer Name:
Employer Address (Street, City, State, Zip): <i>PO Box's are not acceptable</i>
Employer Contact Name:
Employer Contact Phone Number:
Employer Contact Fax Number:
Employer Contact Email:

Please fax this form to:
866-PAHIRES (866-748-4473) (TOLL FREE)
Or **717-657-HIRE (717-657-4473) (Local)**

Or mail this form to:
Commonwealth of Pennsylvania
New Hire Reporting Program
P.O. Box 69400
Harrisburg, PA 17106-9400

Questions?
Contact New Hire Customer Service at 888-PAHIRES (888-724-4737)
Or by email at: RA-LI-CWDS-NewHire@pa.gov

This form may be duplicated as needed



Online reporting is fast, free and paperless.
For more information about how to get started, please visit

www.pacareerlink.state.pa.us

Or contact our customer service at 888-PAHIRES (888-724-4737)

REQUIRED EMPLOYEE INFORMATION: (Please type or print **LEGIBLY** in blue or black ink **ONLY**)

ONE EMPLOYEE PER BOX		
Employee Social Security Number		
Legal Name (First)	(Middle)	(Last)
Street Address (Post Office Box is not acceptable) Apartment Number (if available)		
Zip Code	City	State
Date of Hire (MM/DD/YYYY) (Must be within 3 years of current date)	Date of Birth (MM/DD/YYYY)	

ONE EMPLOYEE PER BOX		
Employee Social Security Number		
Legal Name (First)	(Middle)	(Last)
Street Address (Post Office Box is not acceptable) Apartment Number (if available)		
Zip Code	City	State
Date of Hire (MM/DD/YYYY) (Must be within 3 years of current date)	Date of Birth (MM/DD/YYYY)	

ONE EMPLOYEE PER BOX		
Employee Social Security Number		
Legal Name (First)	(Middle)	(Last)
Street Address (Post Office Box is not acceptable) Apartment Number (if available)		
Zip Code	City	State
Date of Hire (MM/DD/YYYY) (Must be within 3 years of current date)	Date of Birth (MM/DD/YYYY)	

New Hire Reporting: Lending a Hand to Pennsylvania's Children



Pennsylvania Dormancy Matrix

Property Type	Years
Accounts Payable.....	3
Accounts Receivable/Credit Balances	3
Certificates of Deposit	3
Checking Accounts	3
Credit Balances.....	3
Debt (private/government bonds)	3
Dissolution/Liquidation	2
Dividends.....	3
Escrow Accounts.....	3
Fiduciaries	3
Funds held by State or Local Courts/Agencies.....	3
Gift Certificates.....	*
Mineral Proceeds/Royalties.....	3
Money Orders	7
Lay-a-way Deposits.....	3
Life Insurance All	3
Demutualization.....	2
Official Bank Checks	3
Refunds/Rebates	3
Safe Deposit Box Contents	3
Savings Accounts	3
Securities.....	3
Tangible Property	3
Travelers Checks	15
Utility Deposits	*
Utility Refunds.....	*
Vendor Payments	3
Wages/Commissions	2
All Other Property	3

* Refer to Pennsylvania's Unclaimed Property Law for specific information

QUICK REFERENCE GUIDE

FOR REPORTING QUESTIONS

General Holder Questions.....	800-379-3999
General Holder Fax.....	717-787-9079
Email.....	report@patreasury.gov
Vault/Tangible Questions.....	717-772-2957 or 717-705-6682
Vault Fax.....	717-783-0184
Securities Questions.....	717-705-8429

www.patreasury.gov

REPORTING DEADLINE - APRIL 15

Reports, property, and/or remittance are due by April 15, 2020. Treasury will accept reports beginning January 1 through April 15.

Failure to submit the report by April 15 may result in interest being charged at a rate of 12 percent per annum and the imposition of penalties, if warranted, as authorized under Section 1301.24 of the Act. In addition, Section 1301.24 allows Treasury to examine the records of any company that fails to report property.

MAILING INSTRUCTIONS

Make checks payable to "Commonwealth of Pennsylvania"

INTANGIBLE REPORTS

Via Courier	Commonwealth of Pennsylvania - Unclaimed Property Lockbox 53473 101 N. Independence Mall East Philadelphia, PA 19106 Reference Field: Lockbox #053473	Via Post Office	Commonwealth of Pennsylvania - Unclaimed Property P.O. Box 783473 Philadelphia, PA 19178-3473
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TANGIBLE REPORTS & PROPERTY

Commonwealth of Pennsylvania
Bureau of Unclaimed Property
Vault, Finance Building
Harrisburg, PA 17120
Include all items/property, report, and check/money order if applicable

OTHER REPORTING CORRESPONDENCE, REQUESTS, NEGATIVE REPORTS

Bureau of Unclaimed Property
P.O. Box 1837
Harrisburg, PA 17105-1837
or email: report@ptreasury.gov

HOLDER COMPLIANCE FORMS AND REQUESTS

Pennsylvania Bureau of Unclaimed Property
Attn: Holder Compliance
Riverfront Office Center
1101 S. Front St., 4th Floor
Harrisburg, Pa 17104-2516
or e-mail: report@ptreasury.gov
Voluntary Disclosure Agreement, Extension & Early Remittance Forms



RESIDENCY CERTIFICATION FORM Local Earned Income Tax Withholding

TO EMPLOYERS/TAXPAYERS :

This form is to be used by employers and/or taxpayers to report essential information for the collection and distribution of Local Earned Income Taxes to the local EIT collector. This form must be utilized by employers when a new employee is hired or when a current employee notifies employer of a name and/or address change. Use the Address Search Application at www.newPA.com/Act32 to determine PSD codes, EIT rates and tax collector contact information.

EMPLOYEE INFORMATION – RESIDENCE LOCATION			
NAME (Last Name, First Name, Middle Initial)		SOCIAL SECURITY NUMBER	
STREET ADDRESS (No PO Box, RD or RR)			
ADDRESS LINE 2			
CITY	STATE	ZIP CODE	DAYTIME PHONE NUMBER
MUNICIPALITY (City, Borough or Township)			
COUNTY	RESIDENT PSD CODE	TOTAL RESIDENT EIT RATE	

EMPLOYER INFORMATION – EMPLOYMENT LOCATION			
EMPLOYER BUSINESS NAME (Use Federal ID Name)		EMPLOYER FEIN	
STREET ADDRESS WHERE ABOVE EMPLOYEE REPORTS TO WORK (No PO Box, RD or RR)			
ADDRESS LINE 2			
CITY	STATE	ZIP CODE	PHONE NUMBER
MUNICIPALITY (City, Borough or Township)			
COUNTY	WORK LOCATION PSD CODE	WORK LOCATION NON-RESIDENT EIT RATE	

CERTIFICATION	
Under penalties of perjury, I (we) declare that I (we) have examined this information, including all accompanying schedules and statements and to the best of my (our) belief, they are true, correct and complete.	
SIGNATURE OF EMPLOYEE	DATE (MM/DD/YYYY)
PHONE NUMBER	EMAIL ADDRESS

For information on obtaining the appropriate MUNICIPALITY (City, Borough, Township), PSD CODES and EIT (Earned Income Tax) RATES, please refer to the Pennsylvania Department of Community & Economic Development website:

www.newPA.com/Act32

District PSD Code	District Name	Tax Collection Agency	Website	Phone Number
1	ADAMS TAX COLLECTION DISTRICT	York Adams Tax Bureau	www.yatb.com	717-845-1584
3	ARMSTRONG TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
4	BEAVER TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
5	BEDFORD TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
6	BERKS TAX COLLECTION DISTRICT	Berks Earned Income Tax Bureau	www.berkseit.com	610-372-8439
7	BLAIR TAX COLLECTION DISTRICT	Blair County Tax Collection Bureau	www.blairtax.org	814-317-5335
8	BRADFORD TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
9	BUCKS TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
10	BUTLER TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
11	CAMBRIA TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
12	CAMERON TAX COLLECTION DISTRICT	Cameron County Earned Income Tax Bureau	www.emporium.boroughs.org	814-486-0768
13	CARBON TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
14	CENTRE TAX COLLECTION DISTRICT	Centre Tax Agency	www.statecollegepa.us	814-234-7120
15	CHESTER TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
16	CLARION TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
17	CLEARFIELD TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
18	CLINTON TAX COLLECTION DISTRICT	Keystone Central School District Tax Office	www.kcsd.us	570-893-4913
19	COLUMBIA TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
20	CRAWFORD TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
21	CUMBERLAND TAX COLLECTION DISTRICT	Cumberland County Tax Bureau	www.cumberlandtax.org	717-590-7997
22	DAUPHIN TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
23	DELAWARE TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
24	ELK TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
25	ERIE TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
26	FAYETTE TAX COLLECTION DISTRICT	Southwest Regional Tax Bureau	www.swrtb.org	724-887-5320
27	FOREST TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
28	FRANKLIN TAX COLLECTION DISTRICT	Franklin County Area Tax Bureau	www.fcatb.org	717-263-5141
29	FULTON TAX COLLECTION DISTRICT	Capital Tax Collection Bureau	www.captax.com	717-957-7281
30	GREENE TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
31	HUNTINGDON TAX COLLECTION DISTRICT	Capital Tax Collection Bureau	www.captax.com	717-957-7281
32	INDIANA TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
33	JEFFERSON TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
34	JUNIATA TAX COLLECTION DISTRICT	Capital Tax Collection Bureau	www.captax.com	717-957-7281
35	LACKAWANNA TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
36	LANCASTER TAX COLLECTION DISTRICT	Lancaster County Tax Collection Bureau	www.lctcb.org	717-569-4521
37	LAWRENCE TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
38	LEBANON TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
39	LEHIGH TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
40	LUZERNE TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
41	LYCOMING TAX COLLECTION DISTRICT	Municipal and School Earned Income Tax Office	www.wasd.org	570-601-3980
42	MCKEAN TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
43	MERCER TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
44	MIFFLIN TAX COLLECTION DISTRICT	MiffCo Tax Service	www.miffco.com	717-242-2777
45	MONROE TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
46	MONTGOMERY TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
47	MONTOUR TAX COLLECTION DISTRICT	Danville Area Earned Income Tax Office	www.danveito.com	570-275-4720
48	NORTHAMPTON TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
49	NORTHUMBERLAND TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
50	PERRY TAX COLLECTION DISTRICT	Capital Tax Collection Bureau	www.captax.com	717-957-7281
51	PHILADELPHIA CITY *	Philadelphia Department of Revenue	www.phila.gov/revenue	215-686-6600
52	PIKE TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
53	POTTER TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
54	SCHUYLKILL TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
55	SNYDER TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
56	SOMERSET TAX COLLECTION DISTRICT	Capital Tax Collection Bureau	www.captax.com	717-957-7281
57	SULLIVAN TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
58	SUSQUEHANNA TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
59	TIOGA TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
60	UNION TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
61	VENANGO TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
62	WARREN TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
63	WASHINGTON TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
64	WAYNE TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
65	WESTMORELAND TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
66	WYOMING TAX COLLECTION DISTRICT	Berkheimer Tax Administrator	www.hab-inc.com	610-599-3139
67	YORK TAX COLLECTION DISTRICT	York Adams Tax Bureau	www.yatb.com	717-845-1584
70	ALLEGHENY CENTRAL TAX COLLECTION DISTRICT	Jordan Tax Service, Inc.	www.jordantax.com	412-835-5243
71	ALLEGHENY NORTH TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
72	ALLEGHENY SOUTHEAST TAX COLLECTION DISTRICT	Keystone Collections Group	www.keystonecollects.com	724-978-0300
73	ALLEGHENY SOUTHWEST TAX COLLECTION DISTRICT	Jordan Tax Service, Inc.	www.jordantax.com	412-835-5243

Nonresident Withholding Guidance

Pennsylvania Personal Income Tax law provides for a withholding obligation for certain payors of Pennsylvania-source income and lessees of Pennsylvania real estate to nonresidents.

