Handling Payroll Overpayments Correctly

Presented on Friday, February 5, 2016
Housekeeping

Credit

Questions

Today’s topic

Speaker

SUBMITTED FOR CREDIT
To earn RCH credit you must

Stay on the webinar, online for the full 60 minutes

Be watching using your unique URL

Certificates delivered by email, to registered email, by March 4th
Our Focus For Today

- Wage and Hour Compliance
  - FLSA requirements
  - Review of state requirements

- IRS and State Tax Codes
  - 1990 Private letter ruling governs IRS requirements
  - Current year vs. prior year
  - How to handle FICA corrections
  - FUTA and SUI corrections
  - Form W-2 or Form W-2c
Vicki M. Lambert, CPP, is President and Academic Director of The Payroll Advisor™, a firm specializing in payroll education and training. The company’s website www.thepayrolladvisor.com offers a subscription payroll news service which keeps payroll professionals up-to-date on the latest rules and regulations.
The FLSA Requires
The State Requirements

Wage and Hour Compliance
FLSA Requirements

- DOL accepts inadvertent overpayments will occur
- If the employer and the employee do not agree that the wages were overpaid or if employee refuses to repay the amount legal options must be considered
- If both agree the wages were overpaid there are methods to recoup
FLSA Requirements

- When the employer makes a loan or advance of wages it may deduct the principle from the employee’s wages.

- The principal may be deducted even where such deduction cuts into minimum wage or overtime due under FLSA.
Interest, administrative costs or attorney fees may not be deducted if it cuts into minimum wage or overtime.

The existence of the loan or advance must be verified to every extent possible.

Wage and Hour Division addressed this issue in Opinion Letter No. 1916 in 1998.
Facts of the Case

- Employee was overpaid a substantial sum over 27 pay periods.
- Claimed did not notice because check was direct deposited.
- W/H opined that employer was free to recoup overpayment if standards are followed.
Employer has discretion to decide on the percentage

No requirement that repayment agreement be in writing if undisputed

Of course ask your lawyer about that one

Reflects that W/H views overpayments as wage advances

Policies in WRITING!
Section 30c10 Voluntary assignment of wages, loans, and advances:

(b) While loans and cash advances are not facilities the principal may be deducted from the employee’s wages even where such a deduction cuts into MW or OT due under FLSA.

http://www.dol.gov/whd/FOH/
Recouping loan or advances on wages does not affect status as an exempt employee and does not violate salary basis requirement.
(Excerpt) In the situation where an employee is granted vacation pay prior to that individual’s established date of entitlement, with the understanding that the pay constitutes an advance on pay and the employee quits or is terminated before that date, employer may recoup the advanced vacation pay, even where such recoupment cuts into MW or OT pay as required.
State Requirements

- Every state will vary
- Must research wage and hour law as well as court cases
- Most require prior notification as does the FLSA
- Most require permission in writing
- California
- New York
California

Under most circumstances CA law prohibits an employer from deducting from an employee’s wages any debt the employee may owe the employer.

- Barnhill v. Saunders began with withholding for a loan upon termination
- California State Employees’ Association v. State of California extended to cover overpayment of wages
DLSE Opinion Letter 1999-09-22.1
California Labor Code Section 221
DLSE views deducting from an employee’s paycheck because of previous overpayment as an illegal deduction
However...
California...

Not illegal if:

- Employer/employee had previous written agreement based on voluntary consent of employee—again policy in place is required as is written authorization at time of deduction
- Not exceed amount agreed upon even at termination
- Does not reduce below minimum wage (state)

§ 193. Deductions from wages.

