Central Iowa Chapter APA

June Newsletter

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P.O. Box 131
Des Moines
Iowa 50301

Our Mission

The Central Iowa Chapter of the American Payroll Association is dedicated to providing information and education, support and networking opportunities to professionals involved in all aspects of payroll through our meetings, our newsletters, and our website. The Chapter strives to be a respected, essential and effective partner in the business community and to provide support to the national American Payroll Association.

In This Issue

Newsletter Notes

No matter where you are in your career, there's always room for improvement! Take a moment to explore the next educational opportunities that will be available. We will not be having a meeting in July, but take a look at the flyer and website for information about our annual statewide meeting in August. You may also want to start planning how you want to participate in National Payroll Week in September. There are some fun opportunities there also.

In the meantime, don't forget to keep some balance in your life by enjoying some time outdoors and with your families! Happy Summer ☺

Ann Jensen, CPP
Central Iowa APA Newsletter Chair

Upcoming Meetings & Education

Month	Day/Date	Location	Topic/Speaker
August	Friday, August 6	WDM Marriott	Statewide Conference
September	TBA	TBA	National Payroll Week

If you have suggestions for chapter meeting topics, email them to Education@centraliowaapa.org.

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Study Group

The next study group session will begin July 8th using the 2010 payroll Source. It will meet at EFCO Corp (1800 NE Broadway) on Thursdays from 6-8 pm.

If you have any questions regarding certification or study group, you may contact Sara Stafford at: 515-313-4251 or sara.stafford@efcoforms.com.

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Statewide Conference
Friday, August 6, 2010
Marriott West Des Moines
Earn 5.5 credit hours

Cost:
CIAPA members $140.00
Non CIAPA members $160.00

Late registration (after July 15) CIAPA members $155.00
Late registration non CIAPA members $175.00

For details on the agenda, location, and to register online, please visit the CIAPA at www.centraliowaapa.org.

CIAPA Chapter News

Welcome to the following new members all from Kabel Business Services:

Joe Strako
Angie Wright
Quandy Mathews
Dannyial Putnam

We look forward to seeing you at our meetings

Congratulations

Congratulations go out to Sally Thomson, CPP who received a Meritorious Service Award and Sara Stafford who received an APA Education Grant at the 28th Annual Congress last month.

Central Iowa Chapter APA

Meeting Minutes June 10, 2010 5:30 pm

The regular monthly meeting of the Central Iowa Chapter of the American Payroll Association was held at FBL Financial Group, Inc. on Thursday evening June 10, 2010. A dinner consisting of assorted sandwiches, pasta salad, and a dessert tray of brownies and cookies was served for our meal.

Sally Thomson, CPP, President, called the business meeting to order at 5:50 pm. She had all officers present stand up and introduce themselves and state the position they hold for the chapter. The minutes for the previous meeting were approved with no objections or changes.

Luther Philpott, Treasurer, was unable to attend the meeting but Sally announced the balance in the checking account at $14,196.31.

Sally reminded everyone about the “Getting Paid in America” survey that can be taken online. This is part of the National Payroll Week celebration which will be in September. She thanked all of the outgoing board members for their dedication and hard work. Soon the newly elected board members will be transitioned into their elected positions. The outgoing board members are Janice Carpenter, CPP, Jodi Parsons, CPP, and Dan Schropp, CPP. Sally asked Sara Stafford, CPP, who recently won the APA Education Grant, if she had received her supply of books yet. Sara responded that she had not but was looking forward to it. Sally reminded members that the statewide conference will be held August 6th. Information will be coming soon to register. Michael O’Toole will be our speaker. He wrote the Payroll Source. Sally, Jodi Parsons, and Sue Nielsen talked about their experiences at APA’s Congress held in May in Washington, DC. Each stated some of the interesting classes they attended and things they learned.

Debby Haning, CPP, Government Liaison Officer, talked briefly about the New Hire Act, healthcare reform, and the changes coming for W-2s. Please watch the newsletter for further information.

Shari Barber, CPP, Membership, announced the number of current members at 142.

Lucy Ford, CPP, Education, announced that we will not be meeting in July and August and that the September meeting will be held most likely at The Iowa Machine Shed to celebrate National Payroll Week, which is September 6-10th.

Jodi Parsons, CPP, Hospitality, did not have anything to report as our next meeting is not until September.

Barbara Craig, NPW/Community Development, did not have anything to report.

G. Ann Jensen, CPP, (Newsletter Communications) announced the deadline to have information to her for the June newsletter is Thursday, June 17th.

Lucy Ford, CPP, Education, introduced the speaker for the evening as Rebecca Parker, Human Resources Manager at Merit Resources. She spoke about the generational differences in the workplace between the styles described as Traditionalists, Baby Boomers, Generation X, and Millennials.

Meeting was adjourned around 6:50 pm.