Anyone that makes the following payments is required to withhold from such payments an amount equal to the tax rate specified per 72 P.S. § 7302 (currently 3.07%):

- Payments of Pennsylvania source non-employee compensation or business income to a nonresident individual or disregarded entity that has a nonresident member, if they are required to report the payments on a 1099-MISC or 1099-NEC for federal income tax purposes.
- Lease payments for Pennsylvania real estate made from a lessee in the course of a trade or business to a nonresident lessor.

NOTE: Withholding is optional for payors or lessees paying less than \$5,000 annually. However, if you are unsure of the total amount of payments that will be made during the year, the department encourages you to withhold and remit income tax from all payments made.

Governmental payors, including the Pennsylvania State System of Higher Education and its institutions, are exempt from the requirement of withholding on non-employee compensation and business income.

Non-Employee Compensation

Typically, a payment is considered "non-employee compensation" if it is made to: (i) someone who is not your employee; and (ii) for services in the course of your trade or business.

Lease Payments

A lease payment includes, but is not limited to, rents, royalties, bonus payments, damage rents and other payments made pursuant to a lease.

A lessor includes only individuals, estates and trusts.

Payor/Lessee Responsibilities

1. **Registering** - Any payor/lessee required to withhold must apply for a 1099-MISC/NEC withholding account by completing a PA-100 Pennsylvania Enterprise Registration Form electronically at www.pa100.state.pa.us (<https://www.pa100.state.pa.us/>). If you already have an employer withholding account and you do not want to report the 1099-MISC/NEC separately, you do not have to complete a new registration. However, if you want to report the 1099-MISC/NEC separately, you must register for a 1099-MISC/NEC withholding account.
2. **Withholding and Remittance Requirements** - Payors and lessees are required to withhold and remit taxes on income according to the following schedule:
 - **Semi-Weekly** - If total withholding is \$5,000 or greater per quarter (\$20,000 per year), such payors are required to make withholding deposits on the following Wednesday for any payments made on Wednesday, Thursday or Friday; and on Friday for any payments made on Saturday, Sunday, Monday or Tuesday.
 - **Semi-Monthly** - If total withholding is \$1,000 to \$4,999.99 per quarter, the taxes are due within three banking days of the close of the semi-monthly period.

- Monthly – If total withholding is \$300 to \$999 per quarter, the taxes are due the 15th day of the following month.
- Quarterly – If total withholding is under \$300 per quarter, the taxes are due the last day of April, July, October and January.

The (REV-1716) Period Ending and Administrative Due Dates for the Remittance of Employer Withholding and filing of Quarterly Returns and W-2 Forms can be located on the Department of Revenue website by searching under

[/FormsandPublications/FormsforBusinesses/EmployerWithholding/Pages/default.aspx](https://FormsandPublications/FormsforBusinesses/EmployerWithholding/Pages/default.aspx)
Employer Withholding Forms

Withholding tax payments, quarterly returns, and annual reconciliations must be submitted electronically to the

e-TIDES

(<https://www.etides.state.pa.us/>)

department through www.etides.state.pa.us, the department's online business tax filing system. All payments of \$1,000 or more must be remitted by Electronic Funds Transfer (EFT). Electronic payments can be made through e-

www.etides.state.pa.us

TIDES at (<http://www.etides.state.pa.us/>)

3. **Annual Filing Requirements** - The Annual Withholding Statement (REV-1667), along with the individual 1099-

e-TIDES

(<https://www.etides.state.pa.us/>)

MISC/NEC forms, must be filed electronically with the department through www.etides.state.pa.us by January 31 of the ensuing tax year.

4. **Issuing 1099-MISC/NEC** - Payors or lessees are required to file a Federal Form 1099-MISC/NEC with the department and are required to provide a copy to the payee or lessor by January 31 of the ensuing tax year.
5. **Corrected 1099-MISC/NEC** - File a corrected Federal Form 1099-MISC/NEC if it is issued to a payee or lessor and the amounts related to income from sources within Pennsylvania changes for nonresident recipients or the total amount changes for resident recipients.

Payee/Lessor Responsibilities

Payees and lessors having tax withheld who receive a copy of the Federal Form 1099-MISC/NEC from the lessees are required to file a copy thereof with their Pennsylvania tax return.



REV-1832
 BUREAU OF INDIVIDUAL TAXES
 PO BOX 280601
 HARRISBURG PA 17128-0601

**1099-MISC
 WITHHOLDING
 EXEMPTION CERTIFICATE**

20

THE PAYEE COMPLETES THIS FORM AND SUBMITS IT TO THE PAYOR. THE PAYOR KEEPS THIS FORM WITH THEIR RECORDS.

SECTION I PAYOR INFORMATION

Payor Name	FEIN
------------	------

Address

City	State	ZIP Code
------	-------	----------

SECTION II PAYEE INFORMATION

Payee Name	Social Security Number or FEIN
------------	--------------------------------

Address

City	State	ZIP Code
------	-------	----------

SECTION III EXEMPTION REASON (mark only one oval)

By marking the appropriate oval below, the payee certifies the reason Pennsylvania personal income tax is not required to be withheld on the payment of non-employee compensation, business income, or lease payments:

- Individual - PA Resident**
I certify that I am a resident of Pennsylvania and I reside at the residence shown above. If I become a nonresident at any time, I will promptly notify the payor. See the instructions.
- Trust - PA Resident**
I am the fiduciary of the above-named trust. The trust was established by a Pennsylvania resident at the time of death or by operation of the trust agreement by a Pennsylvania resident. The trust will file a PA-41, Fiduciary Income Tax Return. See the instructions.
- Estate - PA Resident**
I am the executor of the above-named person's estate. The decedent was a Pennsylvania resident at the time of death. The estate will file a PA-41, Fiduciary Income Tax Return. See the instructions.
- Not Subject to PA Income Tax**
The payee is not subject to PA personal income tax for the following reason:
 - Payee is a corporation
 - Payee is a partnership or multi-member limited liability company
 - Payee is a nonresident with no PA-source income
 - Payee is a disregarded entity owned by a corporation or partnership, or PA resident
 - Other: please provide reason _____

SECTION IV CERTIFICATION OF PAYEE

Payee must complete and sign below.

Under penalties of perjury, I declare that I have examined the information on this form, including accompanying instructions and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare under penalties of perjury that if the facts upon which this form are based change, I will promptly notify the payor.

Payee's Name (print)	Payee's Title	Telephone Number
----------------------	---------------	------------------

Payee's Signature	Date
-------------------	------





REV-1832 IN (EX) 11-19

GENERAL INFORMATION

Tax withholding is required on certain payments of non-employee compensation, business income and lease payments made to nonresidents.

Tax withholding is required on payments that exceed \$5,000 annually. Refer to Informational Notice Personal Income Tax 2017-01, for additional information about this withholding.

PURPOSE OF FORM

Use the REV-1832, 1099-MISC Withholding Exemption Certificate, to determine the residency status of individuals, estates or trusts or to identify the type of entity for determining whether Pennsylvania personal income tax withholding is required on payments of nonemployee compensation or lease payments, such as rents, royalties, bonus payments, damage payments, delay rents or other payments pursuant to a lease.

WHO MUST COMPLETE

The payee completes the REV-1832 and provides a copy to the payor. Payors must provide the REV-1832 to all payees for the payees to complete if the payor is not going to withhold on the payments to the payee.

FORM INSTRUCTIONS

SECTION I

PAYOR INFORMATION

The payor must enter their name, address and federal employer identification number (FEIN) in the appropriate spaces provided on the form.

SECTION II

PAYEE INFORMATION

Payees must enter their name, address and Social Security number or FEIN in the appropriate spaces provided on the form. Disregarded entities should use the home address of the single owner.

SECTION III

EXEMPTION REASONS

The payee must complete this section. A payee may select only one reason for being exempt from the withholding requirement.

Individual – PA Resident

Mark the oval if you are a Pennsylvania resident individual.

Trust - PA Resident

Mark the oval if you are the fiduciary of a trust established by a Pennsylvania resident at the time of death or a trust

www.revenue.pa.gov

Pennsylvania Department of Revenue

Instructions for REV-1832

1099-MISC Withholding Exemption Certificate

that was established by operation of a trust agreement by a Pennsylvania resident at the time the trust was formed and business income, rents or lease payments from the payor will be reported on the PA-41, Fiduciary Income Tax Return, of the trust.

Estate – PA Resident

Mark the oval if you are a personal representative in charge of an estate for a decedent who was a Pennsylvania resident at the time of death and business income, rents or lease payments from the payor will be reported on the PA-41, Fiduciary Income Tax Return, of the estate.

Not Subject to PA Income Tax

Mark the oval if you are not subject to Pennsylvania personal income tax. Reasons for not being subject to tax may include:

- Payee is a corporation;
- Payee is a partnership or multi-member limited liability company;
- Payee is a nonresident who does not have PA-source income; or
- Other; provide reason (such as payee is a tax-exempt entity, a retirement plan or IRA).

Please use the following link for more information on who is not subject to Pennsylvania personal income tax: <https://revenue-pa.custhelp.com>. Type in "1099-MISC" in the search box for a list of Frequently Asked Questions.

SECTION IV

CERTIFICATION OF PAYEE

The payee must enter their name, title (if applicable), telephone number, sign, and date the form. The payor is then relieved of the withholding requirements if the payor relies in good faith on a completed and signed REV-1832 unless notified by the department that the form should not be relied upon. If the payor receives an incomplete certificate, the payor is required to withhold tax on payments made to the payee until a valid certificate is received.

FORM RETENTION

Do not send this form to the PA Department of Revenue. The payor must retain the signed REV-1832 form for a minimum of four years or until the payee's status changes and must provide the form to the PA Department of Revenue upon request.

CAUTION: Failure to provide an Exemption Reason, failure to provide the payor with the REV-1832 form or failing to sign the REV-1832 form will not permit the payor to exempt the payee from withholding.

