

FEDERAL STATE AND LOCAL GOVERNMENTS

PRESENTS

YOUR EMPLOYMENT TAX RESPONSIBILITIES

PRESENTER



INDIANA REVENUE AGENT:

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USEFUL PUBLICATIONS FOR GOVERNMENT ENTITIES

Publication 15-A..... Employer's Supplemental Tax Guide
 Publication 15-B..... Employer's Tax Guide to Fringe Benefits
 Publication 501..... Estate Taxes Publication
 Publication 563..... Federal, State Reference Guide
 Publication 463..... Travel, Entertainment, Gift & Car Expense
 Publication 966..... Electronic Fed Tax Payment System
 Publication 7787..... CD Rsm Revenue Guide for Pension Plans
 Publication 1231..... Backup Withholding Requirements

Useful Telephone Numbers

Excise Tax Assistance..... 1-866-409-4096
 Toll Free Call Site for Gov Entities..... 1-877-829-5500
 Toll Free Forum Order Site..... 1-800-829-3676
 1099 and W-2 Assistance..... 1-866-455-7438

Internet: www.irs.gov/irs211 and www.irs.gov
 Webcast: www.irs.gov/goventities

Local Contacts: Raelane Hoff: raelane.hoff@irs.gov; 812-231-6502

Section 213 Information

State Social Security Administrator:
 Tom Parker..... 317-233-4144
tparker@gov.in.gov

WHERE TO GET INFORMATION

- <http://www.irs.gov/govt/fslg/content/0..id=117706.00.html>

 Internal Revenue Service
United States Department of the Treasury

Educational Products

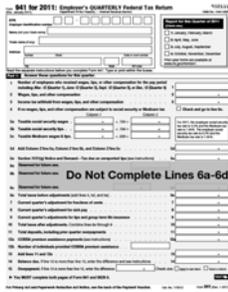
Publication 963, Federal State Reference Guide
The November 2002 revision of this publication provides government employees a comprehensive reference guide for Social Security and Medicare coverage and Federal Insurance Contributions Act (FICA) tax withholding issues.

Fringe Benefits Guide - Revised January 2009
In-depth discussion of meal allowances, travel, transportation, moving expenses, education and other common fringe benefit situations for public employees.

Quick Reference Guide for Public Employees
A brief guide to information reporting and employment tax rules, including social security coverage and fringe benefits, for government employees.

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DO I NEED TO FILE A 941 RETURN?



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WHO MUST FILE FORM 941

- Employers subject to withholding income tax
- Employers subject to withholding Social Security and Medicare taxes
- Seasonal Employers - only quarters in which they pay wages or have tax liability

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	<p>Employer's Quarterly Federal Tax Return (Form 941)</p>
	<ul style="list-style-type: none"> ■ Use Form 941 to report <ul style="list-style-type: none"> - Wages, tips, plus other compensation subject to income tax withholding, Social Security and Medicare ■ Due in the month following the close of the calendar quarter

	<p>DUE DATES OF FORM 941</p>
	<ul style="list-style-type: none"> ■ QUARTERLY TAX RETURN <ul style="list-style-type: none"> -April 30 -July 31 -October 31 -January 31

	<p>Form 944 Employer's Annual Federal Tax Return</p>
	<ul style="list-style-type: none"> ■ Employment tax liability is < \$1,000 ■ IRS will notify those who qualify for Form 944 ■ Can request to file Form 941 (must write by March 15, 2011 or call by April 1, 2011) ■ Due 1/31/XX after the end of calendar year

	EMPLOYMENT TAXES
	<ul style="list-style-type: none"> ■ Income tax withholding based on W-4 ■ 4.2% Employee's and 6.2% Employer's share of FICA (2011) ■ 1.45% Employee's and 1.45% Employers share of Medicare

	Summary of Federal Payroll Taxes FOR Calendar Year 2011
	<ul style="list-style-type: none"> ■ Social Security <ul style="list-style-type: none"> ● 6.2% (ER) + 4.2% (EE) = 10.4% (Form 941 and Form 944) ● for the first \$106,800 in wages ■ Medicare <ul style="list-style-type: none"> ● 1.45% (ER) + 1.45% (EE) = 2.9% (Form 941 and Form 944) ● No Limit

