# Central Iowa Chapter APA

## October Newsletter

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P.O. Box 131
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### 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.

## Letter from the President

Hello –

In case you missed our October 4 chapter meeting, be watching for our new and improved website. The URL will not change, just the look and feel of the website. Members will be able to update their information when necessary. Registration for meetings will be enhanced too. We hope to have the new website available for use within a month.

Are you 'Linked In'? You should be receiving an email soon, if not already, from Janice Carpenter, CPP, to join the Central Iowa APA Chapter group in the professional networking tool, Linked In. I encourage you to accept the invitation. This tool will allow you to easily network and discuss issues with other chapter members. If you have a payroll question, simply ask it. You'll see responses and discussions from others in our group. To sign up, go to www.linkedin.com and fill out the sign-up form, then join the CIAPA group.

I hope to see you at the November meeting!

*Sally Thomson, CPP*

## In This Issue

# Upcoming Meetings & Education

| Month | Day/Date | Location | Topic/Speaker |
|---|---|---|---|
| November | Tuesday, November 9 | Merle Hay Holiday Inn | Work Comp/Krista Turner |
| December | Wednesday, December 1 | Airport Holiday Inn | Year End Update/Kristy Maitre |

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


## *Study Group*


The next study group session will begin on February 3rd using the 2010 Payroll Source. It will be meeting 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.

# CIAPA Chapter News

**Central Iowa Chapter American Payroll Association**

**Meeting Minutes**

**October 4, 2010 5:30 pm**

The regular monthly meeting of the Central Iowa Chapter of the American Payroll Association was held at Smokey D's BBQ on Monday evening October 4, 2010. A buffet style dinner was served consisting of smoked turkey, pulled pork, potato casserole, cole slaw, brownies, and Dodi bars.

Sally Thomson, CPP, President, called the business meeting to order at 6:00 pm. She had all officers present stand up and introduce themselves and state the position they hold for the chapter. She asked which members are signed up with Linked In. A few members raised their hands. She talked briefly about this social networking system with members. Sally introduced Sara Stafford, who teaches the CPP study group. Sara announced there was one member who sat for the exam this past testing period. Classes will resume the first Thursday in February and will be held at EFCO.

Debby Hauk, Vice President, announced that the chapter has signed a contract with a new website company, Star Chapter. She said it will take about 3-4 weeks to get everything migrated over and up and running properly. We will maintain our current web address and the new system is to be user friendly for members. The benefit is several of the tasks that are performed manually now will be completed using the website. It should save the officers a lot of time and energy.

Luther Philpott, Treasurer, announced the balance in the checking account at $17,089.43. Luther also reminded members to be sure and make cancellations before the deadline date if plans have changed and they are not planning to attend the meeting. Otherwise he will be sending an invoice for the meeting expense to those members who were "no shows".

No reports were given from the Government Liaison Officer, Education, or NPW/Community Development as those officers were not able to attend the meeting.

Barb Craig, Hospitality, announced that our November meeting will be held at the Merle Hay Holiday Inn and the December meeting will be held at the Airport Holiday Inn. Barb also encouraged all members to complete the survey that will be sent after the meeting. The information obtained is used in setting up future meetings.

Shari Barber, CPP, Membership, announced the number of current members at 155. She is planning to send renewal notices out at the end of November. Sally introduced London Woolman, CPP, who traveled from Nebraska to attend the meeting and gain ideas for her chapter.

Sally thanked everyone who brought food donations to the meeting. The items will be donated to the emergency food pantry. This was our community development project for November.

G. Ann Jensen, CPP, Newsletter Communications announced the deadline to have information to her for the October newsletter is 10/13/2010. She also encouraged members to share information with others by using the newsletter.

The minutes for the previous meeting were approved with no objections or changes.

Under new business, Sally asked if members have been notified of their software upgrades set to take place to handle the healthcare reform changes. There was some discussion from members about this topic. Sally is planning to write an article about international ACH transactions and asked if anyone has experience with this topic. Jeff Stayner said he would discuss with Sally his experiences.

Sue Nielsen, CPP, Secretary, introduced the speaker for the evening, Michael Fitzgerald, Treasurer of State. He gave background information on the Treasurer's Office and the various programs they manage: Great Iowa Treasure Hunt, College Savings Iowa to name a couple. He has been in the office since 1983. He stated that his office received $18 million last year in escheated property for the Great Iowa Treasure Hunt and that they are holding over $200 million of unclaimed property. He also stated the unemployment rate is at 6.8% currently. He is hoping to see that percentage go down. He talked extensively about the College Savings Iowa plan and how it helps parents/grandparents save for a child's education. He also mentioned that the 4th Annual Iowa Women and Money Conference will be held on Saturday, October 9th at the Convention Center. It's free to the public.