REV-1832 1

Pennsylvania W-2/1099 Reporting Instructions and Specifications Handbook:

https://www.revenue.pa.gov/TaxTypes/EmployerWithholding/Documents/w2-1099_CSV_reporting_inst_and_specs.pdf

Pennsylvania EFW2/EFW2C Reporting Instructions and Specifications Handbook:

https://www.revenue.pa.gov/TaxTypes/EmployerWithholding/Documents/EFW2-EFW2C_reporting_inst_and_specs.pdf

EFW2/EFW2C Format Information

Bulk Upload

The Multi-Import or Upload feature in e-TIDES allows you to submit multiple records by uploading a single file. This feature is intended for tax practitioners and others who wish to submit for multiple clients without re-entering the data. For performance reasons, the uploaded files are limited to 20 MB. If your file is larger, you should break the file into several smaller ones, or remove non-required information. The e-TIDES website is www.etides.state.pa.us.

The EFW2/EFW2C file uploads follow the record layout as defined by the SSA for the annual W-2 wage records for individual employees, with modifications for PA. Any 1099 information and the REV-1667 Annual Withholding Reconciliation Statement (Transmittal) must be filed through a CSV upload or entered manually in e-TIDES.

You **must first file** the W-2 wage records, 1099-R distributions and 1099-MISC/1099-NEC income prior to filing the REV-1667 Annual Withholding Reconciliation Statement (Transmittal).

Any corrections made are not final until the corresponding REV-1667 Annual Withholding Reconciliation Statement (Transmittal) is submitted. The number of REV-1667s required depends on the number of Tax Years/Entity IDs the correction affects. For example, if the correction was needed to the Tax Year or Entity ID/PA Employer Account ID, it affects two different submissions and it may need two transmittals, or if the correction was needed only to the name or address, it affects only one submission and would need only one transmittal.

File or Enter Manually

You can file your W-2 wage records, 1099-R distributions, 1099-MISC/1099-NEC income and REV-1667 Annual Withholding Reconciliation Statement (Transmittal) in e-TIDES using the File Return/Payment link. The Employer W-2/1099 Menu allows you to **enter or edit** information that was filed manually or uploaded in e-TIDES.

If the REV-1667 Annual Withholding Reconciliation Statement (Transmittal) was not yet submitted, you can make manual corrections to the W-2 wage records, 1099-R distributions and 1099-MISC/1099-NEC income files that were uploaded using the File Return/Payment link. The Employer W-2/1099 Menu allows you to **enter or edit** information that was filed manually or uploaded in e-TIDES.

Original W-2 Wage Records Reporting – EFW2 File Format Specifications

The EFW2 specifications provides the option to upload the annual W-2 wage records for individual employees. If you have an individual that has 1099-R distributions or 1099-MISC/1099-NEC income, you must either upload them using the CSV file format or manually add them to the employer account from the File Return/Payment link in e-TIDES. Additionally, you must file the REV-1667 Annual Withholding Reconciliation Statement (Transmittal) through e-TIDES.

- If you do not have PA data for a text field, leave the field blank unless required
- All currency fields are required and must have a value. The amounts must be right justified and zero filled to the left. The last two digits for the Numeric/Currency fields are the decimals. Do not include the decimal point. Negative values are not accepted in any Numeric/Currency fields.
- Records submitted through e-TIDES must use carriage return line feed characters to terminate each line of data
- Duplicate SSN/ITIN records will be rejected and will not be added together
- If making an address correction, all address fields are required otherwise all address fields must be left blank
- Multiple companies can be submitted in one file. If submitting for multiple employer accounts, repeat each set of record types RE, RS and RV in this sequence, with only a single RA record at the beginning of the file and a single RF record at the end of the file.

For each row in the upload file, the following verification happens:

- All the required fields contain data
- The fields meet the length requirement
- PA Employer Account ID must be a valid Account ID registered with the Entity ID with PA

These are the specifications for a file to submit the original records.

“RA” Record – Submitter Record – Required by PA, use record layout defined in SSA Pub #42-007 EFW2. **PADOR will ignore the Resub Indicator in Location 29.**

“RE” Record – Employer Record – Required by PA, use record layout defined in SSA Pub #42-007 EFW2. **PADOR will ignore the Terminating Business Indicator in Location 26.**

Location	Field Name	Length	Field Description
1-2	Record Identifier	2	Must be "RE". Required.
3-6	Tax Year	4	Enter the Tax Year in CCYY format. Required.
7-7	Agent Indicator Code	1	If applicable, enter one of the following codes: 1 = 2678 Agent 2 = Common Paymaster 3 = 3504 Agent Otherwise, fill with blanks.

8-16	Employer Entity ID	9	Enter with no spaces or dashes. Required.
17-25	Agent Entity ID	9	If you entered a "1" in the Agent Indicator Code field (position 7), enter the client-employer's Federal EIN for which you are an Agent, with no spaces or dashes.

"RW" Record – Employee Wage Record – Not required by PA, please remove this record from your PA file.

"RO" Record – Employee Wage Record – Not required by PA, please remove this record from your PA file.

"RS" Record – State Wage Record – Required by PA, modified for PA Reporting, use record layout defined in SSA Pub #42-007 EFW2 for Location 1-247 and Location 268-337.

Note: If providing a wage record for an employee that has an Individual Taxpayer Identification Number (ITIN), enter zeros in the Social Security Number field in **Location 10-18**.

Location	Field Name	Length	Field Description
248-255	PA Employer Account ID	8	8-digit PA assigned Employer Account ID.
256-267	Blank	12	Leave it blank
338-346	Individual Taxpayer Identification Number (ITIN)	9	Enter employee's ITIN as shown on the card issued by SSA
347-512	Blank	166	Leave it blank

"RT" Record – Total Record – Not required by PA, please remove this record from your PA file.

"RU" Record – Total Record – Not required by PA, please remove this record from your PA file.

"RV" Record – State Total Record – Required by PA. There should be no "RS" records associated with a zero return.

Location	Field Name	Length	Field Description
1-2	Record Identifier	2	Must be "RV"
3-4	State Code	2	Must be "42" for PA State Wages and Withholding
5-8	Tax Year	4	Required
9-16	PA Employer Account ID	8	Required, enter with no dashes or spaces.
17-25	Employer Entity ID	9	Required
26-32	Number of RS Records when State Code equals "42"	7	Required
33-47	Total PA Taxable Wages when State Code equals "42"	15	Required

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48-62	Total PA Tax Withheld when State Code equals "42"	15	Required
63-512	Blank	450	Fill with blanks. Reserved for PADOR use.

"RF" Record – Final Record – Required by PA, modified for PA Reporting, use record layout defined in SSA Pub #42-007 EFW2. PADOR will ignore information in Location 3-475.

Location	Field Name	Length	Field Description
1-2	Record Identifier	2	Must be "RF"
476-482	Number of RS records when State Code equals "42"	7	Required
483-497	Total PA Taxable Wages of RS records when State Code equals "42"	15	Required
498-512	Total PA Tax Withheld of RS records when State Code equals "42"	15	Required

Corrected W-2 Wage Records Reporting – EFW2C File Format Specifications

The **EFW2C** specifications provide the information to upload the **corrections** to annual W-2 wage records for individual employees using EFW2C format. If you have an individual that has 1099-R distributions or 1099-MISC/1099-NEC income, you must either upload corrections using the CSV file format or manually add them to the employer account from the File Return/Payment link in e-TIDES.

- If you do not have PA data for a text field, leave the field blank unless required
- All currency fields are required and must have a value. The amounts must be right justified and zero filled to the left. The last two digits for the Numeric/Currency fields are the decimals. Do not include the decimal point. Negative values are not accepted in any Numeric/Currency fields.
- Records submitted through e-TIDES must use carriage return line feed characters to terminate each line of data
- Duplicate SSN/ITIN records will be rejected and will not be added together
- If making an address correction, all address fields are required otherwise all address fields must be left blank.
- Multiple employer accounts can be submitted in one file. If submitting for multiple employer accounts, repeat each set of record types RCE, RCS and RCV in this sequence, with only a single RCA record at the beginning of the file and a single RCF record at the end of the file.

These are the specifications for a file to submit the corrected records.

"RCA" Record – Submitter Record – Required by PA, use record layout defined in SSA Pub #42-014 EFW2C.

"RCE" Record – Employer Record – Required by PA, use record layout defined in SSA Pub #42-014 EFW2C except we need only following information.

Location	Field Name	Length	Required	Field Description
1-3	Record Identifier	3	Yes	Must be "RCE".
4-7	Tax Year	4	Yes	Enter the Tax Year in CCYY format.
8-16	Originally Reported Employer Entity ID	9		Leave this blank.
17-25	Employer Entity ID	9	Yes	Enter with no spaces or dashes.
26-26	Agent Indicator Code	1		If applicable, enter one of the following codes: 1 = 2678 Agent 2 = Common Paymaster 3 = 3504 Agent Otherwise, fill with blanks.
27-35	Agent Entity ID	9		If you entered a "1" in the Agent Indicator Code field (position 26), enter the client-employer's Federal EIN for which you are an Agent, with no spaces or dashes.

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"RCW" Record – Employee Wage Record – Not required by PA, please remove this record from your PA file.

"RCO" Record – Employee Wage Record – Not required by PA, please remove this record from your PA file.

"RCS" Record – State Wage Record – Required by PA, modified for PA Reporting, use record layout defined in SSA Pub #42-014 EFW2C with following additional details.

Location	Field Name	Length	Required	Field Description
1-3	Record Identifier	3	Yes	Must be entered it as "RCS"
4-5	State Code	2	Yes	Must be "42" for PA State Wages and Withholding.
16-24	Originally Reported Employee Social Security Number (SSN)	9	Yes**	With no spaces or dashes.
25-33	Correct Employee Social Security Number (SSN)	9	Yes**	With no spaces or dashes.
34-48	Originally Reported Employee First Name	15	Yes**	Enter the incorrectly reported first name.
49-63	Originally Reported Employee Middle Name or Initial	15		Enter the incorrectly reported middle name or initial.
64-83	Originally Reported Employee Last Name	20	Yes**	Enter the incorrectly reported last name.
84-98	Correct Employee First Name	15	Yes**	Enter the corrected employee's first name.
99-113	Correct Employee Middle Name or Initial	15		If applicable, enter the corrected employee's middle name or initial.
114-133	Correct Employee Last Name	15	Yes**	If applicable, enter the corrected employee's last name.
134-155	Location Address	22	Yes**	Enter the employee's location address (attention, suite, room number, etc.) for the employee named. Either Location Address or Delivery Address is required.
156-177	Delivery Address	22	Yes**	Enter the employee's mailing address (Street or Post Office Box). Either Location Address or Delivery Address is required.
178-199	City	22	Yes**	Enter the employee's city.
200-201	State Abbreviation	2	Yes**	Enter the employee's State or Commonwealth/Territory. Required for US Addresses.