Respectfully submitted,
Susan Nielsen, CPP

New CPP Recipient!

APA certification is a valuable, objective credential that verifies a specified level of knowledge, skills, and abilities in the payroll profession. Certification helps individuals demonstrate their payroll expertise, advance their careers, and enhance their standing within the profession.

APA offers two levels of certification -- the Fundamental Payroll Certification and the Certified Payroll Professional.

Congratulations ***Gayla Nesbit***, who earned her CPP last month.

Congratulations!

National APA News

National Payroll Week — September 6-10, 2010

National Payroll Week celebrates the hard work by America's 156 million wage earners and the payroll professionals who pay them. Together, through the payroll withholding system, they contribute, collect, report and deposit approximately $1.7 trillion, or 71.9%, of the annual revenue of the U.S. Treasury.

Browse through these pages at www.nationalpayrollweek.com to learn more about your paycheck and using the withholding system to your advantage. Discover why NPW is an important public awareness campaign and how to celebrate it.

Participate in NPW 2010 by volunteering for Money Matters National Education Day or requesting a proclamation

Congress is the Premier Payroll Event of the Year!

APA's Annual Congress offers a wide variety of educational workshops, the world's largest payroll, accounts payable, and finance Expo, with over 100 exhibitors, and countless networking and motivational opportunities among 2,500 attendees. Congress 2011 is being held at the Salt Palace Convention Center in Salt Lake City, Utah, May 24-28, 2011.

Government Liaison Corner

If you have questions, you can contact Debby Haning at glo@centraliowaapa.org.

Temporary Reg adopted on health coverage for children under 26

The Treasury Department has adopted a temporary regulation on health insurance coverage for children until age 26 that implements certain requirements for group health plans and health insurance issuers in the group and individual markets under the Patient Protection and Affordable Care Act (PPACA) (P.L. 111-148) and the Health Care and Education Reconciliation Act of 2010 (HCERA) (P.L. 111-152). These interim final rules from the Treasury Department were issued in conjunction with similar interim final regulations from the Department of Labor and the Department of Health and Human Services.

Under PPACA and the newly issued regulations, a plan or issuer that makes available dependent coverage of children must make such coverage available for children until they attain 26 years of age. The regulations provide that plans cannot condition coverage on whether a child is a dependent for tax purposes or whether the child is a student or resides with or receives financial support from the parent. Thus, the regulations clarify that, with respect to children who have not attained age 26, a plan or issuer may not define dependent, for purposes of eligibility for dependent coverage of children, other than in terms of the relationship between the child and the participant (or the primary subscriber in the individual market). The plan or issuer may not deny or restrict coverage for a child who has not attained age 26 based on the presence or absence of the child's financial dependency on the participant or any other person, residency with the participant or any other person, student status, employment, or any combination of these factors.

The regulations also provide that the terms of the plan or policy for dependent coverage cannot vary based on the age of the child, except for children age 26 or older. Further, plans and issuers may not limit dependent coverage based on whether a child is married, but a plan or issuer is not required to cover the spouse of an eligible child and is not required to provide coverage for a child of a child receiving dependent coverage.

Transitional rules

The regulations provide transitional relief for a child:

(1) Whose coverage ended, or who was denied coverage or was not eligible for coverage under a group health plan or health insurance coverage because the availability of dependent coverage ended before the attainment of age 26 under the terms of the plan or coverage. **and**

(2) Who becomes eligible or is required to become eligible for coverage under a group health plan or group health insurance coverage on the first day of the first plan year beginning on or after September 23, 2010.

The regulations require a plan or issuer to give such a child an opportunity to enroll that continues for at least 30 days. This opportunity must be provided beginning not later than the first day of the first plan year beginning on or after September 23, 2010.

Written notice of the opportunity to enroll must be provided. The notice may be provided to an employee on behalf of the employee's child or to a primary subscriber in the individual market on behalf of the primary subscriber's child.

If a child enrolls under the transitional rule, the regulations provide that coverage must take effect not later than the first day of the first plan year beginning on or after September 23, 2010. This is true even if the request for enrollment is made after the first day of the plan year. The Departments of Treasury, Labor, and Health and Human Services have noted that many health insurance issuers will allow continued coverage of adult children before such coverage is required by PPACA. These plans or issuers that allow continued coverage before being required to do so are not required to provide an opportunity to enroll for children who do not lose coverage. A number of examples have been provided in the regulations that illustrate the application of the transitional rules.

Grandfathered health plans

The regulations set forth special rules for grandfathered group health plans. For plan years beginning before January 1, 2014, a group health plan that qualifies as a grandfathered health plan under PPACA and that makes available dependent coverage of children may exclude an adult child who has not attained age 26 from coverage only if the adult child is eligible to enroll in an eligible employer-sponsored health plan, as defined in Code Sec. 5000A(f)(2), other than a group health plan of a parent.