Meeting was adjourned around 7:15 pm.

Respectfully submitted by Susan Nielsen, CPP

## *How Are College Savings Funds Handled through Payroll?*

Michael Fitzgerald fielded numerous questions from members at the October meeting. When asked if any members were making contributions for their employees to the College Savings 529 Plan, some of the chapter members mentioned that they are sending contributions to the fund via ACH (direct deposit). One member asked if contributions could be sent to the fund using payroll deduction for those employees who do not participate in direct deposit and then how these funds would be transferred to the Treasury. The question was referred to Kathryn Fehring, Compliance Officer with the State of Iowa Treasurer's Office.

Her answer was that several ways will work. She spoke with the individual that handles the receiving of funds into the various plans. Kathryn was told that they are pretty flexible on how they receive the funds. They are often sent in with a check and roster or submitted electronically. The co-worker that she spoke with said that you could call them at 888-672-9116 anytime and they could walk you through the processes.

If you have any other questions you can contact Kathryn at 515-281-7546.

## *Statewide Conference Co-Chairs Needed*

Co-chairs are needed to begin planning the 2011 statewide conference. If interested, please contact Sally Thomson at president@centraliowaapa.org.

## *W-2 Healthcare Reporting Requirement Details*

The Patient Protection and Affordable Care Act (PPACA) is adding new reporting requirements aimed at improving health care transparency and cost awareness by requiring employers to report the value of employees' health benefits on Form W-2s. For information on those requirements, be sure to check out the attachment with this newsletter.

Although reporting the cost of coverage will be optional with respect to 2011, the IRS continues to stress that the amounts reportable are not taxable.

## *Health Care Coverage Reporting Requirement Delayed Until 2012*

On October 12, the Internal Revenue Service announced that reporting the cost of an employee's coverage under an employer-sponsored group health plan on Form W-2 will not be required for Forms W-2 issued for 2011. After receiving input from APA and other payroll stakeholders, IRS determined that the relief is needed to provide employers with more time to make any necessary changes to their payroll systems or procedures to prepare for complying with the reporting requirement. Read IRS Notice 2010-69 at:
http://www.irs.gov/pub/irs-drop/n-2010-69.pdf.

At the same time, IRS issued a draft version of the 2011 Form W-2 with a note on the back of Copy B stating that employers who wish to report the cost of employer-provided health insurance for 2011 should do so in Box 12 with new Code DD. The form also shows shading in Box 9, which is being reserved because it will no longer be used to report the Advance Earned Income Credit, which is eliminated effective January 1, 2011. The draft form is available at:
http://info.americanpayroll.org//pdfs/fpi/10k12-10134y11.pdf

# National APA News

## *APA's Preparing for Year-End and 2011*

APA brings an informative seminar to the Des Moines area on October 28. Reduce the risk of non-compliance penalties with this one-day class specifically addressing the complex compliance issues of year-end processing. Preparing for Year-End and 2011 brings you up to date on the latest changes in legislation and regulations that affect the close of 2010 and the beginning of 2011.

If you prefer, their most important course to ensure your company's compliance, will be offered as a series of Webinars for your added convenience. Now receive year-end processing and compliance information without leaving your office. There are four segments to the Preparing to Year-End Webinars. Since you register for each separately, you can choose to attend all segments or just one. The segments and their topics are listed below.

**Topics**

**Segment 1**: Year-End Preparation
**Segment 2**: Year-End Reporting and Taxation of Fringe Benefits
**Segment 3**: State Regulations Impacting Year-End, Annual Changes, and Forms Review/Revision
**Segment 4**: Legislative and Regulatory Review

For more information or to register, log on to http://www.americanpayroll.org/

## *APA's Current Government Relations Lobbying Efforts*

APA's Government Relations task force is currently reviewing and offering opinions on the next-day deposit rule and the proposed rule that would eliminate significance of state banking holidays.

The task force states "We feel that the one-day rule should be applied only when an employer has accumulated $100,000 or more of undeposited employment taxes within the deposit period applicable to its status as a monthly or semi-weekly depositor. "This is the main point raised by APA in its comment to the Internal Revenue Service on recently proposed regulations on "Electronic Funds Transfer of Depository Taxes."

This distinction could make the difference in the application of a tax deposit penalty, and it could make the difference in whether an employer that is a monthly depositor would immediately become a semi-weekly depositor. APA suggested adjustment of the wording of the rule and proposed an example to demonstrate this adjustment.