	Wage and Tax Statements Form W-3/W-2
	
	<ul style="list-style-type: none"> ■ You must furnish a form W-2 to each employee by January 31 ■ File W-2s and W-3 cover sheet to the Social Security Administration by February 28

**** Reconciliation Tip ****

Reconcile your payroll reports

- Determine Gross wages
- Prepare worksheet showing types of payments included in each wage calculation: FIT wages, FICA wages, Medicare wages
- Special Rules for Various Types of Fringe Benefits –Pub 15-B, page 5

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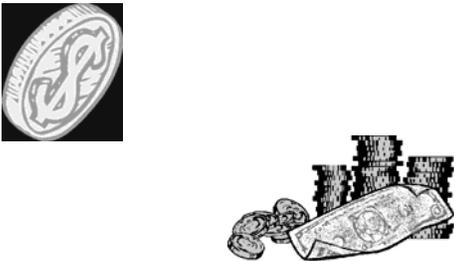
**** Reconciliation Tip ****

Reconcile your forms

- Add totals for FIT wages, FICA wages, and Medicare wages on all (4) Form 941
- Match 941 Total to W-2/W-3 Total for each wage category
- ALL SHOULD AGREE

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**FTD
(Federal Tax Deposit)**



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	<h2>What Payroll Taxes to Deposit?</h2>
	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;"><u>Monthly/Quarterly/Semi Weekly Deposits</u></p> <ul style="list-style-type: none"> ■ Federal Income Tax (FIT)- IRS ■ Employer's and Employee's Social Security & Medicare (FICA) </div>

	<h2>Depositing Taxes</h2>
	<p>There are three types of Depositors:</p> <ul style="list-style-type: none"> ■ Monthly ■ Quarterly – <i>Form 944 ONLY</i> ■ Semi-Weekly <p>Based on the amount of liability for the four quarters in the period starting July 1, 2009 to June 30, 2010. (Lookback period)</p>

	<h2>LOOKBACK PERIOD</h2>
	<ul style="list-style-type: none"> ■ JULY 1 to JUNE 30 of prior years (ie. 7/1/09 through 6/30/10) ■ \$50,000 or less vs. >\$50,000 ■ DETERMINES YOUR DEPOSIT SCHEDULE <ul style="list-style-type: none"> ■ MONTHLY OR SEMIWEEKLY



Depositing Taxes

You are a Monthly depositor if:

- Your total taxes for the lookback period is less than \$50,000
- Deposit taxes on the 15th day of the next month
- A new employer is a monthly schedule depositor if annual liability over \$1,000

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DEPOSITING TAXES

■ You are a Quarterly depositor ONLY if:

- You file a Form 944 and your liability is \$2,500 or more for the year but less than \$2,500 for the quarter
- Deposit by the end of the month following the month after the quarter
- Form 941 filers *CANNOT Deposit quarterly*

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Depositing Taxes



You are a Semi-weekly depositor if you meet one of these two conditions:

- Total taxes for the lookback period is greater than \$50,000.
- The \$100,000 rule was applied any time this year.

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SEMIWEEKLY DEPOSIT SCHEDULE	
If Payday Falls on a...	Then Deposit by the Following...
Wednesday, Thursday and/or Friday	Wednesday
Saturday, Sunday, Monday and/or Tuesday	Friday

\$100,000 Next Day Rule	
<p>If you accumulate \$100,000 or more in tax liability, you must deposit the <u>next</u> banking day.</p>	

DEPOSIT RULES:	
<ul style="list-style-type: none"> ■ COBRA Premium Assistance payments are considered deposited on the first day of the return period ■ Can reduce your deposit amounts by COBRA Premium Assistance payments you claim on the return ■ Documentation must be maintained for the COBRA "credit" 	

	<p>DEPOSIT RULES:</p>
	<p style="text-align: center;"><u>PAYMENT WITH RETURN</u></p> <ul style="list-style-type: none"> ■ LIABILITY <u>LESS</u> THAN \$2,500 ■ <u>NO SEMIWEEKLY DEPOSITOR CAN SEND A PAYMENT WITH THEIR FORM 941</u> <p style="text-align: right;"><small>25</small></p>