* 1. No employer shall make any deduction from the wages of an employee, except deductions which:

c) are related to recovery of an overpayment of wages where such overpayment is due to a mathematical or other clerical error by the employer. In making such recoveries, the employer shall comply with regulations promulgated by the commissioner for this purpose, which regulations shall include, but not be limited to, provisions governing: the size of overpayments that may be covered by this section; the timing, frequency, duration, and method of such recovery; limitations on the periodic amount of such recovery; a requirement that notice be provided to the employee prior to the commencement of such recovery; a requirement that the employer implement a procedure for disputing the amount of such overpayment or seeking to delay commencement of such recovery; the terms and content of such a procedure; and a requirement that notice of the procedure for disputing the overpayment or seeking to delay commencement of such recovery be provided to the employee prior to the commencement of such recovery.

d) repayment of advances of salary or wages made by the employer to the employee. Deductions to cover such repayments shall be made in accordance with regulations promulgated by the commissioner for this purpose, which regulations shall include, but not be limited to, provisions governing: the timing, frequency, duration, and method of such repayment; limitations on the periodic amount of such repayment; a requirement that notice be provided to the employee prior to the commencement of such repayment; a requirement that the employer implement a procedure for disputing the amount of such repayment or seeking to delay commencement of such repayment; the terms and content of such a procedure; and a requirement that notice of the procedure for disputing the repayment or seeking to delay commencement of such repayment be provided to the employee at the time the loan is made.

* NB Effective until November 8, 2015
Chargebacks

- Chargebacks on commissions for example
  - CA does permit
- Chargebacks on overpayment of wages from one pay period back as part of regularly scheduled type of pay system
  - CA does permit
Vacation

- California is the role model on this one
- If an employee is paid vacation before it is earned it is an advance on wages if the employee terminates
- 1988 the DLSE permitted recovery
- It appears that the DLSE has now reversed its position
- Always verify vacation rules in addition to overpayment rules for each state
No, your employer cannot deduct "advanced" vacation (i.e., vacation that is taken before it is earned or accrued) from your final paycheck. Because of work schedules and the wishes of employees, many employers allow employees to take their vacation before it is actually earned. Under California law, vacation benefits are a form of wages, and an employer's practice of allowing employees to take their vacation before it is actually earned or accrued is in effect an advance on wages. Thus, if an employee takes an advance on vacation and then quits or is discharged before all of that advanced vacation is earned or accrued, the effect is that there has been an overpayment of wages which is a debt owed to the employer.

The California courts have noted on a number of occasions that an advance on wages, as with any other debt owed (either to the employer or a third party), is subject to the provisions of the attachment law. However, since wages are exempt from prejudgment attachment, neither the employer nor any third party can recover the debt by way of attachment of the employee's final pay, as to do so would violate the public policy considerations underlying the wage exemption statutes. Thus, in California since the wage garnishment law provides the exclusive judicial procedure by which a judgment creditor can execute against the wages of a judgment debtor, an employer may not resort to self-help to recover debts owed to the employer by an employee from the wages then due to the employee.
A private employer may withhold payment for accrued paid time off, if an employee separates from employment voluntarily, if the following apply: (1) at time of hire, the employer provided the employee written notice of the limitation of payment of accrued time off; (2) the employee has been employed by the employer for less than 1 year; and (3) the employee gave the employer less than 5 days' written or verbal notice (ND CentCode, Sec. 34-14-09.2, added by Ch. 249 (S.B. 2138), L. 2011).
Sec. 22-2-6-4.[Wage deductions; Overpayments; Disputed amounts; Limitations].—

Sec. 4. (a) If an employer has overpaid an employee, the employer may deduct from the wages of the employee the amount of the overpayment. A deduction by an employer for reimbursement of an overpayment of wages previously made to an employee is not a fine under IC 22-2-8-1 or an assignment of wages under section 2 of this chapter. An employer must give an employee two (2) weeks notice before the employer may deduct, under this section, any overpayment of wages from the employee's wages.

(b) An employer may not deduct from an employee's wages an amount in dispute under IC 22-2-9-3.

(c) The amount of a wage deduction made by an employer under subsection (a) is limited to the following:

(1) Except as provided in subdivision (2), the maximum part of the aggregate disposable earnings of an employee for any work week that is subjected to an employer deduction for overpayment may not exceed the lesser of:

(A) twenty-five percent (25%) of the employee's disposable earnings for that week; or

(B) the amount by which the employee's disposable earnings for that week exceed thirty (30) times the federal minimum hourly wage prescribed by 29 U.S.C. 206(a)(1) in effect at the time the earnings are payable.

In the case of earnings for a pay period other than a week, the earnings must be computed upon a multiple of the federal minimum hourly wage equivalent to thirty (30) times the federal minimum hourly wage as prescribed in this section.

