

<u>Date</u>			<u>Completed</u>
<u>Payroll Date</u> Dec 27 - 29 30 - 31 Jan 1 - 2 3 - 5 6 - 9 10 - 12 13 - 16 17 - 19 20 - 23 24 - 26 27 - 30 31 - Feb 2	<u>Deposit Date</u> Jan 4 5 5 10 12 18 19 24 26 31 Feb 2 7	Semi-Weekly Payroll Tax Deposits. Employers that are semi-weekly depositors generally must deposit taxes withheld and FICA taxes on payrolls paid on Wednesday, Thursday or Friday on or before the following Wednesday, and deposit taxes from payments on other days on or before the following Friday. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and first quarter (fourth quarter for December payroll deposits due January 4 & 5).	
1	<h2><i>New Year's Day!</i></h2>		
12	Michigan sales and use tax deposit for the month of December or fourth quarter to claim early payment discount.		
15	Martin Luther King, Jr. Federal Holiday		
16	Voucher #4 due for individual income tax estimates, both State and Federal. To avoid any additional interest and/or penalty charges, taxpayers should have paid in at least 90% of their projected 2017 tax liability (or 100% of the prior year's tax if eligible, or 110% of the prior year's tax). Also see January 31 below.		
16	Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during December. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and fourth quarter.		
16	Corporations with fiscal year ending January 31, April 30, July 31 or September 30: * Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit.		
16	Corporations with fiscal year ending September 30: * Federal Income Tax Return – Form 1120. * Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. * Pay accrued compensation, charitable contributions, retirement plan contributions, etc.		
16	Corporations with fiscal year ending March 31, June 30, September 30, or December 31: * Pay CIT estimate to State of Michigan.		
22	Michigan Sales, Use, and Withholding Taxes Return for the month ended December 31.		
25	State Employer's Quarterly Wage/Tax Report (Form UA-1028). Pay to State of Michigan - Unemployment Agency.		
31	Corporations with fiscal year ending September 30: * File CIT return and pay balance due to State of Michigan.		
31	Form 1040 - Individual income tax return can be filed in lieu of fourth quarter payment of estimated tax.		

Date		Completed
31 	Quarterly and Annual payroll reports and deposits: * Form 940 - Employer's Annual Federal Unemployment Tax Return; deposit balance due electronically. Indicate Form 940, Balance Due on Return, and fourth quarter. * Form 941 - Employer's Quarterly Federal Tax Return; deposit balance due electronically. Indicate Form 941, Balance Due on Return, and fourth quarter. * Form 943 - Employer's Annual Tax Return for Agricultural Employees; pay balance due electronically. Indicate Form 943, Balance Due on Return, and fourth quarter. * Form 944 - Employer's Annual Federal Tax Return; pay balance due electronically or with return to United States Treasury. * Form 945 - Annual Return of Withheld Federal Income Tax for nonpayroll payments; pay balance due electronically or with return to United States Treasury. * Form W-2 - Annual Wage and Tax Statement must be given to employees. * Form W-3 - Transmittal of Income and Tax Statements, accompanied by copy of Forms W-2. * Form 1096 - Annual Summary and Transmittal, accompanied by copy of Forms 1099-MISC reporting non-employee compensation in Box 7. * Form 1099 - must be given to certain recipients of interest, dividends, rents, royalties, commissions and other miscellaneous types of income.	

NEW BUSINESS MILEAGE RATE

The IRS has announced that the standard mileage rate for business travel will be 54.5 cents per mile for 2018, an increase from 53.5 cents for 2017. Employers may use the standard mileage rate to pay for auto expenses incurred by employees under a reimbursement or expense allowance arrangement, provided that accountable plan requirements are satisfied. Reimbursement in excess of the standard rate creates taxable compensation subject to payroll taxes.

The standard mileage rate for charitable use of a vehicle remains at 14 cents per mile. The rate for use of a vehicle to obtain medical care or in connection with an employment-related move will be 18 cents per mile for 2018, up from 17 cents for 2017.

TRANSFERRING DATA FILES ELECTRONICALLY

Did you know that you can upload your data files to us electronically through our website? This allows a much safer and more efficient transfer of files, such as Word, Excel, PDF, and QuickBooks data files. The process is simple and secure. No more flash drives! To get started, go to www.dbccpa.com and click on Client Portal. You will make your electronic files (portable file, accountant's review copy, etc.) as you usually do, but instead of copying it to a flash drive you can upload via our website. Very efficient and green!

TAX SEASON OFFICE HOURS

From January 29 through April 16, 2018, our offices will be open during the following hours:

Monday through Thursday	8:00 a.m. – 6:00 p.m.
Friday	8:00 a.m. – 5:00 p.m.
Saturday	8:00 a.m. – 12:00 p.m.

Appointments may also be scheduled at other times by calling one of our offices.

DECEMBER

SU	M	T	W	TH	F	SA
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

JANUARY

SU	M	T	W	TH	F	SA
1	2	3	4	5	6	
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

FEBRUARY

SU	M	T	W	TH	F	SA	
					1	2	3
4	5	6	7	8	9	10	
11	12	13	14	15	16	17	
18	19	20	21	22	23	24	
25	26	27	28				



January 2018

PAYROLL TAX CHANGES FOR 2018

With the New Year comes a new payroll tax year. Since many payroll tax rates and bases have changed once again, now is a good time to review the various payroll taxes for 2018. You may wish to keep this annual payroll tax summary on hand as a reference throughout the year.