	<p>DEPOSIT RULES (CONT'D)</p>
	<p style="text-align: center;"><u>PAYMENT WITH RETURN</u></p> <p><i>Monthly Depositor</i> - \$\$ can exceed \$2,500 if employer meets:</p> <ul style="list-style-type: none"> ■ Not more than \$100/2% rule AND ■ Shortfall paid by due date Form 941 <p style="text-align: right;"><small>26</small></p>

	<p>How to Make Payroll Tax Deposits?</p>
	<ul style="list-style-type: none"> ■ Electronic Federal Tax Payment System (EFTPS) ■ <u>www.eftps.gov</u> <p style="text-align: right;"><small>27</small></p>

Penalties and Interest



- 2% - if deposit is 1-5 days late
- 5% - if deposit is 6-15 days late
- 10% - if deposit is more than 16 days late
- 15% - 10 days after receiving a notice
- 10% - paying with return or directly to the IRS
- 10% - for not using EFTPS if required

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KEY TO RESPONDING TO NOTICES

- Follow directions on the notice!
- Recheck your W-2/W-3s against Form 941 or Form 944
- Check your deposit dates and method of deposit

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FORM 94X: CORRECTING EMPLOYMENT TAXES

Tax Exempt/Government Entities Division
Federal, State and Local Governments

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CORRECTIONS OF UNDERPAYMENTS

- Payment due by the time the adjusted return is filed.
 - EFTPS
 - Check or money order
 - Credit card (for most X forms)
 - *Timely payment will satisfy the employer's deposit obligations with respect to the adjustment.*

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EXCEPTIONS TO INTEREST-FREE TREATMENT

- Prior Audit
- Knowingly underreported
- Notice and demand
- Notice of Determination of Worker Classification (Letter 3523)

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MISCLASSIFIED EMPLOYEES

- Employer failed to file a return for a return period solely because the employer failed to treat any individuals as employees
- Employer can make an interest-free adjustment to report the tax due with respect to the reclassified workers.

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	WHO ARE GOVERNMENT EMPLOYEES?

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	GOVERNMENTAL ENTITY EMPLOYEES
	<ul style="list-style-type: none">- Elected and Appointed Officials- Volunteer Firefighters- Election Workers paid > \$1,500- All Groups under a Section 218 Agreement

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	Elected And Appointed Officials
	<p>Examples</p> <ul style="list-style-type: none"> - Mayor - City Attorney - Judge or Justice of the Peace - Building Inspector - Board Members (Health, Drainage, Council, etc) - Road Commissioner - Animal Control Officer <p style="text-align: right;"><small>43</small></p>

	VOLUNTEER FIREFIGHTERS
	<ul style="list-style-type: none"> ■ Volunteer firefighters are employees for tax purposes if they meet the common law tests ■ All employment tax rules apply ■ Per diem/Per call, Training/Meeting payments—considered wages—subject to all employment taxes ■ Allowance or Reimbursement of protective fire clothing—follows accountable plan rules, non-taxable with receipt ■ Allowance or Reimbursement of mileage—commuting to fire station is personal, taxable to employee <p style="text-align: right;"><small>44</small></p>

	ELECTION WORKERS
	<ul style="list-style-type: none"> ■ Wages <u>exempt</u> from Federal Income Tax withholding ■ Wages <u>exempt</u> from SSA and Medicare withholding up to \$1,500 ■ Wages subject to W-2 reporting if paid \$600 or more in a calendar year ■ All income paid Poll Workers is includible on their income tax return ■ Revenue Ruling 2000-6 Reference <small>45</small>

	<h2>GOVERNMENTAL ENTITY EMPLOYEES</h2>
	<ul style="list-style-type: none"> ■ Effective 4/1/86, State and local government employees who are not covered for social security under a Section 218 Agreement or by mandatory law, and who were hired or rehired after March 31, 1986, are subject to mandatory Medicare only coverage ■ Effective 7/1/91, full social security is mandatory, for all State and local government employees who are not covered by a qualified retirement system—IRC 3121(d)(4)

	<h2>Cash Wages</h2>
	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <ul style="list-style-type: none"> ■ Cash ■ Salary ■ Vacation Pay ■ Sick Leave ■ Per Diems/Per Call Stipends </div> 