202-206	ZIP Code	5		Enter a valid ZIP code. Required for US Addresses.
207-210	ZIP Code Extension	4		Enter the 4-digit extension of the ZIP code. If not applicable, fill with blanks.
216-238	Foreign State/Province	23		Required for Foreign Addresses.
239-253	Foreign Postal Code	15		Required for Foreign Addresses.
256-257	Country Code	2		2 character country code as specified in EFW2C Publication 42-014 .
344-363	Originally Reported PA Employer Account ID	20		Leave this field blank.
364-383	PA Employer Account ID	20	Yes	Enter the PA Employer Account ID with no spaces or dashes.
398-408	Originally Reported State Taxable Wages	11	Yes**	Enter the incorrectly reported data. Right justify and zero fill.
409-419	Correct State Taxable Wages	11	Yes**	Right justify and zero fill.
420-430	Originally Reported State Income Tax Withheld	11	Yes**	Enter the incorrectly reported data. Right justify and zero fill.
431-441	Correct State Income Tax Withheld	11	Yes**	Right justify and zero fill.
500-508	Originally Reported Individual Taxpayer Identification Number (ITIN)	9	Yes**	Enter Originally Reported employee's ITIN with no spaces or dashes. Leave it blank if the Originally Reported SSN was entered.
509-517	Correct Individual Taxpayer Identification Number (ITIN)	9	Yes**	Enter correct employee's ITIN with no spaces or dashes. Leave it blank if the Correct SSN was entered.
518-521	Originally Reported Suffix	4		Enter Originally Reported employee's Suffix.
522-525	Correct Suffix	4		Enter employee's correct Suffix.
649-649	Correction Type Code	1	Yes	D – Delete Record U – Update Record A – Add Record

**** Note:** Originally Reported fields are required when the record is required to be deleted or updated. Correct fields are required when new record to be added/updated using this EFW2C layout.

“RCT” Record – Total Record – Not required by PA, please remove this record from your PA file.

"RCU" Record – Total Record – Not required by PA, please remove this record from your PA file.

"RCV" Record – State Total Record – Required by PA.

All blank values in the dollar amount fields in the RCS records will be treated as zero dollar amounts for RCV total purpose.

Location	Field Name	Length	Required	Field Description
1-3	Record Identifier	3	Yes	Must be "RCV".
4-5	State Code	2	Yes	Must be "42" for PA State Wages and Withholding.
6-9	Tax Year	4	Yes	Enter the tax year in CCYY format.
10-17	PA Employer Account ID	8	Yes	This must match with PA Employer Account ID in first RCS record, with no spaces or dashes.
18-26	Employer Entity ID	9	Yes	This must match with Entity ID in the RCE record, with no spaces or dashes.
27-33	Number of Employee Records	7	Yes	Total number of RCS records.
34-48	Originally Reported Total PA Taxable Wages	15	Yes	Total of Originally Reported PA Taxable Wages in RCS records.
49-63	Correct Total PA Taxable Wages	15	Yes	Total of Correct PA Taxable Wages in RCS records.
64-78	Originally Reported Total PA Tax Withheld	15	Yes	Total of Originally Reported PA Tax Withheld in RCS records.
79-93	Correct Total PA Tax Withheld	15	Yes	Total of Correct PA Tax Withheld in RCS records.

"RCF" Record – Final Record – Required by PA, use record layout defined in SSA Pub #42-014 EFW2C.

All blank amounts in RCS record will be treated as zero dollar amount for RCF totals

Location	Field Name	Length	Required	Field Description
1-3	Record Identifier	3	Yes	Must be "RCF".
476-482	Number of Employee Records	7	Yes	Total number of RCS records.
483-497	Originally Reported Total PA Taxable Wages	15	Yes	Total of all Originally Reported PA Taxable Wages in RCS records.
498-512	Correct Total PA Taxable Wages	15	Yes	Total of all Correct PA Taxable Wages in RCS records.
513-527	Originally Reported Total PA Tax Withheld	15	Yes	Total of all Originally Reported PA Tax Withheld in RCS records.
528-542	Correct Total PA Tax Withheld	15	Yes	Total of all Correct PA Tax Withheld in RCS records.

Maryland Miscellaneous Forms and Guides



COUNTY RATES

Local tax is based on taxable income and not on Maryland state tax. Listed below are the actual 2025 local income tax rates.

We provide separate tables for the convenience of employers who do not withhold using an automated or computerized system, or who prefer to look up the amounts to be withheld manually. For these tables, we have continued our practice of grouping the local income tax rates into rate brackets. For 2025, we will use the following brackets: 2.25%, 2.40%, 2.65%, 2.75%, 3.00%, 3.05%, 3.10%, 3.20% and 3.30%. Refer to the county listing below and use the table that agrees with, or is closest to, without going below the actual local tax rate. Employers will use \$3,200 as the value of an exemption when using the withholding tables. There is no need to adjust for any reduction in the exemption amount as employees are instructed to reduce or “phaseout” the number of exemptions being claimed on their Exemption Certificate, Form MW507.

Note: For 2025, local rates for some counties have been adjusted (Anne Arundel*, Calvert, Cecil, Dorchester and St. Mary’s).

Allegany	3.03%	Howard	3.20%
Anne Arundel	see below*	Kent	3.20%
Baltimore County	3.20%	Montgomery	3.20%
Calvert	3.20%	Prince George’s	3.20%
Caroline	3.20%	Queen Anne’s	3.20%
Carroll	3.03%	St. Mary’s	3.20%
Cecil	2.74%	Somerset	3.20%
Charles	3.03%	Talbot	2.40%
Dorchester	3.30%	Washington	2.95%
Frederick	see below**	Wicomico	3.20%
Garrett	2.65%	Worcester	2.25%
Harford	3.06%	Baltimore City	3.20%

NOTE

* Anne Arundel Co. The local tax rates for taxable year 2025 are as follows:

For taxpayers with filing statuses of Single, Married Filing Separately and Dependent taxpayer, the local tax rates are as follows:

- (1) .0270 of Maryland taxable net income of \$1 through \$50,000;
- (2) .0294 of Maryland taxable net income of \$50,001 through \$400,000; and
- (3) .0320 of Maryland taxable income of over \$400,000;

For taxpayers with filing statuses of Married Filing Jointly, Head of Household, or Qualified Surviving Spouse, the local tax rates are as follows:

- (1) .0270 of Maryland taxable net income of \$1 through \$75,000;
- (2) .0294 of Maryland taxable net income of \$75,001 through \$480,000; and
- (3) .0320 of Maryland taxable net income over \$480,000;

Frederick Co. The local tax rates for tax year 2025 are as follows:

For taxpayers with filing statuses of Single, Married Filing separately, and Dependent taxpayer, the local tax rates are as follows:

- (1) .0225 for taxpayers who have a taxable net income between \$1 and not exceeding \$25,000;
- (2) .0275 for taxpayers who have a taxable net income between \$25,001 and not exceeding \$50,000
- (3) .0296 for taxpayers who have a taxable net income between \$50,001 and not exceeding \$150,000; and
- (4) .0320 for taxpayers who have a taxable net income of \$150,001 or more.

For taxpayers with filing statuses of Married Filing Jointly, Head of Household, or Qualified Surviving Spouse, the local tax rates are as follows

- (1) .0225 for taxpayers who have a taxable net income between \$1 and not exceeding \$25,000;
- (2) .0275 for taxpayers who have a taxable net income between \$25,001 and not exceeding \$100,000
- (3) .0296 for taxpayers who have a taxable net income between \$100,001 and not exceeding \$250,000; and
- (4) .0320 for taxpayers who have a taxable net income of \$250,001 or more.

Generally, nonresidents do not have a local tax rate; however, an additional state tax is withheld using the lowest local tax rate of .0225.

Withholding tables can be downloaded from the Comptroller's web site at marylandcomptroller.gov. If you do not have Internet access, you may call 410-260-7980 from Central Maryland or 1-800-MD-TAXES (1-800-638-2937) from elsewhere.

Maryland Unclaimed Property Guidelines

<https://www.marylandcomptroller.gov/content/dam/mdcomp/tax/legal-publications/tips/misc/taxtip19.pdf>

Business tax tip #19

Reporting Unclaimed Property

Businesses are required to report unclaimed property covered under **Commercial Law Article, Title 17, sections 301-326**. The following are answers to the most frequently asked questions about unclaimed property.

What is unclaimed property?

Mostly, it's money. Since **unclaimed property** often results from normal business operations, most businesses have unclaimed property. Examples include: unclaimed wages, commissions or other benefit distributions to employees; overpayments by customers or prepayments or refunds due to customers. Financial institutions, insurance companies and corporations must also report unclaimed bank accounts, contents of safe deposit boxes, insurance benefits, security deposits, stock dividends, travelers checks and other funds to the Comptroller's Office.

What about real estate, boats or cars?

No. Unclaimed property does not include real estate, boats or cars.

When is property considered unclaimed?

If an account at a financial institution or business has no activity or a check is unclaimed for three years, the property in that account is considered unclaimed and must be reported to the state. Uncashed travelers checks must be reported 15 years after the date of issue.

When do I report and remit unclaimed property?

Insurance companies are required to report unclaimed benefits to the Comptroller's Office by April 30 for the year ending the preceding December 31. Financial institutions and most other businesses with any type of unclaimed funds must report them by October 31 for the year ending the preceding June 30. The state of Maryland is a report-and-remit state.

How do I report unclaimed property?

Electronically: All holders are requested to file their reports electronically using the National Association of Unclaimed Property Administrators (NAUPA) format. Reports should be filed **online** on the Comptroller's Web site www.marylandtaxes.gov. The Web entry application is designed to eliminate the need for holders to file hard copy reports. All holders are given the option of a manual data entry function or a file upload. ACH transfer or voucher payment options are available.

While we prefer the electronic format, we will accept paper reports when there are less than 10 accounts over aggregate. CD-ROM, diskette and e-mailed reports are also acceptable; however, the Web entry method is preferred. E-mailed reports should be sent to: UPHOLDER@marylandtaxes.gov. Our Web entry system will not

accept "zip" files. Information regarding NAUPA format is available at www.unclaimed.org or by calling or e-mailing the Unclaimed Property Unit.

Hard copy: While we prefer the electronic format, we will accept paper reports when there are less than 25 accounts over aggregate. Unclaimed property reports may be filed on **Form COT/ST 918** and **Form COT/ST 919**. Instructions appear on the forms.

Holders may use their own reports as long as all necessary information is included. Accounts of \$100 or more must be reported individually. All accounts of less than \$100 may be reported together in one aggregate amount.

The following business transactions are excluded from unclaimed property reporting requirements for reports due on or after June 1, 1998:

Outstanding checks or credits and account credit balances issued to vendors or commercial customers in the ordinary course of business, and Purchase rebates issued to customers in the ordinary course of business.

Where do I file hard copy reports?

Report unclaimed property to the Comptroller of Maryland, Unclaimed Property Division, 7 St. Paul Street, Room 320, Baltimore, Maryland 21202. Businesses that have questions about reporting requirements or need forms should call the Unclaimed Property Unit at 410-767-1700 in the Baltimore area or 1-800-782-7383 from outside the Baltimore area.

What happens if I do not file?

If you are a holder of unclaimed property and do not file a report with the Comptroller's Office, you are subject to fines and penalties.