State bank holidays would no longer be of significance in determining when a tax deposit is due, under the proposed rule. Employers that utilize state bank holidays for extra time before making tax deposits, possibly benefiting from an extra day of "float," would no longer be able to do so. APA did not comment on this aspect of the proposed rule.

For more Information on this and other current Government Relations activities, see the APA website at http://www.americanpayroll.org/government or the October issue of APA's Inside Washington.

# Government Liaison Corner

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

## *Iowa Unemployment Taxable Wage Base Increase for 2011*

Iowa's unemployment insurance taxable wage base for 2011 will increase to $24,700 from $24,500. The Iowa Workforce Development, Unemployment Insurance Division, said that employer contribution rates will be determined under Table 3 in 2011 (Table 4 for 2010), with rates ranging from zero to 9 percent. New non-construction employers pay 1.9 percent. New employers in general construction pay 9 percent, which is the maximum rate assigned to any employer under the applicable table.

## *President Signs Jobs Bill with Payroll Provisions*

On September 27, 2010, the President signed the Small Business Jobs Bill of 2010, H.R. 5297, (P.L. 111-240). The House passed the bill on September 23, 2010. The Senate passed the bill on September 16, 2010. The measure has several payroll related provisions.

***Cell Phones***

Cell phones are removed from the definition of listed property in the federal Internal Revenue Code. Thus, under the provision, the heightened substantiation requirements and special depreciation rules that apply to listed property do not apply to cell phones. The provision is effective for taxable years ending after December 31, 2009.

***Information Return Penalties***

The provision amends Code Sec. 6721 to increase the first-tier penalty from $15 to $30, and increases the calendar year maximum from $75,000 to $250,000. The second-tier penalty is increased from $30 to $60, and the calendar year maximum is increased from $150,000 to $500,000. The third-tier penalty is increased from $50 to $100, and the calendar year maximum is increased from $250,000 to $1,500,000. For small business filers, the calendar year maximum is increased from $25,000 to $75,000 for the first-tier penalty, from $50,000 to $200,000 for the second-tier penalty, and from $100,000 to $500,000 for the third-tier penalty. The minimum penalty for each failure due to intentional disregard is increased from $100 to $250.

The penalty for failure to furnish a payee statement has been revised to provide tiers and caps similar to those applicable to the penalty for failure to file the information return. A first-tier penalty is $30, subject to a maximum of $250,000; a second-tier penalty is $60 per statement, up to $500,000, and the third -tier penalty is $100, up to a maximum of $1,500,000. The penalty is also amended to provide limitations on penalties for small businesses and increased penalties for intentional disregard that parallel the penalty for failure to furnish information returns.

Both the failure to file and failure to furnish penalties are adjusted to account for inflation every five years with the first adjustment to take place after 2012, effective for each year thereafter. The provision applies with respect to information returns required to be filed on or after January 1, 2011.

***Federal Tax Levies***
The provision allows the IRS to issue levies prior to a CDP hearing with respect to Federal tax liabilities of Federal contractors identified under the Federal Payment Levy Program. When a levy is issued prior to a CDP hearing under this proposal, the taxpayer has an opportunity for a CDP hearing within a reasonable time after the levy. The provision applies to levies issued after the date of enactment.

## *IRS Will No Longer Mail Paper Tax Package to Employers*

The IRS will no longer mail paper tax packages, which included forms, schedules, and instructions for paper filing, to employers. In early October, the IRS will send a postcard, Notice 1400-J, Publication 393, Federal Employment Tax Forms Information, to businesses that normally receive their tax forms and publications from the IRS. The postcard will explain how to get the tax forms and instructions needed for future filings.

The IRS encourages all businesses to file electronically because of the benefits they receive:

- It's quicker and more efficient
- Businesses can check the status of their submissions using the SSA's Business Administration's Business Services Online(BSO)
- BSO will identify any submission errors
- Forms and documents can be downloaded at no cost from www.irs.gov/formspubs

## *Daylight Savings Time Ends November 7*

Daylight Savings Time (DST) ends Sunday, November 7 at 2 am. Clocks will be set **back** one hour throughout most of the United States.

Shift workers on duty at that time will work one hour more than usual and must be paid for that extra hour. The extra hour must also be counted for purposes of calculating the regular rate of pay and overtime.

DST is not observed in Arizona and Hawaii, and in the territories of American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands.

## *DOL Updates the COBRA Web Page on Maintaining Health Coverage when the Premium Subsidy Ends*

The DOL has added a fact sheet and frequently asked questions on maintaining health coverage after the COBRA premium reduction ends:

- Fact Sheet - http://www.dol.gov/ebsa/pdf/fsExpiringSubsidy.pdf
- FAQ - http://www.dol.gov/ebsa/pdf/faq-ExpiringSubsidy.pdf

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