

JOHNSON, AGEN, KUPFERSCHMIDT & ASSOCIATES PAYROLL NEWSLETTER

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NOTICE * NOTICE * NOTICE To All Employers

We will soon be processing W-2s for your employees. Please make sure that any information (especially name, address, and Social Security number) for all employees who have worked for you at any time during 2010 is current with our office. If you need to update information for any of your employees, you may do so by calling or faxing one of our three offices listed on the back of this newsletter.

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New Mandatory Electronic Requirements for Federal Tax Deposits

The IRS has recently issued new regulations, which provide that beginning January 1, 2011, you must deposit all Federal Tax Deposits electronically using the Electronic Federal Tax Payment System (EFTPS). The EFTPS is a free, secure, quick and convenient way to make electronic deposits. It also significantly reduces payment-related errors that could result in a penalty. Under these new regulations, Forms 8109 and 8109-B Federal Tax Deposit paper coupons will be eliminated, as the paper coupon system will no longer be maintained by the Treasury Department after this year.

If you are already making deposits electronically, you don't need to do anything. However, if you currently use Federal Tax Deposit paper coupons, please call Missy at

the Cumberland office 715-822-8287 so she can get the necessary information to enroll you in EFTPS and have you ready for the new regulation changes before 2011.

Anyone who continues to make Federal Tax Deposits using paper coupons after December 31, 2010, may be charged a 10% penalty for EACH non-electronic deposit.

*Wishing All of You a Happy
Holiday Season From
All of Us at
JAK & Associates!*

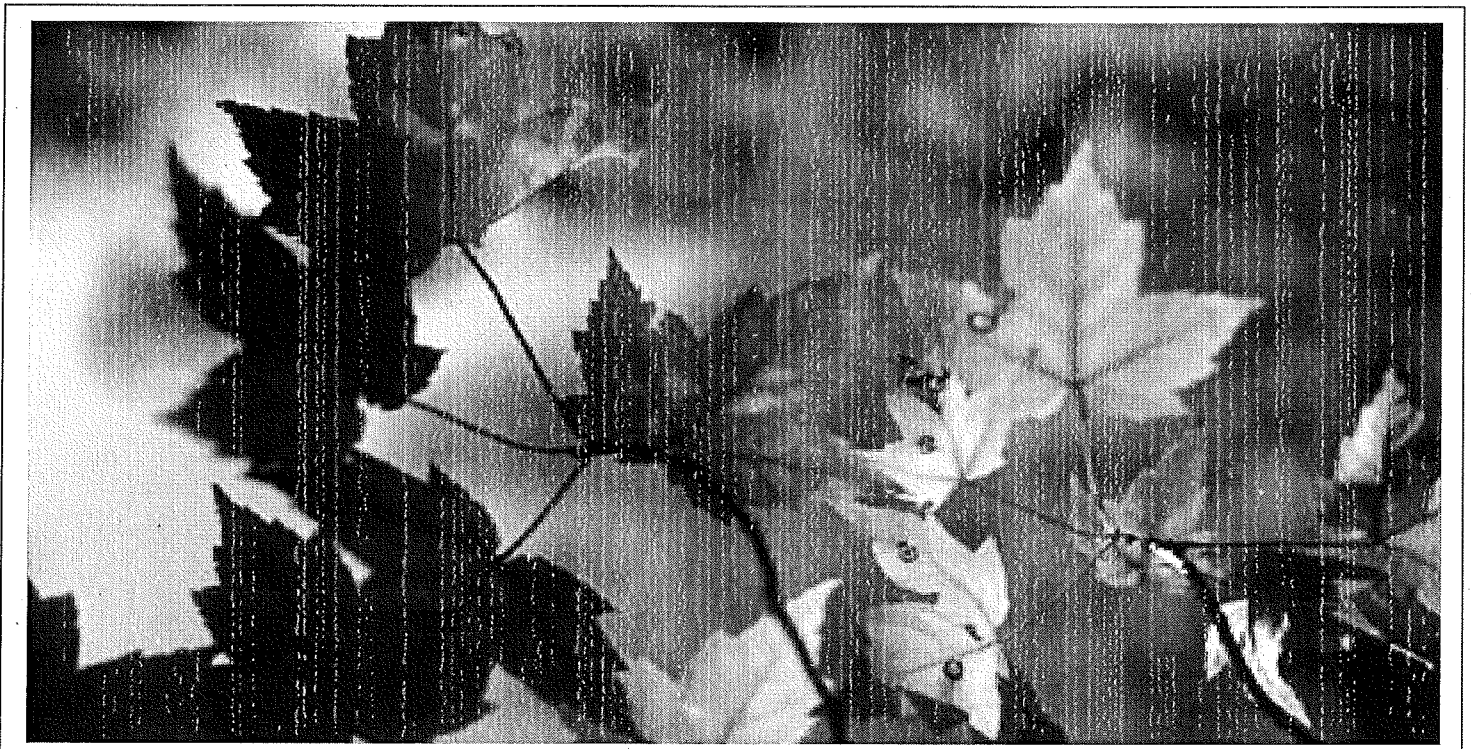
Update on Reporting of Employer Provided Health Care Benefits on W-2s and other Health Care Changes

There are many changes coming over the next few years with the new health care reform law passed in March 2010. Here are the ones that may affect you in the next year or so.