What happens after I report unclaimed property?

The comptroller advertises the names of recently reported unclaimed property owners throughout Maryland once a year.

Does the Comptroller's Office audit for unclaimed property?

Yes. Section 17-322 of the **Abandoned Property Act** states that the unclaimed property administrator may audit any business suspected of holding unreported unclaimed property. Comptroller's Office employees conduct audits for Maryland and reciprocal states. Contract auditors are also used for national firms.

What is the holder's obligation to contact the rightful owners?

Unclaimed property holders must send a notice to owners by first class mail a minimum of 30 days and a maximum of 120 days before reporting and remitting the property to the state. Notices must be mailed to all owners with amounts of \$100 or more.

What happens to the property if it remains unclaimed?

Maryland law is custodial, which means that the property may be claimed anytime during the individual's lifetime, or by legitimate heirs after the original owner's death.

What does the state do to locate unclaimed property owners?

In addition to the annual newspaper advertising campaign, the Comptroller's Office attempts to locate rightful owners by mail and through outreach programs at fairs, trade shows and shopping malls. The Comptroller's Office also matches data on unclaimed property accounts with IRS and other government agencies to locate out-of-state owners.

Does Maryland exchange property with other states?

Yes. Maryland has exchange agreements on unclaimed property with 43 states and the District of Columbia. There is an unclaimed property office in each state and in the District of Columbia.

Does the comptroller have records of unclaimed property belonging to businesses as well as individuals?

Yes. A substantial proportion of the unclaimed funds belong to businesses. The Comptroller's Office has records on approximately 758,000 accounts, dating back into the 1960s. These accounts are worth more than \$708 million.

How can we find out if there is unclaimed property belonging to our company?

Businesses should periodically call the unclaimed property office to find out if they are the owners of unclaimed funds. If your business is the owner of unclaimed property, file a **holder claim form** with the Unclaimed Property Unit and the funds will be sent to you without delay. For more information, contact the Unclaimed Property Unit by e-mail at UPHOLDER@marylandtaxes.gov regarding holder reporting; unclaim@marylandtaxes.gov regarding a claim or by phone at 410-767-1700 from the Baltimore area, or 1-800-782-7383 from outside the Baltimore area.

Maryland Unclaimed Property Report COT-ST918

https://www.unclaimed-property.marylandcomptroller.gov/docs/MD_Cover_Page.pdf



Brooke E. Lierman
Comptroller

Maryland Unclaimed Property Report

HOLDER: _____

FOR THE YEAR ENDED: _____ DUE DATE: _____

STATE OF INCORPORATION: _____

A. If you have **NO** unclaimed property to report for this period, check here:

B. If you **DO** have unclaimed property to report:

1. Enter total dollar amount of all accounts **LESS** than \$50.00 here: \$ _____
2. Use **FORM COM/CD 919** to report:
 - Individual accounts **\$50.00** and **GREATER**
 - Securities (stocks, bonds, certificates, etc.)
 - Safe Deposit Boxes
 - 10 Accounts or less

Enter total number of unclaimed accounts \$50.00 and **GREATER** listed on **FORM COM/CD 919** here: _____

IMPORTANT: We will notify owners to call you about this report, at: _____, unless you give a preferred telephone number here: _____

I declare under penalty of perjury that this report (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge is a true and complete report.

Signature _____ Title _____ Date _____

www.unclaimed-property.marylandcomptroller.gov • uphold@marylandtaxes.gov
7 St. Paul Street, Suite 320, Baltimore, MD 21202
Phone: 410-767-1700 • Toll-Free: 1-800-782-7383 • Maryland Relay: 711 TTY 410-767-1967

Federal I.D. Number: _____

Name of Company or Corporation: _____

Mailing Address: _____

Location Address: _____

City & State: _____ Zip Code: _____

Contact Person: _____

Telephone Number for Contact Person: _____

E-mail for Contact Person: _____

Property Categories	Number of Years Dormant
Dissolutions and Liquidation Proceeds	3
Federal Courts and Agencies	3
Membership Fees/Association Refunds	3
State Courts, Agencies, Political Subdivisions, Public Author-	3
Utility Deposits/Refunds	3
Wages/Commissions	3
Life Insurance -All Claims and Property	3
All Property Held by Fiduciaries	3
Capital Credits	3
Cashier Check	3
Casualty Insurance	3
Checking Accounts	3
Dividends	3
Nursing Home Resident's Account	3
IRA/Keogh/Employee Benefit Plans	3
Money Orders	3
Safe Deposit Boxes	3
Stocks and Other Shares in Business Associations	3
Savings Accounts	3
Traveler's Checks	15

Important!

This is only intended as a guide. Holders should refer to Maryland's Unclaimed Property law when reporting unclaimed property. Maryland Annotated Code, Commercial Law Article § 17-310.1



2025 YEAR-END PAYROLL & INFORMATION REPORTING SEMINAR

NOVEMBER 19, 2025

PRESENTED BY:

- ▶ JOE CAWLEY, CPA, CVA, TAX PRINCIPAL
- ▶ SHERRY CRACIUM-BOLIN, CPA, TAX PRINCIPAL
- ▶ ABBIE CAWOOD, CB, OUTSOURCED ACCOUNTING SENIOR MANAGER
- ▶ KAREN MACDONALD, OUTSOURCED ACCOUNTING SENIOR MANAGER
- ▶ BRIAN MARCHUCK, CPA, AUDIT PRINCIPAL

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PRESENTERS



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Abbie Cawood, CB
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AGENDA

- Year-End Payroll & Information Reporting Updates
- Maryland Tech Tax Effective 7/1/25
 - *10-Minute Break*
- COBRA
- Fringe Benefits
- Comprehensive Example
 - *10-Minute Break*
- Small Business Accounting Automation Tips & Tricks
- Information Returns

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YEAR-END PAYROLL & INFORMATION REPORTING UPDATES: FEDERAL

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W-2 REPORTING FOR TIPS

- H.R. 1: New deduction on individual tax return for qualified tips
- Qualified occupations that receive tips – eight categories
- Definition of qualified tips
- IRS providing transition relief for tax year 2025 for employers subject to new reporting requirements
- No change to 2025 W-2:
 - Taxpayers will use box 7
 - Suggest enter 3-digit code and amount in box 14

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W-2 REPORTING FOR OVERTIME

- H.R. 1: New deduction on individual tax return for qualified overtime – “premium” portion only.
- Amount is calculated as compensation beyond normal rate of pay (i.e. half portion of time-and-a-half compensation).
- Overtime is calculated based on FLSA – over 40 hours/week.
- IRS providing transition relief for tax year 2025 for employers subject to new reporting requirements.
- No change to 2025 W-2:
 - Suggest entering amount in box 14 with “OVT” as descriptor.

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OVERTIME CALCULATION EXAMPLE

- John's regular hourly rate is \$35/hour. His overtime rate is \$52.50 (one and half times his regular rate). From January to September 2025, he works 62 hours of overtime. October 1st John receives a raise. His new regular hourly rate is \$38/hour and his overtime rate is \$57. From October to December, he worked 11.50 hours of overtime.
 - $\$52.50 - \$35 = \$17.50$ (half portion of overtime) x 62 hours = **\$1,085**
 - $\$57 - \$38 = \$19$ (half portion of overtime) x 11.5 hours = **\$218.50**
 - $\$1085 + \$218.50 = \$1,303.50$ (reportable overtime on John's W2)

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RETIREMENT PLANNING – SECURE 2.0 ACT

- Final guidelines issued September 2025 by IRS.
- Provides “Super Catch-up” limits for employees age 60-63 (age as of 12/31).
- High earners required to use Roth Contribution for catch-up and super catch-up contributions:
 - SS Wages over \$145,000.
 - Effective 1/1/26, but IRS is allowing 2026 to be a transition year.
- Contact your retirement plan administrator to verify your plan is set up to accommodate new requirements.

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FMLA CREDIT

- Income tax credit for wages paid for qualifying family and medical leave per FMLA guidelines.
 - **Minimum credit:** 12.5% of wages paid.
 - **Maximum credit:** 25% of wages paid up to 12 credit weeks/employee.
- Introduced in tax year 2018 and extended several times; H.R. 1 made this permanent.
- **Requirements:**
 - Written policy providing at least 2 weeks annual paid family/medical leave.
 - **Qualified employees:** 2025 compensation limit/\$96,000.
 - **Qualified leave:** Family or medical, per FMLA guidelines.

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SICK PAY

- Coverage Period – Short Term vs. Long Term.
- Employer pays sick pay – normal wages.
- Third party pays employee/responsible for all filings or can transfer liability for taxes back to employer, but must:
 - Withhold and deposit employee's share of FICA/Medicare taxes (3rd party may withhold income taxes, if requested).
 - Notify employer of wages and withholdings within sufficient time for employer's next deposit.
- Form 8922 – Third Party Sick Pay Recap.

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FORM W-4

- There were substantial changes to the 2020 Form W-4, due to 2018 tax law:
 - Not mandatory for employees to fill out new form, unless changing withholding.
 - Employers must retain a Form W-4 for each employee.
 - IRS Withholding Estimator:
 - <https://www.irs.gov/individuals/tax-withholding-estimator>

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I-9 FORM & EMPLOYEE FILE BEST PRACTICES

• Form I-9:

- Most recent form – May 31, 2027:
 - Section 1 – Employee fills out.
 - Section 2 – Employer fills out.
- Failure to have on file could result in penalties.
- Maintain all employee I-9s in a separate file.

• Employee Files:

- Category 1 – Employment documentation, including pre- and post-employment.
- Category 2 – Medical forms and credit check results.

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NONPAYROLL INCOME TAX WITHHOLDING

- Form 945 was created to report federal income tax withheld on any non-payroll payments.
- Federal tax deposits must be made via EFT – can be paid through EFTPS.
- IRS will now process Form 945 tax refunds via direct deposit, but you can still choose to have an overpayment applied to a next return (effective March 25, 2025).
- Non-payroll payments include:
 - Employer retirement plans.
 - Back-up withholding.

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NONPAYROLL INCOME TAX WITHHOLDING (cont'd)

• Deposit Rules:

- Separate from payroll tax deposits.
- Monthly Deposit - \$50,000 or less in look-back period.
- Semiweekly Deposit - > \$50,000 in look-back period.
- One-day Deposit rule for \$100,000 or more.

- **Look-back Period** = Second calendar year preceding the current calendar year (2026=2024, 2025=2023).

- Penalties similar to payroll deposit rules.

