COMPLEX U.S. PAYROLL ISSUES I

Presented with the cooperation of the American Payroll Association

Employee vs. Independent Contractor Issues

• Worker classification
– Employees
– Independent contractors
– Temporary agency workers
– Leased employees
• Common law test
• Section 530 – reasonable basis test
• Statutory employees
• Statutory non-employees
• Misclassification of employees

***Fair Labor Standards Act* Issues**

• Fluctuating workweek
• Compensable time issues
– Travel time
– Principal activities
– Time not worked
– Meal periods
– Rest periods
– Meetings and training sessions
• Health care FLSA exceptions
• Fire protection and law enforcement exception

Taxable/Non-taxable Compensation

• Special accounting rule
• Tip reporting, Form 8027 and tip allocations

Taxation of Employer-Paid Benefits

• Tickets to entertainment and sporting events
• Aircraft
• Memberships
• Meals and lodging
• Stipends
• Supplemental workers' compensation
• Conventions
• Cell phones
• Outplacement services
• Retiree group-term life insurance
• Educational assistance
– Job-related
– Non-job-related
• Leave sharing plans
• Sick/disability/third-party sick pay
• Back pay awards
• Director's fees
• Loans
• Gift cards
• Military differential payments

Benefits' Impact on Payroll

• ERISA
• COBRA
• HIPAA
• Cafeteria plans
• Dependent care assistance plans
• Deferred compensation plans
– Defined benefit plans
– Defined contribution plans
– 401(k) plans
- Roth 401(k) plans
– Money purchase pension plans
– Profit sharing plans
• Pension distribution rules

Federal Tax Reporting

• Form 941
• Form 1099-R
• Form 1099-MISC
• Form 945

Unemployment Insurance

• Federal unemployment tax
– Form 940
• State unemployment insurance
– Experience rating methods
– Wage bases

Public Sector Employer Issues

• FLSA exception issues
• 457(b) plans
• 403(b) plans
• Election workers
• Jurors
• Elected officials
• Social security and Medicare taxes
– Student FICA exception

Payroll Accounting

• Generally accepted accounting principles
• Accruals and reversals
• Allocation of benefits and payroll expenses
• Income statement and balance sheet
• Reconciling
– General ledger
– Benefits
• Employee benefit cost statements

Payroll Relationship Dynamics

• Team development
– Stages
• Making your work relationships more effective
• Understanding how payroll fits into the business as a business partner
• Resolving conflict
• Communications
– Within the payroll team
– With upper management
– With third parties
– On compliance issues
– Making recommendations

Where to Go for Information

• Agency resources
• Research tools