	<h2>Non-Cash Wages</h2>
	<div style="display: flex; align-items: center;">  <div style="border: 1px solid black; padding: 5px;"> <ul style="list-style-type: none"> ■ Fringe Benefits ■ Fair market value of non-cash payments (i.e., meals, lodging or personal use of business car) </div> </div>

INDEPENDENT CONTRACTOR VS EMPLOYEE



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EMPLOYEE DEFINED:

- IRC 3121(d) and Reg. 31.3121(d)-1
 - Any individual under usual common law rules
 - Any individual who performs services for pay for any person:
 - Statutory Employees

■ Continued on next slide

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COMMON LAW STANDARD

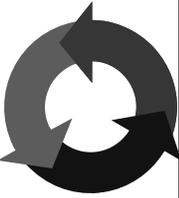
- Employer-employee relationship exists when the business for which the services are performed has the right to direct and control the worker who performs the services

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	COMMON LAW (Continued)
	<p>– Worker is subject to the will and control of the business:</p> <ul style="list-style-type: none">▪ not only as to <u>what</u> work shall be done but also ▪ <u>how</u> work shall be done ▪ Continued

	EMPLOYEE (Continued)
	<p>– Any individual who performs services that are included under an agreement entered into under Section 218 of Social Security Act</p> <p>– ENTERED INTO BETWEEN GOVERNMENTAL AGENCY AND THE SOCIAL SECURITY ADMINISTRATION</p>

	Common Law Factors
	<div style="border: 1px solid black; padding: 10px; text-align: center;">IRS has 3 main categories of evidence</div>

	<h2>Categories of Evidence</h2>
	<p>Facts that provide evidence of the degree of control and independence fall into three categories.</p> <ul style="list-style-type: none"> ■ Behavioral Control ■ Financial Control ■ Relationship of the Parties 

	<h2>Independent Contractor vs. Employee</h2>
	<ul style="list-style-type: none"> ■ Publication 1779 Provides factors used to help determine worker status as either an independent contractor or an employee ■ SS-8 Can be filed by firm or worker with Internal Revenue Service to determine worker status

	<h2>Behavioral Control</h2>
	<ul style="list-style-type: none"> ■ Are instructions provided? ■ Who determines work schedule—hours/days, locations etc? ■ Is training provided? ■ Are there required methods or procedures to follow? ■ What assistants are hired to help with the work? ■ Who decides where to purchase supplies and services?

	<h2 style="text-align: center;">Financial Control</h2>
	<ul style="list-style-type: none"> ■ Who provides the office space, supplies, computer, and other business equipment? ■ Are there unreimbursed business expenses? ■ Who pays assistants? ■ What is payment arrangement (i.e. hourly rate, monthly or by job)? ■ Does the worker advertise services? ■ Does the worker seek additional business opportunities and work in the relevant market? ■ Is there an opportunity to make a profit or loss as a result of business decisions?

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	<h2 style="text-align: center;">Relationship of the Parties</h2>
	<ul style="list-style-type: none"> ■ Does the payer provide benefits (paid leave, health, life, pension, etc)? ■ Is the worker covered by payer's insurance? ■ Is there a continuous relationship? ■ Is there a written contract? ■ Are the services provided an integral part of the business operation?

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	<h2 style="text-align: center;"><u>Independent Contractor</u></h2>
	<p>•Some Factors that may indicate A Worker IS AN Independent contractor</p> <ul style="list-style-type: none"> ■ <i>Makes own schedule</i> ■ <i>Buys own products</i> ■ <i>Has own phone number</i> ■ <i>Furnishes own supplies</i> ■ <i>Furnishes own equipment</i> ■ <i>Makes a profit or loss as a result of his own business decisions</i>



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Employees...

•Some Factors that may indicate A worker IS AN employee

- *Required to wear uniforms*
- *Required to work certain hours*
- *Does not handle own sales receipts*
- *Does not make own appointments*
- *Owner provides training*
- *Owner provides supplies and materials*
- *Can quit job without liability to employer*
- *Stands no risk of loss*

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Employee or Independent?