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**YEAR-END PAYROLL & INFORMATION
REPORTING UPDATES:
PENNSYLVANIA**



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2026 PENNSYLVANIA WAGE LIMITS & WITHHOLDINGS

Social Security	\$184,500	6.2%
Medicare	No Limit	1.45%
State Income Tax	No Limit	3.07%
Local Income Tax	No Limit	Various
PA Unemployment	No Limit	0.07%
Futa	\$7,000	0.6%
PA Suta	\$10,000	Various
Additional Medicare	Greater than \$200,000	0.9%



Pg. 57 in Booklet ¹⁷

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PENNSYLVANIA NEW HIRE REPORTING

- Report new hires within 20 days of hiring date:
 - www.pacareerlink.pa.gov/iponline/Common/LandingPage/ReportNewHires




Pg. 59 in Booklet ¹⁸

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ELECTRONIC FUNDS TRANSFER - PENNSYLVANIA

- Mandatory electronic payment of all state tax payments of \$1,000 or more.
- Payment methods: ACH Debit, ACH Credit, Certified or Cashier's Check hand delivered, Credit/Debit cards.
- 3% penalty assessed (maximum of \$500).
- Mandatory electronic payment for unemployment if the total liability owed equals or exceeds \$5,000 per payment period.
- Once this threshold is met, all subsequent payments must also be remitted electronically.



Pg. 65 - 67 in Booklet ¹⁸

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PENNSYLVANIA PAYROLL & UNCLAIMED PROPERTY LAWS

- Pennsylvania law states: After two years, any un-cashed payroll checks are deemed abandoned and are subject to become property of the state.
- After three years, accounts payable checks are deemed abandoned. Refer to "Dormancy Matrix" on pg. 199.
- In certain cases, notices required to be sent to owner of property prior to transfer of unclaimed property to PA.
- For more information:
 - www.patreasury.gov



Pg. 60 in Booklet ²⁰

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YEAR-END PAYROLL & INFORMATION REPORTING UPDATES: MARYLAND



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2026 MARYLAND WAGE LIMITS & WITHHOLDINGS

Social Security	\$184,500	6.2%
Medicare	No Limit	1.45%
State Income Tax	No Limit	Various (Based on County)
Futa	\$7,000	0.6%
MD Suta	\$8,500	Various (Employer Only)
Additional Medicare	Greater than \$200,000	0.9%



Pg. 72 in Booklet ²²

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MARYLAND LOCAL TAX

- Maryland's 23 counties and Baltimore City levy local income tax.
- Rates range from 2.25% to 3.20% of taxable income, based on where the employee lives.
- Year-End W-2 Reporting: Not identified separately on W-2. Local tax is submitted to Maryland State and they distribute that to counties.
- 2026 Withholding Tax Facts (available in December):
 - <https://www.marylandtaxes.gov/pros/tax-facts/index.php>



Pg. 73 in Booklet ²³

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ELECTRONIC FUNDS TRANSFER - MARYLAND

- B-file system retired in January of 2024.
- Maryland Tax Connect introduced February of 2024:
 - Employer withholding and Sales & Use Tax returns.
 - New Business Registrations and applying for licenses.
 - Filing history can be accessed with taxpayer login.



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MARYLAND NEW HIRE REPORTING

Report new hires within 20 days of hiring date:

www.mdnewhire.com
OR
Fax to 888-657-3534



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MARYLANDSAVES PROGRAM

- Retirement savings (Roth IRA).
- Employee Savings only – no Employer match.
- No cost to Employer for plan administration.
- Employers who set up account by 12/31/25 receive waiver of MD PPT annual filing fee of \$300.



Pg. 80 - 81 in Booklet ²⁶

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MARYLANDSAVES PROGRAM (cont'd)

- Employers must recertify their exemption (existing retirement plan or non-automated payroll system) by 12/31 each year to receive waiver of MD PPT filing fee.
- **Websites:**
 - <http://www.marylandsaves.com/>
 - <http://www.marylandsaves.org/>



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MARYLAND PAID FAMILY AND MEDICAL LEAVE (FAMLI)

- **Timeline:**
 - November 2024 – Proposed regulations published – still DRAFT
 - April 2025 – Program is delayed until 2027/2028
 - 1/1/27 – Deductions/Contributions begin
 - 4/30/27 – Q1 report and contributions due
 - 1/3/28 – Benefits become available to employees
- **Guidelines:**
 - Private plan option.
 - Wage definition same as MD Unemployment.
 - No employer exemptions.

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MD PAID FAMILY AND MEDICAL LEAVE (FAMLI) (cont'd)

- **Contribution Guidelines:**
 - .90% of covered wages divided between employer/employee.
 - Employee - .45%.
 - 14 or fewer employees – employer contribution optional.
 - 15 or more employees – total contribution .90%.
 - Self-employed opt-in - .90%.
- Benefits/Qualifying events follow FMLA.
- Website:
 - <https://www.dlir.state.md.us/famli/>

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MARYLAND PAYROLL & UNCLAIMED PROPERTY LAWS

- Maryland law states: After three years, any uncashed payroll checks are deemed abandoned and are subject to become property of the state.
- After three years, accounts payable checks are deemed abandoned. Refer to "Dormancy Matrix" on pg. 228.
- Maryland requires the holder of the property presumed abandoned to send notice to the property owner prior to the transfer of unclaimed property to Maryland.
- For more information:
 - https://www.unclaimed-property.marylandcomptroller.gov/docs/MD_Holder_Reporting_Manual.pdf

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**MARYLAND TECH TAX
EFFECTIVE 7/1/25**



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MARYLAND SALES TAX ON IT SERVICES

- **3% sales tax rate effective 7/1/25.**
- **Sales of data or information technology service:**
 - NAICS codes 518, 519, 5415, 5132.
 - Cloud computing, cloud storage, hosting, and backup.
 - Web hosting and related services.
 - Data processing, analytics, and data services.
 - IT consulting, systems integration, software development services.
 - Software publishing and subscription models (SaaS).



Pg. 106 - 107 in Booklet ³²

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MARYLAND SALES TAX ON IT SERVICES (cont'd)

- **Compliance and Administration:**
 - Vendors (in or out-of-state) with Maryland customers must register, collect and remit 3% tax when applicable.
 - MD Tax Connect is used for registration and sales tax returns.
 - Out-of-state providers with economic nexus need to comply.
 - Sellers must classify services to determine if 3% tax applies.
 - Bundled services, if not properly itemized, could make the entire bundle subject to 3% tax.



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MARYLAND SALES TAX ON IT SERVICES (cont'd)

• Exemptions and Special Rules:

- Nonprofit or government entities – request exemption certificates.
- Multiple points of use Certificate:
 - When buyer is using in multiple states, including Maryland.
 - Must apply for certificate for each transaction.
- If service will be resold in its original state, buyer should issue a resale certificate to subcontractor.
- Website:
 - <https://www.marylandcomptroller.gov/individuals/2025-tax-updates.html>
- Technical Bulletin with more information:
 - <https://www.marylandcomptroller.gov/content/dam/mdcomp/tax/legal-publications/technical-bulletins/tb-56.pdf>

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Q&A

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10-MINUTE BREAK

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COBRA



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COBRA CONTINUATION COVERAGE

I. Requirements:

- Employer must provide written notice to each covered employee and spouse of rights to continuation coverage.
- Employer must notify plan administrator of death of employee, termination or reduction of hours, employee eligible for Medicare and Chapter 11 bankruptcy.
- Covered employee or qualified beneficiary must notify plan administrator of divorce and dependent child changes.
- Plan administrator to notify employee, spouse/dependent(s) of rights to continuation coverage.



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COBRA CONTINUATION COVERAGE (cont'd)

II. Exemptions:

- Employer employed fewer than 20 employees (Covered by the PA Mini-Cobra Act).
- Governmental plan.
- Church plan.




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COBRA CONTINUATION COVERAGE (cont'd)

III. Penalties:

- Excise tax in amount of \$100 per day (maximum \$200) for each qualified beneficiary.
- Penalty can be assessed for a period of up to 6 months after continuation coverage period.
- Correct failure - qualified beneficiary made whole.

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COBRA CONTINUATION COVERAGE (cont'd)

IV. Definitions:

- **Qualified Beneficiary:**
 - Spouse or dependent(s).
 - Covered employee (upon termination or reduction in hours).
- **Qualifying Event:**
 - Termination or reduction in hours.
 - Divorce or legal separation.
 - Dependent child ceases to be a dependent.
 - Death of covered employee.
 - Covered employee entitled to benefits under Medicare.
 - Chapter 11 bankruptcy proceedings.



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FRINGE BENEFITS

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FRINGE BENEFITS

- **Definition:** Form of pay for the performance of services **given** by employer to employee.
- **Taxation:**
 - Generally, fringe benefits are taxable as compensation, unless specifically excluded by the tax code.
 - Subject to federal income, Social Security, Medicare.
 - Employer elects what pay period to include fringe benefit in compensation (weekly, monthly, quarterly, or annually).
 - At least annually, and choice may vary among employees.
 - Federal withholding either add to regular wage for pay period or treat fringe benefit as supplemental wages and withhold at 22%.



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FRINGE BENEFITS – EXCLUSIONS UNDER TAX CODE

1. IRC Section 132 Exclusions:

- De-Minimis benefit.
- Employee discounts.
- No additional cost services.
- Working condition fringe benefit.



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FRINGE BENEFITS – EXCLUSIONS UNDER TAX CODE (cont'd)

2. Benefits Excluded By Other Code Sections:

- Accident and health benefits (except >2% S Corp. shareholder/employee and some H/C/E benefits).
- Achievement awards up to deductible amount.
- Dependent care assistance.
- Group term life insurance (except >2% S Corp. shareholder/employee).
- Educational assistance:
 - Student loan principal and interest payments.



Pg. 21 - 22 in Booklet ⁴⁵

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BUSINESS EXPENSE REIMBURSEMENT

- **Definition:**
 - Generally, business expense reimbursements are taxable as compensation, unless employer maintains an accountable plan.
- **Accountable Plan:**
 - Business connection.
 - Substantiation.
 - Return of excess amount.
 - Per diem or mileage allowances deemed substantiated up to federal rates.

A win-win proposition for employers.



