



January 2018

2018 PAYROLL AND 1099 LETTER

To assist you in preparing year-end payroll reports, information returns, and to prepare for 2018 requirements, the following information is presented in a simplified format. For additional information, refer to Circular E, (Pub. 15, *Employer's Tax Guide*), or Circular A, (Pub. 51, *Agricultural Employers' Tax Guide*). These documents are available at www.irs.gov.

Additionally, all returns reporting business income require an affirmative or negative answer as to having filed appropriate 1099s. The failure to file necessary forms (or file late) draws a penalty of up to \$250 per information return that should have been filed and \$500 for failure to furnish correct payee statements to recipients.

Please call if we may assist you in any way.

Have a fabulous New Year!

Anderson & Whitney, P.C.

Year-end Wage Reporting and Tax Filing - 2017

Form	To	Due Date	Additional Information
W-2 – Wage and Tax Statement* Includes wages, commissions, bonuses, etc.	All Employees	January 31, 2018	<ul style="list-style-type: none"> Instructions: http://www.irs.gov/pub/irs-pdf/iw2w3.pdf To file online: http://www.socialsecurity.gov/employer/
Employer/employee paid Health insurance reporting required for large employers (>50 FTE) optional for small employers			
W-3 – Transmittal of Wage and Tax Statements*	Social Security Administration	January 31, 2018 File online or mail to: Social Security Admin Data Operations Center Wilkes-Barre, PA 18769-0001	<ul style="list-style-type: none"> To file online: http://www.socialsecurity.gov/employer/ See Pub 15, Circular E for other delivery options
DR 1093 – Transmittal of State W-2's	Colorado Department of Revenue	January 31, 2018 File online or mail to: Colorado Dept of Revenue 1375 Sherman Street Denver, CO 80261	<ul style="list-style-type: none"> To file online: https://www.colorado.gov/revenueonline/
940 – Federal Unemployment Tax Return*	IRS	January 31, 2018	<ul style="list-style-type: none"> Form: http://www.irs.gov/pub/irs-pdf/f940.pdf

*For additional information, refer to Circular E, (Pub. 15, *Employer's Tax Guide*) <http://www.irs.gov/publications/p15/>, or Circular A, (Pub. 51, *Agricultural Employers' Tax Guide*, <https://www.irs.gov/publications/p51/>)

1099-MISC and Other Information Returns

- Distribute the following forms to payees by January 31, 2018.
- Include your phone number on all 1099's, to avoid penalties.
- Send to IRS with Transmittal Form 1096 by January 31, 2018. See instructions for mailing address:
<http://www.irs.gov/pub/irs-pdf/f1096.pdf>

FORM NUMBER	TITLE	KINDS OF TRANSACTIONS TO REPORT	AMOUNTS TO REPORT
1099-MISC http://www.irs.gov/pub/irs-pdf/f1099misc.pdf	Statement for Recipients of Miscellaneous Income	Rents; royalties, prizes, and awards not for services; director's fees; professional fees to attorneys, accountants, consultants, and other professionals; payments to cleaning services, coffee services, plant services, movers, plumbers, carpenters, etc.; payments to independent contractors of commissions, fees, or any other type of remuneration. Only payments made in the course of a trade or business have to be reported. Personal payments to an attorney for preparation of a will or to an accountant for preparation of a personal tax return are examples of payments that <u>do not</u> require a 1099. 1099-MISC types of payments made to <u>corporations</u> do not have to be reported, <i>with the exception of attorneys</i> .	\$10 or more in Royalties \$600 or more in rents, services, prizes, etc. Any fishing boat proceeds Gross proceeds of \$600 or more paid to any attorney \$5000 direct sales of consumer products to a buyer for resale
1099-DIV	Statement for Recipients of Dividends and Distributions	Dividends paid on corporate stock. Liquidating dividends paid on corporate stock.	\$10 or more \$600 or more

Others: 1099-Int, 1099-S, 1099-R etc. See instructions for more [details](http://www.irs.gov/pub/irs-pdf/i1099gi.pdf) <http://www.irs.gov/pub/irs-pdf/i1099gi.pdf>

⁴The \$600 limits above are per payee, not per type of payment. That is, if you pay someone \$200 interest, \$300 in dividends, and \$100 of commissions, you will have to file a separate 1099 for each type of payment since the aggregate totals \$600.

Additional Information for 2018

Mileage Reimbursement	54.5¢ per mile for business miles driven 18¢ per mile for medical or moving purposes 14¢ per mile driven in service of charitable organizations
Minimum Wage	Federal \$7.25 per hour Colorado \$10.20 per hour (\$7.18 per hour for tipped employees)
Household Employees For more information visit: http://www.irs.gov/pub/irs-pdf/p15.pdf	Federal Income Tax Withholding- Exempt, but withhold if both the employer and employee agree. FICA (Social Security and Medicare)- Wages of \$2,000 or more paid in 2018 to an employee for domestic services performed in a private home <u>are subject to</u> FICA taxes. <ul style="list-style-type: none"> • Household workers under 18 are <u>exempt</u> from FICA taxes and coverage <u>unless</u> their principal occupation is household employment. FUTA (Federal Unemployment Tax) and SUET (State Unemployment Tax)- Taxable if the employer paid total cash wages of \$1,000 or more in any quarter in the current or preceding calendar year. W-2's are required.
Taxable Wage Base for OASDI	Wage Base \$128,400 at rate of 6.2%
Medicare	No limit at rate of 1.45%
Additional Medicare Tax	For wages over \$200,000-single, \$250,000 Married filing jointly, \$125,000 filing separately
Federal Unemployment	Wage Base \$7,000 @ 0.6% or \$42 per employee
Colorado Unemployment	Wage Base \$12,600, each business individually rated by the state