Effective, applicability, expiration dates

The regulations are effective as of July 12, 2010. The regulations apply for plan years beginning on or after September 23, 2010. The temporary regulation expires on or before May 13, 2013.

ONLINE TOOL AIDS COMPLIANCE WITH H-1B PROGRAM RULES

The Labor Department unveiled an online tool to help employers understand how to comply with H-1B visa program requirements.

The tool describes the H-1B program's standards and provides detailed information about employers' and workers' rights and responsibilities, the department said. The tool outlines notification requirements, monetary issues, worksite issues, record keeping, worker protections, and enforcement issues. H-1B visas are granted to highly skilled, college-educated, temporary foreign workers for a maximum of six years.

The tool focuses on compliance with the requirements enforced by the Wage and Hour Division, the department said. "The Labor Department's goal is to provide employers and the public with user-friendly information regarding both rights and responsibilities under the H-1B program," Labor Secretary Hilda Solis said.

The H-1B compliance tool is available at http://www.dol.gov/elaws/h1b.htm.

Top 11 'Need to Know' Employment Tax Issues Covered by IRS Officials

"We're the government, and we're here to help," Anita Bartels, senior program analyst of employment tax for the Internal Revenue Service, said at the start of a May 25 workshop during the American Payroll Associations 28th Annual Congress at National Harbor, Md.

Bartels and Sarah Plowman, IRS senior policy analyst, guided participants through 11 of the top "need to know" employment tax issues for payroll professionals during a pre-congress session. The issues include:

- Audits are underway of 6,000 randomly selected employers, 2,000 each year starting this year, on employment tax issues in four areas: worker classifications, fringe benefits, officer compensation, and information reporting. The audits are more comprehensive than most examinations, Plowman said, adding that appeal and disclosure rights apply.
- Backup withholding at 28 percent is necessary and immediate for nonwage payments, which are reported on Form 1099, made to individuals with no tax identification number (TIN), Plowman said. Businesses have to follow up on sometimes confusing correspondence from IRS with a CP2100 Notice after IRS has identified a potential TIN mismatch with its records, Plowman said. IRS is working to simplify the language in the notice, she said, but businesses can be liable for the taxes if they fail to comply.
- Schedule R, Form 941 has been developed for 2010 (and later) reporting. Certain reporting agents are required to provide client-by-client liability detail on the form by employer identification number (EIN).
- Requirement to file for Form 944 was made more flexible this year. Small-business employers owing less than $1,000 in withheld federal income and Social Security taxes had been required to use the annual form, but now may choose to use the quarterly Form 941, Plowman said. These employers would have needed to inform IRS already this year if they wanted to report on Form 941, Plowman said. (Notification was due electronically by April 1 and March 15 if by letter.)
- Most of the audience was experienced in administering the COBRA employment tax credit provided to employers who, in some cases, are required to pay a 65 percent portion of former employee health care continuation premiums. Bartels said that employers need to retain the following supporting documentation:
  - proof that an employee's 35 percent share of the premium was received;
  - appropriate invoices from the insurance carrier; proof that the full premium was paid;
  - that the employee's separation met the definition under the law of a qualified involuntary separation.
- Employers do not get to choose whether a worker is an employee or independent contractor, Bartels said. This decision, often complex, can be made by applying three general principles of whether the employer has a level of behavioral control, financial control, and a type of relationship with the worker that can lead to a conclusion one way or the other.
- Officer compensation that is reported as zero or a very small amount is getting greater scrutiny at IRS, said Bartels. This is because officers perform services for the firms, and by characterizing payments to them as expenses or benefits, income is artificially reduced to result in employment taxes being reduced or eliminated.

- Bartels emphasized that all cash and generally the value of property and services in addition to regular wages needs to be included as taxable income, unless those items or services are specifically excluded from tax in the Internal Revenue Code.
- A related issue to fringe benefits are business expenses that are excludable from wages, but only if payments are made under an accountable plan, Bartels said. To qualify, there must be a business connection to the amounts, adequate substantiation and accounting, and the requirement to return any excess amounts. IRS has been focusing on tool-allowance programs that do not meet accountable plan requirements, she said.
- A number of issues surrounding the HIRE Act's 6.2 percent employer tax exemption were discussed by Plowman, who said IRS is preparing more employer guidance on the law that allows employers to forgive paying their share of Old Age, Survivor, and Disability Insurance (OASDI) taxes on covered wages for certain unemployed workers hired. Plowman referred participants to the IRS website (www.irs.gov) for answers to questions about the HIRE Act.
- The tax part of the Patient Protection and Affordable Care Act is to be administered by IRS, Bartels said. Some tax provisions (corporate) go into effect immediately for small businesses, and some other provisions in upcoming years, she said. The Department of Health and Human Services has taken the lead on the insurance parts of the law, she added.