(2) If a single gross wage overpayment is equal to ten (10) times the employee's gross wages earned due to an inadvertent misplacement of a decimal point, the entire overpayment may be deducted immediately.
Section 7(4) of Wage Payment Act: Employers may recover overpayments within 6 months after making the overpayments without written consent if: (1) the overpayment resulted from a clerical mistake or mathematical miscalculation made by the employer or the employee, (2) the employer gives the employee a written explanation of the deduction at least one pay period before the wages affected by the deduction are paid, (3) the deduction is not more than 15% of the gross wages earned in the pay period, (4) the deduction is made after all deductions required by law or collective bargaining agreement and any employee-authorized deduction are made, and (5) the deduction does not reduce regular gross wages below the applicable minimum wage.

New Hampshire now allows withholding from wages for any purpose on which the employer and employee mutually agree that does not grant financial advantage to the employer, if the employee has given his or her written authorization and deductions are duly recorded. The withholding may not be used to offset payments intended for purchasing items required in the performance of the employee's job in the ordinary course of the operation of the business. (H.B. 647, Laws 2011, approved June 7, 2011, effective August 6, 2011.)
Sec. R. 380:30-1-11., (a) If an employer determines that an employee has been overpaid, the employer may recover the overpaid sum from the employee in one of two ways:

(1) Lump sum cash repayment; or

(2) Agreement for payroll deduction in a lump sum or in installments over a term not to exceed the length of the term in which the erroneous payments were made, provided that such agreement is made pursuant to the provisions of this subchapter regarding deductions.

(b) The election as to which method is used, and the terms thereof, shall be made by the employee in writing, and shall be subject to all other provisions of law and which may apply. The employee may elect to use a combination of the above two methods, if the employer agrees.

(c) Upon termination of the employment agreement, any remaining balance of overpayment shall be considered an offset to any final wages otherwise due the employee.
IRS and Overpayments

What to do with each of the taxes and the calendar year
Overpayments must be included in the employee’s income for the payroll period when received.

Applies for federal income tax (FIT), social security, and Medicare.

The appropriate tax treatment depends on the type of tax involved and when the money is repaid to the employer.
The Private Letter Ruling

- Private letter rulings can be used only by the taxpayer who requests it.
- Rules IRS used for the ruling apply to all employers that need to make tax adjustments for overpaid compensation.
Facts of Case for Private Letter Ruling

- In 1988 company closed a nonqualified profit sharing plan and made distributions.
- Distributions were treated as wages and all taxes including withholding were withheld and paid by company.
- After long grievance period it was determined that a new distribution amount was to be made in 1990.
Company asked the IRS if they could do the following:

- Company would take 10% to recoup overpayments until excess distributions were collected
- Company wanted to correct payroll taxes withheld, deposited and reported in 1990

**IRS Said NO!**
Facts of Case for Private Letter Ruling

IRS did not address the issue of the amount or method of recouping the overpayment

IRS said no to the year of reporting and correction
What the Taxes Require

- Each type of tax requires a different handling when it comes to overpayment
- So you must begin by taking the rules for that tax into account
- Whether or not the repayment is in the same calendar year is critical for IRS rules
- Same calendar year is handled differently than in a subsequent calendar year
- Let’s look at federal income tax first
Federal Income Tax-Same Calendar Year

- If employee repays in same calendar year money is received employer excludes from income on Form W-2
- If results in overpayment of FIT employee will receive refund upon filing of Form 1040
Example

- On the following slide we have our example for Paul who is hired by Acme
- We will use this example for both FIT and FICA
- We will use this same example for both current year and for subsequent calendar years
- We will examine each tax first by each scenario of current and subsequent year payback
- At the end we will put it all together
Example 1 - Repayment Made in Same Calendar Year - The Facts

- Acme, Inc. hired Paul on May 17, 2013
- Salary of $6,000 per month
- Paul received a sign-on bonus of $2,000
- Required to repay if he left Acme within one year of being hired
- Paul resigned from Acme on October 15, 2013
## Breakdown of the Bonus Check