- Funding for the work is through a Grant
- Careful analysis should be made to determine if common law factors are present
- Form SS-8 can be submitted for determination of treatment

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Independent Contractor/Employee

The bottom line:

Each case is dependent on the exact facts and circumstances and the evaluation of the control factors...

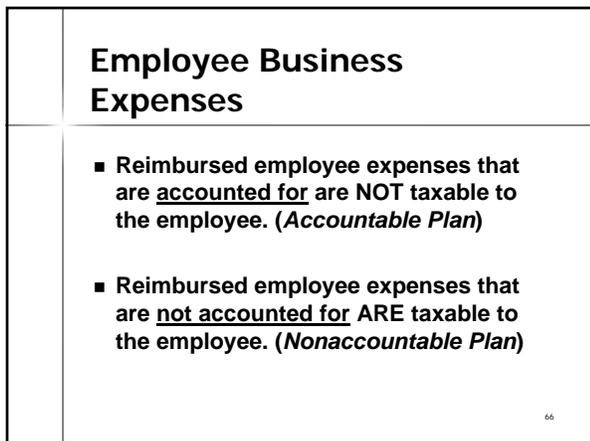
If you have an employer-employee relationship, it makes no difference how it is labeled

The substance of the relationship, not the label nor source of funding, govern the worker's status

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	ACCOUNTABLE PLAN
	<ul style="list-style-type: none"> ■ Business Connection Directly related to Trade or Business Deductible on 1040 ■ Adequate Accounting Verify: Time, Place, Amount, Business purpose ■ Return Excess timely Methods—Periodic Statement , Fixed Date
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	NON-ACCOUNTABLE PLAN:
	<ul style="list-style-type: none"> ■ DOES NOT MEET ALL 3 REQUIREMENTS FOR AN ACCOUNTABLE PLAN ■ BENEFIT IS FULLY TAXABLE WHEN PAID
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	Definition and Taxability of Fringe Benefits
	<ul style="list-style-type: none"> ■ A fringe benefit is a form of pay for the performance of services <ul style="list-style-type: none"> - Property - Services - Cash or Cash Equivalent ■ All fringe benefits are taxable and must be included in the recipients pay unless the law specifically excludes it.
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	<p>Working Condition Fringe IRC 132(d)</p>
	<p>Requirements:</p> <ul style="list-style-type: none"> ■ Benefit must relate to employer's business ■ Employee would have been entitled to a 1040 deduction ■ Business use must be substantiated with records ■ Additional requirements for: Employer-provided vehicles, etc. <p style="text-align: right;"><small>73</small></p>

	<p>MEAL ALLOWANCES/ REIMBURSEMENTS</p>
	<div style="text-align: center;">  </div> <p style="text-align: right;"><small>74</small></p>

	<p>MEAL ALLOWANCES/REIMBURSEMENTS</p>
	<ul style="list-style-type: none"> ■ Meals While Traveling ■ Meals While Not Traveling <ul style="list-style-type: none"> – Meals with meetings or entertainment – De minimis meal allowances <p style="text-align: right;"><small>75</small></p>

	<p>MEAL ALLOWANCES/REIMBURSEMENTS</p>
	<ul style="list-style-type: none"> ■ Meals While Traveling <ul style="list-style-type: none"> – Tax-Free Requirements <ul style="list-style-type: none"> ■ Must be away from tax home overnight, or long enough to require substantial sleep or rest ■ No set number of hours away or distance ■ Substantiation required

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	<p>MEAL ALLOWANCES/REIMBURSEMENTS</p>
	<ul style="list-style-type: none"> ■ Meals Not Away From Home <ul style="list-style-type: none"> – Meals <u>with</u> meetings – Meals <u>with</u> entertainment – De minimis meals

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	<p>MEAL ALLOWANCES/REIMBURSEMENTS</p>
	<ul style="list-style-type: none"> ■ Meals <u>with</u> Meetings or Entertainment <ul style="list-style-type: none"> – Tax-free if meal meets test: <ul style="list-style-type: none"> ■ “Directly-related” test, or ■ “Associated <u>with</u>” test