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REPORTING EMPLOYEE EXPENSE REIMBURSEMENTS TRAVEL, TRANSPORTATION, MEAL AND ENTERTAINMENT EXPENSES

TYPE OF PLAN	EMPLOYER REPORTING REQUIREMENTS	SUBJECT TO EMPLOYMENT TAXES
Accountable plan		
Employer requires adequate accounting: 1) a business connection, 2) substantiation and 3) return excess advance	Not reported	N/A
Employer requires adequate accounting: 1) a business connection, 2) substantiation and 3) return excess advance; however, the employee does not return the excess.	Excess reported as wages - Box 1, Social Security wages - Box 3, and Medicare wages - Box 5	Excess subject to employment taxes
Special rules - per diem or allowance deemed to meet substantiation and excess return requirements		
1) Per diem or mileage allowance (up to government rate)	Not reported	N/A
2) Per diem or mileage allowance (exceeds government rate)	Excess reported as wages - Box 1, Social Security wages - Box 3 and Medicare wages - Box 5. Amount equal to government rate reported in box 12 Code "L"	Excess subject to employment taxes
Nonaccountable plan		
Employer does not require adequate accounting: 1) a business connection, 2) substantiation or 3) return excess advance.	Entire amount reported as wages - Box 1, Social Security wages - Box 3, and Medicare wages - Box 5; amount and description in Box 14	Entire amount subject to employment taxes



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SUBSTANTIATION OF EMPLOYEE BUSINESS EXPENSES – ADEQUATE ACCOUNTING AND RECORDKEEPING

	TRAVEL	MEALS AND ENTERTAINMENT	GIFT	CAR/TRANSPORTATION
AMOUNT	Amount of each separate expense for travel, lodging and meals. Incidental expenses may be totaled such as taxis, daily meals, etc.	Amount of each separate expense. Incidental expenses such as taxis, telephones, etc., may be totaled daily.	Cost of gift.	1) Amount of each separate expense including cost of car. 2) Mileage for each business use. 3) Total miles for tax year.
TIME	Date left and returned for each trip and number of days for business.	Date of meal or entertainment. For meals or entertainment directly before or after business meeting, date and duration of meeting.	Date of gift.	Date of expense or use.
PLACE	Name of city or destination.	Name and address of place of meal or entertainment. Type of entertainment if not apparent. Place where business meeting held if meal or entertainment before or after such meeting.	Not applicable.	Name of city or destination.
DESCRIPTION	Not applicable.	Not applicable.	Description of gift.	Not applicable.
BUSINESS PURPOSE	Business reason for travel or business benefit gained or expected to be gained.	Business reason for travel or business benefit gained or expected to be gained. Nature of business discussion or activity. Identity of persons who took part in the business discussion or activity.	Business reason for gift or business benefit gained or expected to be gained.	Business reason for the expense or use of the car.
BUSINESS RELATIONSHIP	Not applicable.	Occupations or other information about persons entertained that shows business relationship to you. You must prove you or employee present at meal.	Occupation or other information about recipient that shows business relationship to you.	Not applicable.



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LIMITATION OF CERTAIN BUSINESS EXPENSE DEDUCTIONS

- Business Meals:
 - 50% deduction beginning 1/1/23.
- Entertainment – nondeductible.
- Travel Expenses for Dependents.
- Moving Expenses.
- Employee Achievement Awards.

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GROUP-TERM LIFE INSURANCE

- Value of \$50,000 or less is a **Tax Free Fringe Benefit**.
- Value in excess of \$50,000 is a taxable benefit.
- S Corporation > 2% Shareholder/Employee is a **Taxable Fringe Benefit**.

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UNIFORM PREMIUM TABLE 1 IRC Section 79 Fair Market Value of GTL Insurance per \$1,000 of Excess Benefit per Month			
Under age 25	\$0.05	Age 50 - 54	\$0.23
Age 25 - 29	0.06	Age 55 - 59	0.43
Age 30 - 34	0.08	Age 60 - 64	0.66
Age 35 - 39	0.09	Age 65 - 69	1.27
Age 40 - 44	0.10	Age 70 & above	2.06
Age 45 - 49	0.15		

EXAMPLE: Employee's age at 12/31/25:	55
Employee's GTL benefit:	\$100,000
Employee's GTL deduction per month (after tax):	\$10.50
Taxable wages on the value in excess of \$50,000 (100,000 - 50,000) x .43 x .001 = \$11.00/month	\$132.00

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COMPANY PROVIDED VEHICLES

- Personal use of a company provided vehicle is usually a taxable fringe benefit, unless it meets one of the following exceptions:
 - Working condition fringe benefit.
 - De-Minimis benefit.
 - Qualified non-personal use vehicle.
 - Auto dealership demonstrator vehicle.

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COMPANY PROVIDED VEHICLES – TAXABLE PORTION

1) General Valuation Method

2) Safe Harbor Methods:

- Commuting Method
- Cents Per Mile Method
- Annual Lease Value Method



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COMPANY PROVIDED VEHICLES – SAFE HARBOR METHODS

1) Commuting Method - \$1.50 per one-way commute (\$3/day)

- Written policy prohibiting personal use other than commuting
- Employee using vehicle is not a control employee

2) Cents Per Mile Method - IRS standard mileage rate

- Vehicle driven at least 10,000 miles per year
- FMV of vehicle cannot exceed \$61,200
- Adjust standard rate if fuel is not provided

3) Lease Value Method - IRS Lease Value Table

- Vehicle value must be used for 4 years
- Add employer provided fuel



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GROSS-UP EXAMPLE - PENNSYLVANIA

PA DC: Taxable fringe benefits equal \$2,500.00	\$2,500.00	
Employee's YTD earnings = \$15,000.00		
(22% FIT, 6.2% Soc. Sec., 1.45% Medicare 3.07% State, .06% PA UC, 1% local)	100% - 33.78%	= \$3,775.29
Verification:		
\$3,775.29 x 22%		= \$830.56
\$3,775.29 x 6.20%		= \$234.07
\$3,775.29 x 1.45%		= \$54.74
\$3,775.29 x 3.07%		= \$115.90
\$3,775.29 x 1.0%		= \$37.75
\$3,775.29 x .06%		= \$2.22
Total Tax		= \$1,275.29
Mathematical proof:		
Taxable fringe benefit	\$2,500.00	
Total tax		1,275.29
Gross taxable fringe benefit		\$3,775.29

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GROSS-UP EXAMPLE - MARYLAND

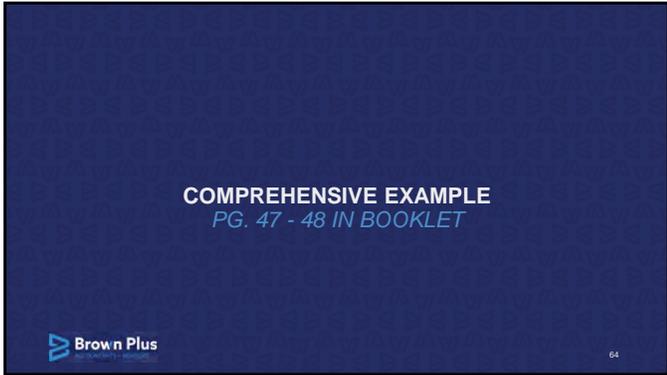
MD DC: Taxable fringe benefits equal \$2,500.00	\$2,500.00	
Employee's YTD earnings = \$15,000.00		
(22% FIT, 6.2% Soc. Sec., 1.45% Medicare 7.5% State)	100% - 37.15%	= \$3,977.73
Verification:		
\$3,977.73 x 22%		= \$875.10
\$3,977.73 x 6.20%		= \$246.62
\$3,977.73 x 1.45%		= \$57.68
\$3,977.73 x 7.5%		= \$298.33
Total Tax		= \$1,477.73
Mathematical proof:		
Taxable fringe benefit	\$2,500.00	
Total tax		1,477.73
Gross taxable fringe benefit		\$3,977.73

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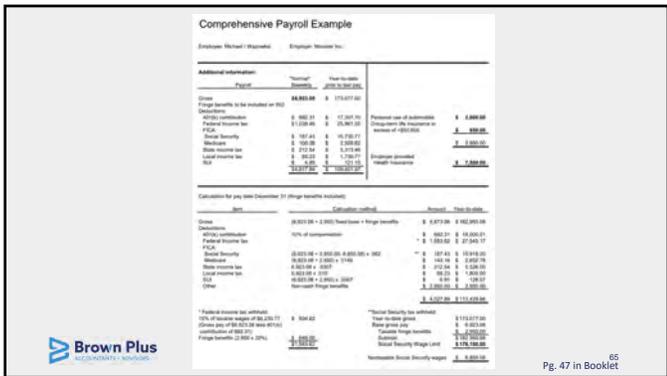
YEAR-END PREPARATION

1. Determine amount of taxable fringe benefit(s) by December 15.
2. Gross-up taxable fringe benefit, if necessary.
3. Deposit payroll taxes in accordance with deposit requirements.
4. Update payroll records - notify outside service bureau.
5. Include taxable fringe benefits in W-2 and 941 Wage Reconciliations.

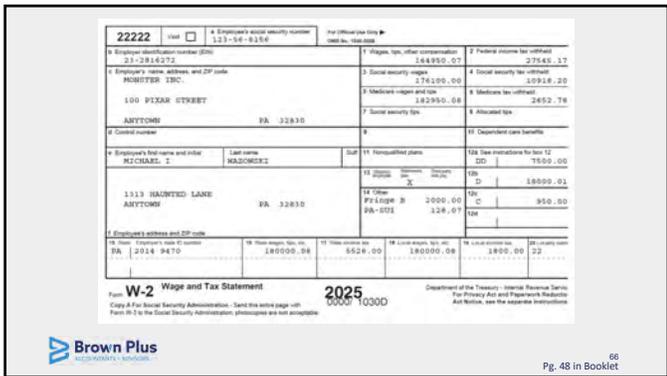
63



64

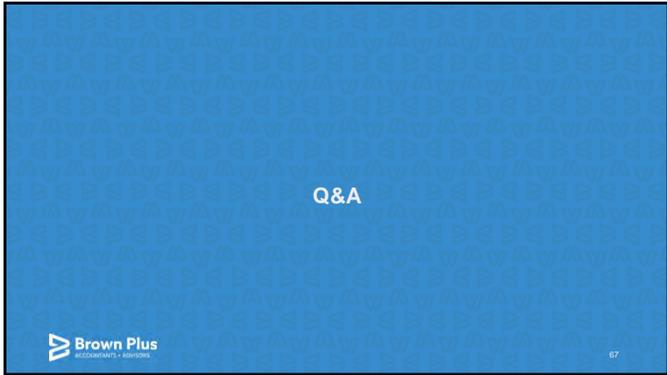


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66

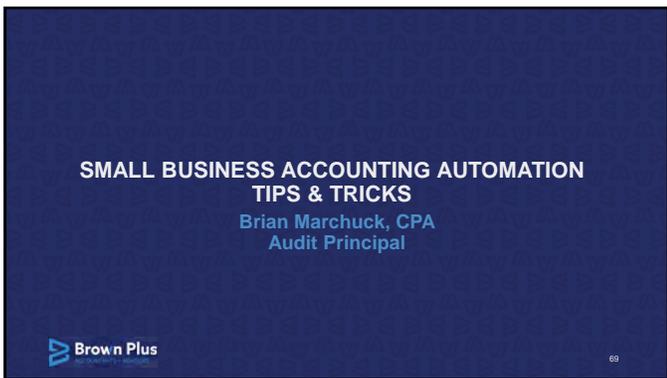




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AGENDA

- Why automate now?
- Core principles for small teams
- Workflow deep-dives: Accounts Payable (AP), Accounts Receivable (AR), bank feeds, expenses, payroll
- Month-end close and reporting
- Controls, security, and compliance
- Roadmap: 30 - 60 - 90 days, Return on Investment (ROI), and common pitfalls
- Resources and next steps

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WHY AUTOMATE YOUR ACCOUNTING?

- **Reduce manual entry** (40–70% of staff time in many small teams).
- **Faster cycle times:** close in days, not weeks.
- **Fewer errors,** stronger audit trail.
- **Better visibility:** real-time cash and Key Performance Indicators (KPIs).

