

2015 PAYROLL GUIDELINES

The payroll tax rates and depository requirements effective January 1, 2015 are as follows:

<i>Social Security (FICA)</i>	6.2%* to \$118,500 for 2015 wages for a maximum of \$7,347.00.
<i>Medicare (FICA)</i>	1.45% on all 2015 wages* NO LIMIT.
<i>Additional Medicare (FICA)</i>	0.9% on wages in excess of \$200,000. (No employer matching.)
<i>State Disability</i>	0.9% to \$104,378 for 2015 wages for a maximum of \$939.40.
<i>Federal Withholding</i>	From tax table
<i>State Withholding</i>	From tax table

*FICA can be calculated as 7.65% up to \$118,500 and 1.45% from all wages in excess of \$118,500.

DEPOSIT REQUIREMENTS:

FEDERAL

Electronic Deposit Requirement

You must make electronic deposits of all depository taxes (such as employment tax, excise tax, and corporate income tax) using the Electronic Federal Tax Payment System (EFTPS) in 2015 via telephone or internet. If you fail to do so, you may be subject to a 10% penalty. To get more information or to enroll in EFTPS, call 1-800-555-4477, or visit www.eftps.gov. **Please call our office with any questions.**

Please note that all payments made through EFTPS either via telephone or online must be made at least one business day in advance of being due prior to 5 pm PST. There is one business day minimum processing time for every payment.

Each company is either a monthly or a semi-weekly depositor. IRS will notify each employer in November of each year whether it is a monthly or semi-weekly depositor. You should have already received a notice from the IRS classifying your company. *Please forward a copy of this letter to us.*

Lookback Period – Your deposit schedule for a calendar year is determined from the total taxes reported on your Forms 941 (line 10) in a four-quarter lookback period. The lookback period for the 2015 calendar year begins July 1, 2013 and ends June 30, 2014. If you reported \$50,000 or less of taxes for the lookback period, you are a monthly schedule depositor; if you reported more than \$50,000, you are a semiweekly schedule depositor.

Monthly Depositors - Employment taxes for wages paid during the month must be deposited on or before the 15th day of the following month, unless the \$100,000 one-day rule applies (explained later).

Semi-weekly Depositors - The deposit due date depends on when wages are paid. Taxes related to wages paid on Wednesday, Thursday, and/or Friday must be deposited by the following Wednesday. Taxes related to wages paid on Saturday, Sunday, Monday, and/or Tuesday must be deposited by the following Friday.

If a quarterly return period ends on a day other than Tuesday or Friday, employment taxes accumulated on the days covered by the return period just ending are subject to one deposit obligation, and employment taxes accumulated on the days covered by the new return period are subject to a separate deposit obligation. Separate Federal Deposit (FTD) coupons are required for each deposit obligation. These rules are complex; however, if you follow a policy of making your tax deposit within three banking days of disbursing your payroll, you'll be OK unless the \$100,000 rule applies.

\$100,000 One Day Rule - If the total accumulated taxes reaches \$100,000 or more on any day during a deposit period, it must be deposited by the next banking day, whether an employer is a monthly or semi-weekly depositor. If a monthly depositor accumulates a \$100,000 employment tax liability on any day, it becomes a semi-weekly depositor on the next day and remains so for at least the remainder of the calendar year and for the following calendar year.

\$2,500 Rule – If an employer accumulates less than a \$2,500 tax liability during a quarter, no deposits are required and this liability may be paid with the tax return for the quarter.

STATE

State deposits are required to be made on the same day federal deposits are due.

State deposits are made with a coupon and mailed directly to the Employment Development Department. Both the amount of tax and the period to which it applies must be indicated on the coupon.

MANDATORY EFT PARTICIPATION: If your average (per payment) tax deposit for SDI and PIT withholding is \$20,000 or more for the prior State fiscal year (July 1 to June 30), you are required to pay all SDI and PIT deposits by EFT, regardless of the dollar amount of your current deposits. Employers who meet the requirements for the first time will be notified by October 31 of the year prior to EFT participation. Mandatory EFT participants are subject to a 10% noncompliance penalty if an SDI and PIT deposit is paid by check with a DE 88 coupon. Employers may find it convenient to pay UI and ETT payments using EFT, although they are not required to do so. **Please call our office with any questions.**

ALWAYS WRITE YOUR FEDERAL AND STATE NUMBER ON YOUR CHECKS.

W-2 Reporting For Health Care Coverage (OPTIONAL)

The Affordable Care Act requires all employers to report the value of health insurance coverage provided to each employee on the employee's annual Form W-2, Wage and Tax Statement starting in 2011. *However, the IRS issued Interim Relief on this requirement making this reporting **OPTIONAL** for 2011 through 2014.* As of the writing of this letter, the first required filing of this information will be for the year 2015.

Please check our website at www.pkmcpas.com frequently for updates. As always, if you have any questions, please do not hesitate to call us.

Pomerantz, Kavinoky & Company