



August 2016 Newsletter
Email Subject: Special Payroll Edition

Payroll Laws Regarding Overtime Pay Change December 1, 2016

The Overtime Rule

In 2014, President Obama directed the Secretary of Labor to update the overtime regulations to reflect the original intent of the Fair Labor Standards Act, and to simplify and modernize the rules so they're easier for workers and businesses to understand and apply. The department has issued a final rule that will put more money in the pockets of middle class workers – or give them more free time.

The Final Rule Will:

- Raise the salary threshold indicating eligibility from \$455/week to \$913 (\$47,476 per year), ensuring protections to 4.2 million workers.
- Automatically update the salary threshold every three years, based on wage growth over time, increasing predictability.
- Strengthen overtime protections for salaried workers already entitled to overtime.
- Provide greater clarity for workers and employers.

The final rule will become effective on **December 1, 2016**, giving employers more than six months to prepare. The final rule does not make any changes to the duties test for executive, administrative and professional employees.

For more information, please visit <https://www.dol.gov/featured/overtime> or contact our office at (208) 376-8808.

Payroll Filing Deadlines Change for 2016 Tax Year

Employers, payroll providers prepare for accelerated filing deadlines

If your company has gotten used to filing payroll forms in February, beware: you may no longer be able to do so!

The Protecting Americans from Tax Hikes Act of 2015 (PATH Act) accelerated the due date for filing Form W-2, Wage and Tax Statement and Form W-3, Transmittal of Wage and Tax Statements, and any returns or statements required by the IRS to report nonemployee compensation to **January 31**. The change is scheduled to take effect for returns and statements required to be filed in 2017. At this time, many employers and payroll providers are reprogramming their systems for the accelerated due date.

Filing requirements

Every employer engaged in a trade or business who pays remuneration, including noncash payments of \$600 or more for the year for services performed by an employee must file a Form W-2 for each employee from whom income, social security, or Medicare tax was withheld or income tax would have been withheld if the employee had claimed no more than one withholding allowance or had not claimed exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate.

Revised deadline

Under the PATH Act, the due date has been accelerated to January 31 (previously the last day of February), effective for Forms W-2, W-3 and information returns relating to calendar years beginning after December 18, 2015. The accelerated filing date of January 31 for Forms W-2 and W-3 matches the due date for providing wage statements to employees and written statements to payees receiving nonemployee compensation. One consequence of the PATH Act is that these returns no longer qualify for the extended due date of March 31 for filing electronically.

Penalties

Employers that fail to file a correct Form W-2 by the due date may be subject to a penalty under Code Sec. 6721. Higher penalties apply to returns required to be filed after December 31, 2016 and are indexed for inflation. Forms W-2 with incorrect dollar amounts may be eligible for a new safe harbor for certain minor errors.

If you have any questions about the new filing deadlines, please contact our office at (208) 376-8808.

REMINDERS

September 15th Deadlines Require Your Attention Now!

Individuals. Make a payment of your 2016 estimated tax if you are not paying your income tax for the year through withholding (or will not pay in enough tax that way). Use Form 1040ES. This is the third installment date for estimated tax in 2016. For more information, see Publication 505.

Corporations. File a 2015 calendar year income tax return (Form 1120) and pay any tax, interest, and penalties due. This due date applies only if you timely requested an automatic 6-

month extension. If applicable, deposit the third installment of estimated income tax for 2016. A worksheet, Form 1120W, is available to help you estimate your tax for the year.

S Corporations. File a 2015 calendar year income tax return (Form 1120S) and pay any tax due. This due date applies only if you timely requested an automatic 6-month extension. Provide each shareholder with a copy of Schedule K1 (Form 1120S) or a substitute Schedule K1.

Partnerships. File a 2015 calendar year return (Form 1065). This due date applies only if you were given an additional 5-month extension. Provide each partner with a copy of Schedule K1 (Form 1065) or a substitute Schedule K1.

Office Hours:

Our current office hours are **Monday** through **Thursday** from **9:00 am to 5:00 pm** and we are **closed on Friday**.

Additional Notes for Ann:

1. We can fill with items in the margins, but the goal is to make these shorter than what we have in the past, especially since we no longer have the capability to post the first paragraph and then send a link to our website with the entire article.
2. Let's set the send time for Monday, August 22nd at 7:30 a.m.