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Quarter-End Processing

Quarter End Processing


December 27, 2010 will be the last day we can make any final changes to payroll records for the 4th quarter of 2010. Contact IComp immediately if you have:


- Payroll checks issued in house, but not yet reported
- Additional amounts for payroll such as bonuses
- Any voided checks not yet reported
- Changes to employee W4 information
- COBRA Premium Subsidy documentation
- Employees who qualify under the HIRE Act


 If you have questions or concerns about the above information, please contact us at 651-259-4260.

 IComp will mail out 4th Quarter Reports by January 24, 2011.

Important Reminders

 **Minnesota Withholding payments must be made electronically:** Effective January 1, 2010, Minnesota Department of Revenue is requiring anyone that uses a 3rd party payroll processor to make their MN Withholding payments electronically.

 **New law eliminates AEIC (Advanced Earned Income Credit):** A new law signed by President Obama in August 2010 eliminates the Earned Income Credit as it applies to payroll, beginning in 2011. Eligible individuals will still be able to claim the credit on their personal income tax returns, but employers may no longer advance a portion of it with each paycheck.

 **Treasury Department Requiring Electronic Payment:** Effective 2011, the US Treasury Department is requiring employers with more than \$2500 in quarterly tax liabilities to make payment electronically, rather than with a coupon.

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2010 Tax Facts

| <u>Salary Deferral (pretax) Limits</u> | 2010 | 2009 |
|--|----------|----------|
| • 401k | \$16,500 | \$16,500 |
| • Simple Plans | \$11,500 | \$11,500 |
| • 401k catch-up | \$5,500 | \$5,500 |

Soc. Sec. (OASDI) & Medicare

| Year | Wage Limit | Rate | Max Tax |
|------|------------|-------|------------|
| 2010 | \$106,800 | 6.20% | \$6,621.60 |
| HI | All Wages | 1.45% | No Limit |
| 2009 | \$106,800 | 6.20% | \$6,621.60 |
| HI | All Wages | 1.45% | No Limit |

Federal Unemployment Tax

| Wage Limit | Rate | Max Credit | Deposit Rate |
|------------|-------|------------|--------------|
| \$7,000 | 6.20% | 5.40% | 0.80% |

Federal Mileage Rates

| | 2010 | 2009 |
|------------------|---------|---------|
| Business Mileage | \$0.500 | \$0.550 |
| Relocation | \$0.165 | \$0.240 |
| Charitable | \$0.140 | \$0.140 |
| Medical | \$0.165 | \$0.240 |




Year-End Checklist




Year End Processing

December 27, 2010 will be the last day we can make any final changes to payroll records for the quarter or year. Any changes after this day may require reopening of the year and a minimum fee of \$50.00 will apply. Contact IComp immediately if you have:

- Payroll checks issued in house, but not yet reported
- Additional amounts for W2
 - Bonuses
 - Personal Use of Company Auto
 - 2% S-Corp Shareholder Health Premiums
 - Disability pay by 3rd Party Administrator.
 - Employer contributions to an employee's HSA.
 - Employees that qualify for the new hire credit
- Any COBRA amounts paid for employees that qualify.
- Any voided checks not yet reported
- Changes to employee W4 information
- If you have paid \$600 or more to an independent contractor who is not incorporated, or to an attorney, you will need to supply them with a 1099. If you would like IComp to print your 1099s, please provide us with payee information and amounts. There is a \$3.95 charge per 1099.

 Contact IComp if you need Personal Use of Auto forms or download at www.icomppayroll.com.

 If you have questions or concerns about the above information, please contact us at 651-259-4260.

Important Year-End Reminders



Review holiday schedule.



Determine the last payroll for 2010 and plan for adjustments accordingly.



January 24, 2011: IComp will mail out 4th Quarter & Year-end reports by this date.



January 31, 2011: Distribute employee W2's or other payee 1099's by this date.



January 31, 2011: File Form 940/944 as applicable by this date.

IComp will file your W3 & W2 Information electronically to the SSA.



State Unemployment Rate Notices

Near the end of 2010 you will receive from the state a Tax Rate Notice for 2011. Please mail or fax us a copy of the form.



Form W4

Employers are required to remind employees to file a new 2011 W4 Form, if:

- Filing Status (Single/Married) changed.
- Number of allowances changed.
- Exempt status changed.

Note: A claim of exempt withholding is effective for one year and a new W4 attesting to continued exempt status must be filed by February 15th. If the employee fails to do so you are required to withhold as if the employee is Single/0.



Labor Law Posters

IComp now offers labor law posters. If your posters are out of date or you don't currently have any on display, contact us today!



Advanced Earned Income Credit (EIC)

The current W5 form for employees will expire on December 31. For 2011, a new law signed by President Obama in August 2010 eliminates the Earned Income Credit as it applies to payroll.