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	MEAL ALLOWANCES/REIMBURSEMENTS
	<ul style="list-style-type: none"> ■ <u>Tax-Free Meals With Meals/Entertainment</u> <ul style="list-style-type: none"> – “Directly-Related” Test <ul style="list-style-type: none"> ■ main purpose of meal is business ■ clear business setting or ■ active business conducted

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	MEAL ALLOWANCES/REIMBURSEMENTS
	<ul style="list-style-type: none"> ■ “Directly Related” Meals - Tax-Free <ul style="list-style-type: none"> – Meals as <u>part of</u> business meetings – Meals <u>at</u> service club or professional meetings <ul style="list-style-type: none"> ■ Example- Rotary, FOA, CPA

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	MEAL ALLOWANCES/REIMBURSEMENTS
	<ul style="list-style-type: none"> ■ “Associated With” Test <ul style="list-style-type: none"> – Meals in clear business purpose <ul style="list-style-type: none"> ■ Part of event – <u>everyone eats together</u> ■ Included in registration fee – Substantial business discussions/negotiations directly preceding or following meal – i.e. meal served in separate room but everyone eats <u>together</u>

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	MEAL ALLOWANCES/REIMBURSEMENTS
	<ul style="list-style-type: none"> ■ “Associated With” Meals - Tax-Free <ul style="list-style-type: none"> ■ Meals <u>at</u> conventions ■ Meals <u>at</u> conferences
	<small>82</small>

	MEAL ALLOWANCES/REIMBURSEMENTS
	<ul style="list-style-type: none"> ■ <i>NOTE:</i> Meals consumed en-route to daily business events are <u>not tax deductible</u>. <ul style="list-style-type: none"> – i.e. Breakfast or dinner while traveling to and from a daily convention or conference would not be deductible. – No hotel = no tax free meal reimbursement while traveling to and from event. Time away from home is not considered for tax free meal reimbursement. – If you break for lunch and everyone is responsible for their own lunch arrangements, the reimbursement for lunch is fully taxable.
	<small>83</small>

	MEAL ALLOWANCES/REIMBURSEMENTS
	<ul style="list-style-type: none"> ■ Substantiation Requirements <ul style="list-style-type: none"> – Meals While Traveling Away From Home <ul style="list-style-type: none"> ■ per diem method, or ■ actual expense method
	<small>84</small>

	MEAL ALLOWANCES/REIMBURSEMENTS
	<ul style="list-style-type: none"> ■ Meals While Traveling Away from Home <ul style="list-style-type: none"> – Actual Expense Reimbursements <ul style="list-style-type: none"> ■ Tax-Free if: <ul style="list-style-type: none"> – paid under an accountable plan – receipts and/or records required – verify amount, date, business purpose

	MEAL ALLOWANCES/REIMBURSEMENTS
	<ul style="list-style-type: none"> ■ Substantiation Methods <ul style="list-style-type: none"> – Meals While <u>Not</u> Away From Home <ul style="list-style-type: none"> ■ Taxable if Per Diem reimbursement ■ Tax-free if actual expenses reimbursed under Accountable Plan and “Associated with” or “Directly Related to” tests met

	MEAL ALLOWANCES/REIMBURSEMENTS
	<ul style="list-style-type: none"> ■ De Minimis Meal Allowances <ul style="list-style-type: none"> Tax Free if: <ul style="list-style-type: none"> ■ Meal is small in value & occasional ■ Not provided routinely or often ■ Provided for OT work and ■ Enables employee to work OT

	VEHICLES
	<ul style="list-style-type: none"> -EMPLOYER VEHICLES -EMPLOYEE VEHICLES <div style="text-align: center;">  </div>

	EMPLOYER - PROVIDED VEHICLES
	<ul style="list-style-type: none"> - Personal use is taxable <ul style="list-style-type: none"> ■ Commuting ■ Vacation, weekend, use by spouse ■ Applies even if employee is on 24 hour call - Valuing Personal Use <ul style="list-style-type: none"> ■ Employee must keep record of personal and business use ■ No records kept - all use is taxable <ul style="list-style-type: none"> - withhold and report on Form W-2

	VALUING PERSONAL USE - THREE RULES:
	<ul style="list-style-type: none"> ■ Automobile Lease Valuation Rule ■ Cents-Per-Mile Rule ■ Commuting Rule <p>***Quick Reference Guide pages 9-10 Taxable Fringe Benefit Guide pages 52-56 Publication 15B pages 22-25</p>