<table>
<thead>
<tr>
<th>Description</th>
<th>2013 Bonus Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIT Wages</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>SS Wages</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Medicare Wages</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>FIT W/H</td>
<td>$500.00</td>
</tr>
<tr>
<td>SS W/H</td>
<td>$124.00</td>
</tr>
<tr>
<td>Medicare W/H</td>
<td>$29.00</td>
</tr>
<tr>
<td>Net Pay</td>
<td>$1,347.00</td>
</tr>
</tbody>
</table>

©2016 The Payroll Advisor
Example 1-Repayment Made in Same Calendar Year-The Facts

- Paul repaid the net sign-on bonus of $1347.00 to the company.
- Explanation: Since Paul received the bonus and repaid it in the same year (2013), Acme will reduce Paul’s taxable income, as well as withheld FIT—but can Acme get the FIT back is always the question.
- Let’s look at his payroll history for 2013 as it applies to FIT wages and taxes withheld.
### Example 1 for FIT—Chart

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FIT Wages</td>
<td>$30,000.00</td>
<td>$2,000.00</td>
<td>$28,000.00</td>
<td>$28,000.00</td>
</tr>
<tr>
<td>FIT W/H</td>
<td>$3,900.00</td>
<td>$500.00</td>
<td>$3,400.00</td>
<td>$3,400.00</td>
</tr>
</tbody>
</table>

Since the repayment occurred in a subsequent quarter Acme would need to file a Form 941-X to correct the wages and FIT withheld.
FIT—In Prior Calendar Year

- Employee receives an overpayment in prior year but repays in current calendar year
- Amount cannot be excluded from employee’s income for any year
- Can take a deduction on Form 1040
- Form W-2 is unaffected
- A separate receipt should be given
- Acme can’t get the FIT back from the IRS at this point
### Example 2 Chart for FIT in Prior Year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FIT Wages</td>
<td>$35,000.00</td>
<td>$12,000.00</td>
<td>$2,000.00</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>FIT W/H</td>
<td>$4,550.00</td>
<td>$1,560.00</td>
<td>$500.00</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Net Pay</td>
<td>$27,772.50</td>
<td>$9,522.00</td>
<td>$1,347.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) This shows as a deduction on Paul’s personal income tax return for the amount of the repayment only.

(2) Paul can claim a deduction on his 2014 1040 Form for the repayment. Acme cannot claim a credit or refund from the IRS for prior year federal income tax withheld. Acme must request from Paul.
FICA Taxes

- Social security and Medicare are handled differently than FIT when it comes to overpayments
- Again the timing of the repayment is critical
- But the Form 941-X and possible Form W-2c may be involved as well
- Let’s examine FICA taxes
FICA Taxes in Current Year

- Employee receives and repays overpayment in current calendar year
- If returned after Form 941 is filed employer refunds all FICA taxes on overpayment to employee
- Form 941-X is processed claiming both employee and employer portions of FICA on overpayment
- Employer keeps records of the refund
- Employee provides signed statement that he or she will not seek refund from IRS
Example 1- Repayment Made in Same Calendar Year - The Facts

- Acme, Inc. hired Paul on May 17, 2013
- Salary of $6,000 per month
- Paul received a sign-on bonus of $2,000
- Required to repay if he left Acme within one year of being hired
- Paul resigned from Acme on October 15, 2013
- Repaid the net sign-on bonus of $1347.00 to the company.
## Example 1—Chart

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SS Wages</td>
<td>$30,000.00</td>
<td>$2,000.00</td>
<td>$28,000.00</td>
<td>$28,000.00</td>
</tr>
<tr>
<td>Medicare Wages</td>
<td>$30,000.00</td>
<td>$2,000.00</td>
<td>$28,000.00</td>
<td>$28,000.00</td>
</tr>
<tr>
<td>SS W/H</td>
<td>$1,860.00</td>
<td>$124.00</td>
<td>$1,736.00</td>
<td>$1,736.00</td>
</tr>
<tr>
<td>Medicare W/H</td>
<td>$435.00</td>
<td>$29.00</td>
<td>$406.00</td>
<td>$406.00</td>
</tr>
</tbody>
</table>

Since Paul received the bonus and repaid it in the same year (2013), Acme will reduce Paul’s taxable social security and Medicare wages and withheld SS and Medicare.