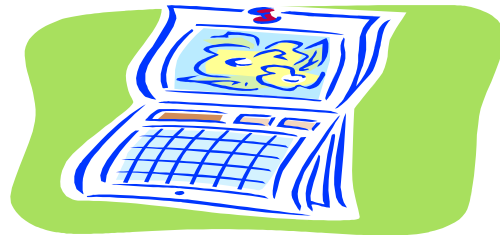
Holiday Processing Calendar

IComp's office hours are 8:00 am to 5:00 pm Monday–Friday. Starting Memorial Day and ending Labor Day, we will close at 12 pm on Friday. IComp's office will be closed on the following holidays:

| | |
|------------------|---|
| New Year's | Friday, December 31 @ noon |
| Memorial Day | Monday, May 30, 2011 |
| Independence Day | Monday, July 4, 2011 |
| Labor Day | Monday, Sept. 5, 2011 |
| Thanksgiving | Thursday, Nov. 25, 2010 Friday, Nov 26, 2010 |
| Christmas | Friday, Dec. 24, 2010 |

If you are a direct deposit or TaxFree client, there may be other banking days that will affect your payroll schedule. The Federal Reserve Banks will be closed on the following holidays, so no ACH transactions can be processed. Please incorporate these dates into your processing windows like you would incorporate Saturdays and Sundays.

| <u>Holiday</u> | <u>2010</u> | <u>2011</u> |
|----------------------------|-------------|-------------|
| New Year's Day | Fri, Jan 1 | Fri, Dec 31 |
| Martin Luther King Jr. Day | Mon, Jan 18 | Mon, Jan 17 |
| President's Day | Mon, Feb 15 | Mon, Feb 21 |
| Memorial Day | Mon, May 31 | Mon, May 30 |
| Independence Day | Mon, Jul 5 | Mon, July 4 |



| | | |
|------------------|-------------|-------------|
| Labor Day | Mon, Sep 6 | Mon, Sep 5 |
| Columbus Day | Mon, Oct 11 | Mon, Oct 10 |
| Veteran's Day | Thu, Nov 11 | Fri, Nov 11 |
| Thanksgiving Day | Thu, Nov 25 | Thu, Nov 24 |
| Christmas Day | Fri, Dec 24 | Mon, Dec 26 |

Hiring Incentives to Restore Employment (HIRE) Act

Under the Hiring Incentives to Restore Employment (HIRE) Act, enacted March 18, 2010, two new tax benefits are available to employers who hire certain previously unemployed workers ("qualified employees").

The first, referred to as the payroll tax exemption, provides employers with an exemption from the employer's 6.2 percent share of social security tax on wages paid to qualifying employees, effective for wages paid March 19, 2010 through December 31, 2010.

In addition, for each qualified employee retained for at least 52 consecutive weeks, businesses will also be eligible for a general business tax credit, referred to as the new hire retention credit, of 6.2 percent of wages paid to qualified employees over the 52 week period, up to a maximum credit of \$1000.

Qualified employees are individuals who begin employment with a qualified employer after February 3,

2010, and before January 1, 2011, who have been unemployed or employed for less than 40 hours during the 60-day period ending on the date such employment begins, and who are not family members of or related in certain other ways to the employer.

Qualified employees must certify by a signed affidavit, under penalties of perjury, that they have not been employed for more than 40 hours during the 60-day period ending on the date they started employment.

For more information on HIRE ACT or "qualified employees" please call us at 651-259-4260 or visit: <http://www.irs.gov/businesses/small/article/0,,id=220745,00.html>

Form W-11, HIRE Act Employee Affidavit can be found at: <http://www.irs.gov/pub/irs-pdf/fw11.pdf>



How can we help?



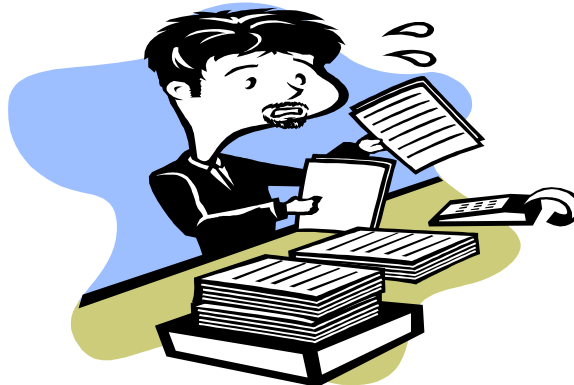
General Ledger Reporting QuickBooks

IComp's General Ledger Reporting allows you to quickly and easily post your payroll entries to QuickBooks. Some of the benefits of using our General Ledger Reporting Module are:

- × Convenience and time savings. No more re-keying data from IComp payroll reports into QuickBooks.
- × Shows a more accurate depiction of your Profit and Loss report and eliminates the need for a year-end adjustment to your payroll entries.
- × Ensures that your QuickBooks records are up to date and accurate.
- × Saves money by automatically posting your general entries, reducing the expense of hiring a third party to complete this task.

Getting set up on the General Ledger Reporting Module is quick and easy to learn. IComp will provide you with step-by-step guidance and ongoing support. Each payroll, a file is created and emailed to you. By importing this file, the payroll checks will be posted to the check register and journal entries made. It's a convenient and inexpensive way to help manage your payroll data entry.

Don't let the frustration get the best of you!



IComp has the solution!