	<p>Lease Valuation Rule Reg 1.61-21(d)</p>
	<ul style="list-style-type: none"> ■ Compute Personal Use ■ Determine what employee would pay to lease auto (FMV)-chart in Pub 15-B ■ Multiply FMV by % of personal use ■ Add gasoline, if provided, at 5.5 cents/mile <p style="text-align: right; font-size: small;">91</p>

	<p>CENTS PER MILE RULE Reg.1.61-21(e)</p>
	<ul style="list-style-type: none"> ■ Regular business use at least 50% ■ FMV<\$15,300 auto, \$16,200 truck/van (2011) ■ Min. mileage rule: driven at least 10,000 miles ■ For 2011, rate is 51 cents per mile (includes 5.5 cents/mile for gasoline provided) <p style="text-align: right; font-size: small;">92</p>

	<p>COMMUTING VALUATION RULE Reg. 1.61-21(f)</p>
	<ul style="list-style-type: none"> ■ Personal use for commuting can be valued at \$1.50 each way or \$3.00 round trip <p style="text-align: right; font-size: small;">93</p>

	<h2>REQUIREMENTS FOR COMMUTING RULE</h2>
	<ul style="list-style-type: none"> ■ Employer owned/leased vehicle ■ Bona fide business reason-requiring employee use ■ WRITTEN POLICY allowing only <u>De Minimis</u> personal use ■ Employee does not use vehicle for other personal use ■ The employee is <u>not</u> a government control employee defined as: <ul style="list-style-type: none"> ✓ An elected official ✓ An employee who is paid at least \$145,700 (2011)

	<h2>EMPLOYER PROVIDED VEHICLES</h2>
	<ul style="list-style-type: none"> ■ Qualified Non-Personal Use Vehicle ■ By design, vehicle is unlikely to have personal use <ul style="list-style-type: none"> - Use of vehicle is tax-free, including commuting - Substantiation/recordkeeping of vehicle use not required

	<h2>QUALIFIED NON-PERSONAL USE VEHICLE (Reg. 1.274-5T(k)(2))</h2>
	<ul style="list-style-type: none"> ■ Clearly marked police, fire & public safety officer vehicles (<u>marking on license plate doesn't qualify</u>) ■ Unmarked law enforcement vehicles ■ Ambulance or hearse ■ Vehicle with gross weight over 14,000 lbs. ■ 20 passenger bus and school bus ■ Tractor and other farm equipment ■ Delivery truck with driver seating only

	QUALIFIED NON-PERSONAL USE VEHICLE
	<ul style="list-style-type: none"> ■ Clearly marked police, fire & public safety officer vehicles: <ul style="list-style-type: none"> --Employee must always be on call --Employer requires employee to commute in vehicle --Employer prohibits personal use (other than commuting) travel outside of employee's jurisdiction

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	QUALIFIED NON-PERSONAL USE VEHICLE
	<ul style="list-style-type: none"> ■ Public Safety Officer: <ul style="list-style-type: none"> ■ Individual serving public agency in official capacity (with or without compensation) as a: <ul style="list-style-type: none"> ■ Law Enforcement officer with power of arrest, authority to carry firearms and execute search warrants ■ Firefighter ■ Chaplain ■ Member of a rescue squad or ambulance crew

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	QUALIFIED NON-PERSONAL USE VEHICLE
	<ul style="list-style-type: none"> ■ Unmarked Law Enforcement vehicles <ul style="list-style-type: none"> Law Enforcement officer: <ul style="list-style-type: none"> ■ An individual who is employed full time by a government unit which is responsible for crime prevention/investigation of crimes ■ Individual is authorized by law and regularly carries weapon, makes arrests, execute search warrants, etc.