MICHIGAN MINIMUM WAGE

The state minimum wage rate for Michigan employees increases to \$ 9.25 per hour from \$ 8.90 as of January 1, 2018. The rate for tipped employees increases to \$ 3.52 from \$ 3.38. The combination of tips reported and wages paid must average to a minimum of \$ 9.25 based on the number of hours worked.

FEDERAL WITHHOLDING

The Internal Revenue Service anticipates issuing new federal withholding guidelines during January that should be implemented in February, 2018. In the meantime, continue to use the existing 2017 withholding tables and formulas.

MICHIGAN WITHHOLDING

The Michigan Department of Treasury has announced that there will be no change to the Michigan Income Tax Withholding Tables for 2018. The annual exemption amount remains at \$ 4,000 and the tax rate remains at 4.25%.

SOCIAL SECURITY AND MEDICARE

The wage base for the social security tax increases to \$ 128,400. Employers must also withhold a 0.9% additional Medicare tax on wages paid to any employee in excess of \$ 200,000 per employee during the year.

	<u>Social Security</u>	<u>Medicare</u>
Employer's tax rate	6.2%	1.45%
Employee's tax rate	6.2%	1.45%
Wage base	\$ 128,400	Unlimited
Maximum withholding per employee	\$ 7,961	Unlimited
Employee's additional tax on wages over \$200,000	N/A	0.9%

There is an increase in the amount of earned income a recipient of Social Security can receive without losing benefits for 2018. The maximum amount for a beneficiary under full retirement age is \$ 17,040, up from \$ 16,920 in 2017. For workers who reach full retirement age during 2018, the maximum is \$ 45,360 or \$ 3,780 per month for the months prior to full retirement age. There is no earnings limit for beneficiaries once they reach full retirement age.

SELF EMPLOYMENT

The maximum earnings subject to the 12.4% social security portion of the self-employment tax will increase to \$ 128,400 for 2018. The medicare portion remains at 2.9% on unlimited earnings. Self employment earnings in excess of a threshold amount will also be subject to a 0.9% additional Medicare tax (\$ 200,000 for single returns, \$ 250,000 for joint returns).

PAYROLL TAX CHANGES FOR 2018 (CONTINUED)

MICHIGAN UNEMPLOYMENT

The Michigan unemployment rate is assigned annually to each employer during the first quarter of the year based on an experience-rated formula. The initial wage base for 2018 will be \$ 9,000 for non-delinquent employers who are current with their unemployment payments, and \$ 9,500 for all the other employers. Be sure to forward a copy of your Rate Determination notice to our office if we prepare your payroll tax returns.

FEDERAL UNEMPLOYMENT

Federal unemployment remains unchanged with a net tax rate of 0.6% and a wage base of \$ 7,000.

REPORTING AND DEPOSIT REMINDERS

FORMS W-2 AND W-3

Reminder: Forms W-2 and W-3 must be mailed to the Internal Revenue Service by January 31, 2018.

FORM 1099

Payments of rents, dividends, interest and certain other payments made in the course of a trade or business must be reported to the recipient and the Internal Revenue Service on Form 1099. One type of payment that is often overlooked is fees of \$600 or more paid to subcontractors, corporate directors, attorneys and other service providers who are not employees or corporations. Accounting fees of \$ 600 or more paid to us in connection with your business must be reported since De Boer, Baumann & Company, P.L.C. is not a corporation. (Our Taxpayer Identification Number is 38-1968022.) If you do not have the necessary addresses and identification numbers to complete Form 1099, use Form W-9 to request this information from your vendor. Mail Form 1099 to each recipient by January 31, 2018. **Reminder: Form 1099-MISC reporting non-employee compensation in box 7 must be mailed to the Internal Revenue Service by January 31, 2018.** Other types of Form 1099 must be mailed to the IRS by February 28, 2018.

Attorneys' fees of \$ 600 or more paid in the course of a trade or business continue to be reportable in box 7 of Form 1099-MISC. However, for payments in the course of a trade or business to an attorney where the portion that is for legal fees cannot be determined, the total amount paid to the attorney (gross proceeds) must be reported in box 14. Also, the exemption from reporting payments made to corporations does not apply to payments for legal services. Therefore, attorneys' fees or gross proceeds paid must also be reported for payments to corporations that provide legal services.

Any person who must file a Form 1099-MISC with the Internal Revenue Service for services performed in Michigan must also file a copy with the Michigan Department of Treasury. These forms should be submitted along with the Annual Sales, Use and Withholding Taxes Annual Return Form 5081.

PERSONAL USE OF COMPANY VEHICLES

The value of any personal use of company vehicles by employees is generally a taxable benefit that must be included on Form W-2 in boxes 1, 3, 5 and 16. It can either be included with regular cash compensation or shown on a separate Form W-2. Alternatively, employers may treat 100% of employees' auto use as personal use, entitling the individual to claim the business portion as an employee business deduction on Form 2106. Employers must also report the value of the benefit separately in box 14.

S-CORPORATIONS

The cost of fringe benefits such as health insurance premiums and disability insurance premiums paid for the benefit of a 2% S-Corporation shareholder and certain family members must be included in the employee's income as additional compensation. These amounts are considered wages, which must be reported on Form W-2 and are subject to withholding. These amounts are exempt from social security tax and unemployment taxes if the payments are made under a written plan for employees and their dependents.