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CORE PRINCIPLES

- **Standardize First:**
 - Define who does what, when, and how.
 - Lock in naming conventions and coding rules.
- **Automate Second:**
 - Use built-in rules before custom integrations.
 - Measure before / after.
- **Small Wins, Then Scale:**
 - Pilot one workflow.
 - Document and train.

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ACCOUNTS PAYABLE (AP): TIPS & TRICKS

- **Digital Intake:**
 - Use a single Accounts Payable (AP) inbox
 - Auto-forward bills from vendors
- **Optical Character Recognition (OCR) and Coding:**
 - Adopt Dext / Hubdoc / QuickBooks Online (QBO) Receipt Capture
 - Create vendor-specific coding rules
- **Approvals:**
 - 2-step; Amount thresholds + department owner
 - Mobile approvals
- **Payments:**
 - Batch via Bill.com / Melio
 - Schedule to due dates; use ACH when possible
- **Vendor Master Hygiene:** W-9 on file, ACH info verified, duplicate vendor prevention

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AP CONTROLS TO KEEP

- Segregate: Preparer vs. approver vs. payer (at least 2 of 3).
- Thresholds: e.g., > \$2,500 needs manager approval.
- Blocked vendors list and change alerts for banking details.
- Recurring vendor review every 6-12 months.

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ACCOUNTS RECEIVABLE (AR): TIPS & TRICKS

- **Invoicing:**
 - Templates with items / services pre-coded.
 - Automated invoice schedules for retainers.
- **Collections:**
 - Automatic reminders: 3 / 7 / 14 / 30 days.
 - Payment links on every invoice.
- **Cash Application:**
 - Bank rules to auto-match.
 - Customer-specific reference rules.
- **Offer Card / ACH options;** pass fees where allowed by policy.

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BANK FEEDS & RULES

- Turn on direct bank feeds for all accounts and cards.
- Rules strategy:
 - Start broad categories (fuel, subscriptions).
 - Add payee-specific rules for top 20 vendors.
- Use transaction memos to encode job / class / dept.
- Daily 5-minute reconcile habit to avoid month-end pileups.

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EXPENSE MANAGEMENT (CARDS & RECEIPTS)

- **Virtual/Department Cards:**
 - Set per-card limits and merchant controls.
 - Auto-lock on missing receipts.
- **Mobile Capture:**
 - Require receipt at point of spend.
 - Auto-categorize common merchants.
- **Policy in App:** meals limits, travel classes, tip guidelines.
- Auto-sync to General Ledger (GL) with classes / departments.

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PAYROLL & TIME TRACKING

- Integrate time kiosk / app; auto-approve by supervisor.
- Map earning codes to General Ledger (GL) classes / departments.
- Automate recurring stipends / benefits; audit quarterly.
- U.S. Form W-4 / U.S. Form I-9 e-collection; reminders for expiring docs / certs.

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MONTH-END CLOSE: CHECKLIST AUTOMATION

- Central checklist with owners and due dates.
- Auto-roll forward schedules (prepaids, accruals, deferrals).
- Recurring journal templates (payroll allocation, amortizations).
- Variance analysis prompts and saved views.

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REPORTING & DASHBOARDS

- **Core Key Performance Indicators (KPIs):**
 - Cash runway and burn.
 - Days Sales Outstanding (DSO) / Days Payables Outstanding (DPO), current ratio.
 - Gross margin %, labor %.
- Auto-distribute board packs monthly.
- Use classes / departments for segment views.
- Annotate reports with automated variance notes.

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DOCUMENT CAPTURE & RETENTION

- Auto-file bills, receipts, and statements by vendor / month.
- Name pattern: YYYY-MM Vendor Description Amount.
- Retention policy: 7 years (typical) with secure archive.
- Link documents to transactions for easy audits.

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NO-CODE AUTOMATION PLATFORMS

- Zapier / Make / Power Automate for glue between apps.
- **Great fits:**
 - AP inbox → Optical Character Recognition (OCR) → General Ledger (GL).
 - Time app → payroll system.
 - Customer Relationship Management (CRM) won-deal → recurring invoice.
- Start with event-driven triggers; add error alerts.

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USING AI AS A COPILOT

- Draft vendor / customer emails and collection notes.
- Categorize ambiguous transactions with explanations.
- Summarize variance drivers for monthly reporting.
- Generate Summary of Procedures (SOP) drafts from your best practices.

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SECURITY & ACCESS HYGIENE

- Single-Sign On (SSO) / Multi-factor Authentication (MFA) on all finance apps.
- Least-privilege roles; quarterly access reviews.
- Vendor bank change controls with call-backs.
- Backups and recovery tests; incident response plan.

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COMPLIANCE & AUDIT TRAIL

- Lock periods after close; use adjusting journal entry (JE) numbers.
- Document approvals in-app; avoid email-only approvals.
- Maintain W-9/1099 workflows; sales tax nexus monitoring.
- Exportable audit logs for each workflow.

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30-60-90 DAY ROADMAP

- **Days 1–30:**
 - Document current processes and roles.
 - Turn on bank feeds; pilot Accounts Payable (AP) intake + Optical Character Recognition (OCR).
- **Days 31–60:**
 - Implement approvals and payment batching.
 - Stand up expense cards and receipt policy.
- **Days 61–90:**
 - Automate close checklist and recurring journal entries (JEs).
 - Build Key Performance Indicators (KPI) dashboard and auto-distribution.

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SIMPLE ROI MODEL

- **Time Savings:**
 - Current hours per process vs automated.
 - Value time at fully-loaded rate.
- **Error Reduction:**
 - Chargebacks, late fees, rework hours drop.
- **Cash Impact:**
 - Days Sales Outstanding (DSO) / Days Payable Outstanding (DPO) improvements → working capital.
- **Target Payback:** ≤ 6 months on core tools.

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COMMON PITFALLS (AND FIXES)

- **Automating Chaos:**
 - Fix process and naming first.
- **Too Many Tools:**
 - Consolidate to a standard stack.
- **No Owner:**
 - Assign Responsibilities; add backup.
- **No Training:**
 - Short Summary of Procedures (SOPs), refresh quarterly.

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MINI CASE STUDY (EXAMPLE)

- **Baseline:**
 - Accounts Payable (AP) cycle 10 days; missing receipts; Days Sales Outstanding (DSO) 48.
- **Actions:**
 - Central inbox + Optical Character Recognition (OCR)+ approvals; virtual cards; reminders.
- **Results (90 days):**
 - Accounts Payable (AP) cycle 3 days; receipts 98%; Days Sales Outstanding (DSO) 36; close by day 5.

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RECOMMENDED STARTER STACKS

- **QuickBooks Online (QBO):**
 - Bill.com/Melio
 - Ramp/Divvy
 - Dext/Hubdoc
 - Gusto/ADP
 - Zapier/Power Automate
- **Xero:**
 - ApprovalMax
 - Airwallex/Wise
 - Hubdoc
 - Employment Hero/Deel
 - Make/Zapier

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SUMMARY OF PROCEDURES (SOPs) & TRAINING CADENCE

- One-page Summary of Procedures (SOP) per workflow [goal, steps, owner, Service Level Agreements (SLA)].
- Quarterly refresh and new hire onboarding module.
- Record 3-minute screen-capture walkthroughs.
- Track Service Level Agreements (SLA) performance on a team dashboard.

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NEXT STEPS & Q&A

- **This week:**
 - Choose pilot workflow and metrics.
 - Draft 1-page Statement of Policies (SOP); turn on bank feeds.
- **This month:**
 - Implement approvals + batch payments.
 - Launch Key Performance Indicators (KPI) dashboard email.
- **Resource:** Pg. 129 in booklet
- **Questions?**

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INFORMATION RETURNS

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1099 INFORMATION RETURNS

- Persons engaged in a trade or business.
- **Must report payments of \$600 or more in a calendar year to:**
 - Unincorporated Entity - Partnership, LLC, self employed.
 - Any legal service entity, regardless of incorporation.
 - Certain medical payments, regardless of incorporation.
- **1099-NEC:**
 - Nonemployee compensation.
 - Separate 1096.

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FILING DUE DATES

- **Form 1099-MISC:**
 - Due February 2, 2026, for paper forms.
 - Due March 31, 2026, for e-file.
- **Form 1099-NEC:**
 - Due February 2, 2026, for paper and e-file.
- A 30-day extension can be requested in writing by using Form 8809 and will be granted only for extraordinary circumstances or a catastrophe.
- All other types of 1099s can still be filed with the IRS by March 2 this year, if paper filing, and March 31, if filing electronically.

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PENNSYLVANIA 1099 REPORTING

- Report non-employee compensation and payments under an oil and gas lease amounting to \$600 or more.
- Use the copy of the Federal 1099-MISC or 1099-NEC.
- Federal Form 1096 is not required.
- If filing 10 or more 1099 forms, must file to PA through myPATH.
- The 2025 forms are due to PA by February 2, 2026.

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PENNSYLVANIA 1099 REPORTING (cont'd)

- **Act 43:**
 - Created nonresident withholding obligation for certain payers of PA-source income and rent paid to nonresident individuals.
 - Withholding is required when paying \$5,000 annually to a nonresident.
 - Withholdings paid electronically via myPATH.
 - Quarterly withholding returns & annual reconciliations.
 - REV-1832 (pg. 207 - 208 in booklet).

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MARYLAND 1099 REPORTING

- Participates in federal combined reporting program.
- Federal 1099-MISC and 1099-NEC only need to be submitted to Maryland if there is Maryland State Withholding.
- Submit with MD MW508:
 - If submitting 25 or more, must use MD SFTP.

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INFORMATION RETURN COMPLIANCE ISSUES

- **Independent Contractor vs. Employee:**
 1. Six Factor Test - Department of Labor (DOL);
 2. Opportunity for profit or loss depending on managerial skill;
 3. Investments by the worker and the employer;
 4. Permanence of the work relationship;
 5. Nature & degree of control;
 6. Whether the work performed is integral to the employer's business, and;
 7. Skill and initiative.
- **Three Prong Test (IRS):**
 1. Behavioral Control.
 2. Financial Control.
 3. Type of Relationship.
- **Voluntary Classification Settlement Program (VCSP).**

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INFORMATION RETURN COMPLIANCE ISSUES (cont'd)

- **Backup Withholding:**
 - Required withholding rate of 24%.
 - "B" Notices.

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FORM 1099-DA (DIGITAL ASSET)



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Q&A



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REFERENCE MATERIAL

1. List of Helpful Government Publications on IRS website:
www.irs.gov
2. W-9
3. COBRA Model Notices
4. I-9
5. PA Nonresident Withholding Requirements



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Pg. 130 - 228 in Booklet

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THANK YOU!

Please remember to fill out the evaluation survey!

 <p>Joe Cawley, CPA, CVA Tax Principal Brown Plus</p>	 <p>Karen MacDonald Outsourced Accounting Senior Manager Brown Plus</p>
 <p>Sherry Crackum-Bolin, CPA Tax Principal Brown Plus</p>	 <p>Brian Marchuck, CPA Audit Principal Brown Plus</p>
 <p>Abbie Cawood, CB Outsourced Accounting Senior Manager Brown Plus</p>	



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