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	QUALIFIED NON-PERSONAL USE VEHICLE
	<ul style="list-style-type: none"> ■ Unmarked Law Enforcement vehicles: <ul style="list-style-type: none"> - Employer must officially authorize personal use - Employee must be employed by agency/department that owns vehicle and authorizes personal use - Personal use must be incidence to law enforcement use, ability to report directly from home to stakeout, surveillance site or emergency (no vacation recreational use)

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	QUALIFIED NON-PERSONAL USE VEHICLE (Rev. Ruling 86-97)
	<ul style="list-style-type: none"> ■ Vehicles with loaded GVW under 14,000 lbs ■ Pick-up Trucks or Vans-Must be permanently & clearly marked and have permanent modifications ■ Pick-up truck modifications include Hydraulic lift gate, tanks, drums, permanent side boards ■ Van modifications include seating for driver only or one passenger, permanent shelving in cargo area OR cargo area always contains equipment, materials, merchandise used in trade or business

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	EMPLOYEE VEHICLE USED FOR EMPLOYER'S BUSINESS
	

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	<h2 style="text-align: center;">EMPLOYEE'S CAR</h2>
	<p>REIMBURSED BUSINESS USE IS NON-TAXABLE IF <i>AT OR BELOW</i> FEDERAL MILEAGE RATE</p> <p>RATE IS .51 CENTS PER MILE (2011)</p> <p>ACCOUNTABLE PLAN RULES APPLY</p> <p style="text-align: right; font-size: small;">103</p>

	<h2 style="text-align: center;">UNIFORMS AND CLOTHING ALLOWANCES</h2>
	<div style="text-align: center;">  </div> <p style="text-align: right; font-size: small;">104</p>

	<h2 style="text-align: center;">UNIFORMS</h2>
	<ul style="list-style-type: none"> ■ Two Requirements for NON-taxable status: <ul style="list-style-type: none"> REQUIRED as a condition of employment Apparel is NOT adaptable or worn for general use <p style="text-align: right; font-size: small;">105</p>

	UNIFORMS
	<ul style="list-style-type: none"> ■ Plain pants and shirt do not qualify as uniform ■ Suits, sports coats, etc worn be plain clothes officers do not qualify as uniforms ■ If uniform is NON-taxable, cleaning costs are NON-taxable

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	UPDATES
	<ul style="list-style-type: none"> ■ Repeal Form 1099MISC reporting of goods & services of \$600 or more paid to all Corporations ■ Form 1099MISC are still required for legal & medical corporations

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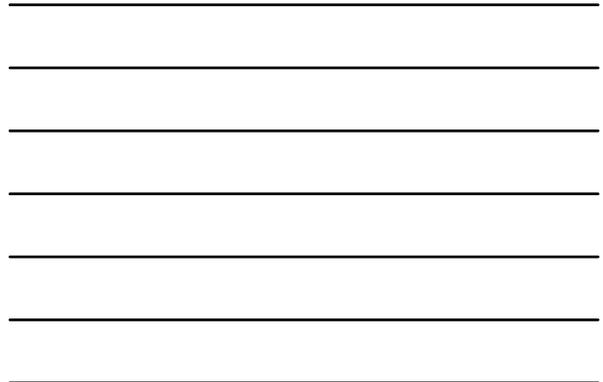
	UPDATES
	<ul style="list-style-type: none"> ■ Form 941 no longer automatically sent ■ IRC 3402(t) contractor withholding of 3% has been delayed; begin with payments after 12/31/2012 ■ Beginning 2011, W-2 must show cost of employer provided health insurance (Optional for employers who file 250 or less W-2s)

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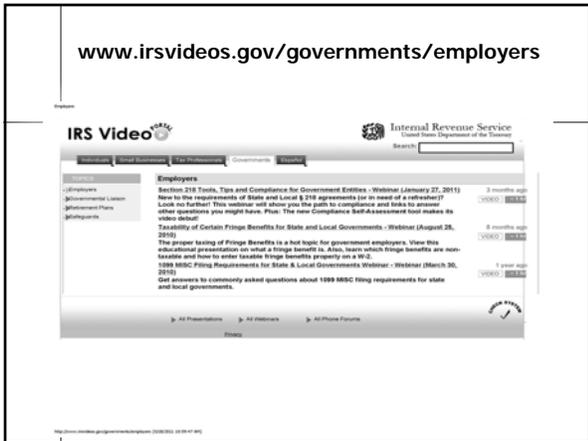
RESOURCES

109



www.irs.gov/govt/fslg/index.html

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www.irsvideos.gov/governments/employers

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