1. A requirement that businesses include the value of the health care benefits they provide to their employees on W-2s was originally slated to start with W-2s issued in early 2012 (for the 2011 tax year) however, a one-year delay was announced this past October. Employers may voluntarily report the value of health benefits they provide on 2011 W-2s, but

this will not be mandatory until the 2012 tax year forms. The amount reported is informational only and not considered taxable income.

2. There is a new 10% excise tax on indoor tanning services provided after June 30, 2010.
3. The new law gives small firms tax credits to provide health care coverage starting with 2010. Employers with 10 or fewer workers and average annual wages of less than \$25,000 can receive a credit of up to 35% of their premium costs each year through 2013. The credit is phased out



“The hardest arithmetic to master is that which enables us to count our blessings.”

–Eric Hoffer

(Health Care Changes continued)

for firms larger than this and disappears completely if a company has more than 25 employees or average annual wages of \$50,000 or more.

4. There will be double the penalty for nonqualified distributions from health savings accounts, to 20%, beginning in 2011.
5. A ban will be in effect on using funds from flexible spending accounts, health reimbursement arrangements or health savings accounts for the cost of over-the-counter medications, also starting in 2011.

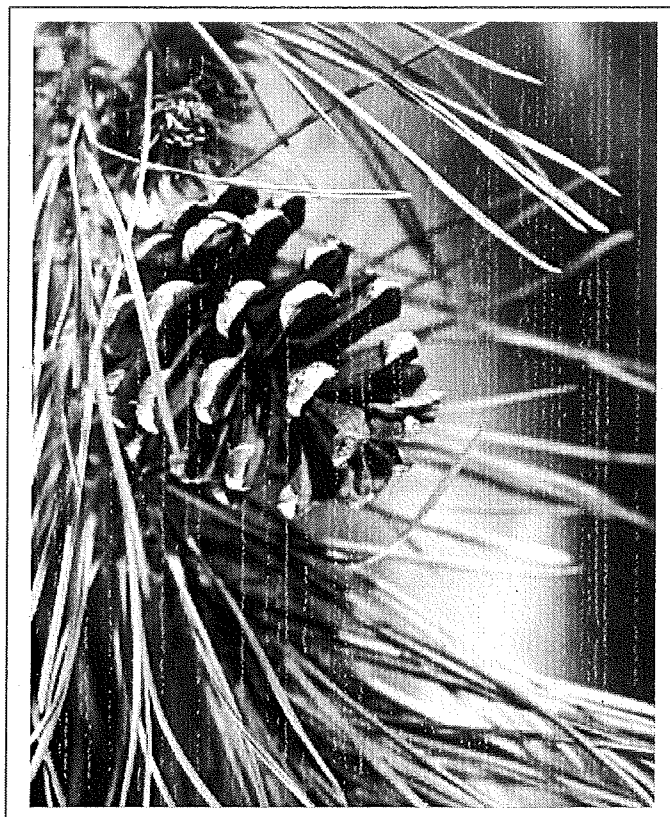
*"The best thing about the future is that it comes only one day at a time."
-Abraham Lincoln*

Employees or Independent Contractors?

Why is it important to know the difference?

Employers who misclassify workers can end up with substantial tax bills and penalties for failing to pay Federal & State employment taxes and to file required tax forms. Several states, including Wisconsin, have passed legislation to penalize firms that misclassify employees as contractors and are also helping the IRS to track down the firms that do so. Most of the laws apply only to businesses in fields where the practice is rampant, such as landscaping and construction.

Here's a simplified explanation of the difference. An employee is someone you can direct or control **what, when and how** the work is done, whereas an independent contractor you can direct or control **only the result** of the work done. You can find more information about this at www.irs.gov.



Super Shells

An easy, tasty recipe for the cold winter months and great for the busy holiday season.

1 full box of Jumbo pasta shells, cooked & drained

Filling ingredients:

- 24 oz. Cottage cheese
- 8 oz. Mozzarella cheese, shredded
- 2 Eggs, beaten
- ½ tsp. Salt
- 1/8 tsp. Pepper
- 1 tbsp. Parsley
- ¼ cup Parmesan cheese, shredded

1 jar of Spaghetti sauce
1 lb. Hamburger or sausage, browned

Cook and drain the pasta shells. Set aside. Mix together the filling ingredients. Stuff shells with filling. Put in lightly greased baking pan. Cover with spaghetti sauce (and browned hamburger or sausage if you want meat in your sauce). Bake in 350° F oven for 30-40 minutes.

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