IRS Releases Revised 2010 Form 941

The Internal Revenue Service has released the revised Form 941, Employer's Quarterly Federal Tax Return, http://www.irs.gov/pub/irs-pdf/f941.pdf, for 2010. The revised Form 941 contains lines 6a, 6b, and 6c relating to the Social Security tax exemption under the HIRE Act, as well as boxes 12c, 12d, and 12e that relate to March 19-31 covered wages under the HIRE Act. Employers are to complete boxes 12c, 12d, and 12e only for the second quarter of 2010, IRS said.

Inflation Adjustments for HSAs Unchanged for 2011

On May 24, 2010, the IRS issued Revenue Procedure 2010-22 which stated that the inflation-adjustment amounts for health savings accounts are unchanged for 2011. The amounts remain the same as in 2010 because there were no changes after applying the cost-of-living adjustment rules of Section 223(g).
For 2011, the annual limit on deductions under Section 223(b)(2)(A) for an individual with self-only coverage under a high-deductible health plan is **$3,050.** The annual limit under Section 223(b)(2)(B) for an individual with family coverage under a high deductible health plan is **$6,150.** Rev. Proc. 2010-22 will be published in the June 7 edition of Internal Revenue Bulletin 2010-23.
The 2011 minimum annual deductibles for high-deductible health plans will remain the same in 2011, **$1,200** for self-only and **$2,400** for family coverage.
The 2011 maximum limits for out-of-pocket expenses for high-deductible health plans also remain the same at **$5,950** for self-only and **$11,900** for family plans.

Social Security Numbers to Get New Look in 2011

The Social Security Administration plans to change the way nine-digit numbers are issued for its cards by mid-2011, an agency official said.

Chuck Liptz, who spoke May 27 at a forum on federal payroll issues at the American Payroll Association's 28th Annual Congress at National Harbor, Md., said numbers will be chosen randomly and the first three digits no longer will designate where a Social Security card is issued. The changes are to start June 26, 2011, said Liptz, director of electronic services support and communications at the agency.

When the agency was established in 1935, population patterns were different and identity theft was not the issue it is today, Liptz said. "Seventy-five years later, things look different," he said, adding that the agency will run out of regionally based numbers in the next few years.

The new numbering system is "supposed to last for 30 years before running into any problems," Liptz said. Starting in June 2011, for the first time Social Security card numbers will be allowed to start with 8 in the first position, Liptz said. The numeral 7, previously a special designation for railroad retirees and for recipients who obtain a card while abroad, also will be used to start a regularly-issued Social Security number, he said. No card will start with 9, and the combination 666-which often has Satanic connotations-will not be allowed.

Liptz also said that the agency has no plans to resume a campaign to issue "no-match" letters informing employers of unresolved name and Social Security number mismatches from Form W-2 submissions. More than 10 million unresolved cases of number mismatches occur each year, ending up in a holding file, he said. The letters were sent to employers that had at least 11 Forms W-2 with name and number mismatches, accounting for at least one-half of 1 percent of the total W-2s in the submission. In individual cases where there is an anomaly, employers will be notified to contact an employee to resolve the issue, Liptz said.

Among other issues discussed at the forum:

- The Department of Homeland Security's Immigration and Customs Enforcement division plans to add an online self-check tool within the E-Verify system to allow individuals to confirm the accuracy of their records that are file with federal agencies, said Francine Hill, a DHS official. Testing will begin soon, with the launch of the site scheduled for later this year, she said.
- The Individual Wage Order form approved by the federal budget office will include a few changes after its renewal this year, said Sherri Grigsby, manager of employer services at the Office of Child Support Enforcement. Language will be included instructing employers to return the form if payment is not directed to a state disbursement unit, she said. Shading also will be added to some sections to distinguish them from other parts of the form, she said.
- Eligibility for the COBRA premium subsidy ended May 31, but if an extension is approved by Congress it likely will be retroactive, as it has previously, said Mary Gorman, assistant division counsel for pre-filing in the Small Business/Self-Employed Division of the Internal Revenue Service. Under the program, the 65 percent subsidy amount is to be drawn from the federal employment taxes that employers withhold from employees and hold in trust until deposited. Employers can decide to offset the current payroll tax liability for the subsidy amounts paid or claim a refund.

IRS Adds HIRE Act Qualified Employee Q&A

A general explanation of a qualified employee under the HIRE Act employment tax incentive was added June 1 to a list of questions and answers posted to the IRS website, www.IRS.gov
The question asks: Who are qualified employees?
The IRS answer, based on the HIRE Act's language, says that 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, who are not employed by the qualified employer to replace another employee of that employer, unless the other employee separated from employment voluntarily or was terminated for cause, and who are not family members of or related in certain other ways to the employer.”

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