©2016 The Payroll Advisor
Example 1 Continued...

- Acme filed corrections for the payments by filing Form 941-X in the fourth quarter of 2013
- Acme recovered the employer share of social security and Medicare taxes through Form 941-X
- If the repayment had been for an amount overpaid in the same quarter as the correction, a Form 941-X would not have been required.
FICA Taxes In Prior Year

- Overpayment is made in previous year but repaid in current calendar tax year
- Does not affect wages or withholding in year in which it is repaid
- If the overpayment results in an overpayment of FICA (employee did not reach social security limit) a Form W-2c must be issued for overpayment calendar year
- Employer must consider wage bases on prior year overpayment
FICA in Prior Year Continued...

- Form 941-X is processed
- Employer claims both employer and employee portions
- Employee needs to sign statement they will not seek refund from IRS for the social security or Medicare
Example 2 - Repayment Made In a Subsequent Calendar Year - Facts

- Acme, Inc. hired Paul on July 16, 2013
- Salary of $6,000 per month
- Paul received a sign-on bonus of $2,000
- Bonus must be repaid if he leaves before one year of service
- Paul resigned from Acme on February 28, 2014
- He repaid the net sign-on bonus of $1,347 to the company.
### Example 2 Chart

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SS Wages</td>
<td>$35,000.00</td>
<td>$12,000.00</td>
<td>$2,000.00</td>
<td>($2,000.00)</td>
<td>($2,000.00)</td>
</tr>
<tr>
<td>Medicare Wages</td>
<td>$35,000.00</td>
<td>$12,000.00</td>
<td>$2,000.00</td>
<td>($2,000.00)</td>
<td>($2,000.00)</td>
</tr>
<tr>
<td>SS W/H</td>
<td>$2,170.00</td>
<td>$744.00</td>
<td>$124.00</td>
<td>($124.00) (3)</td>
<td>($248.00) (4)</td>
</tr>
<tr>
<td>Medicare W/H</td>
<td>$507.50</td>
<td>$174.00</td>
<td>$29.50</td>
<td>($29.00) (3)</td>
<td>($58.00) (4)</td>
</tr>
</tbody>
</table>

(3) Acme will claim the applicable social security and Medicare taxes on the amount Paul repaid as an adjustment when filing form 941-X during the first quarter of 2014. Paul must sign a statement that he has not and will not request a refund of social security and Medicare taxes from IRS.

(4) Acme files Form 941-X in 2014. Acme will recover the employee and employer shares of social security and Medicare taxes through Form 941-X.
Let’s look at example 1 repaid in the same calendar year for all taxes—recap of scenario:

- Acme, Inc. hired Paul on May 17, 2013
- Salary of $6,000 per month
- Paul received a sign-on bonus of $2,000
- Required to repay if he left Acme within one year of being hired
- Paul resigned from Acme on October 15, 2013
- Repaid the net sign-on bonus of $1347.00 to the company.
Since Paul received the bonus and repaid it in the same year (2013), Acme will reduce Paul’s taxable income, social security and Medicare wages, as well as withheld FIT, SS, and Medicare.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FIT Wages</td>
<td>$30,000.00</td>
<td>$2,000.00</td>
<td>$28,000.00</td>
<td>$28,000.00</td>
</tr>
<tr>
<td>SS Wages</td>
<td>$30,000.00</td>
<td>$2,000.00</td>
<td>$28,000.00</td>
<td>$28,000.00</td>
</tr>
<tr>
<td>Medicare Wages</td>
<td>$30,000.00</td>
<td>$2,000.00</td>
<td>$28,000.00</td>
<td>$28,000.00</td>
</tr>
<tr>
<td>FIT W/H</td>
<td>$3,900.00</td>
<td>$500.00</td>
<td>$3,400.00</td>
<td>$3,400.00</td>
</tr>
<tr>
<td>SS W/H</td>
<td>$1,860.00</td>
<td>$124.00</td>
<td>$1,736.00</td>
<td>$1,736.00</td>
</tr>
<tr>
<td>Medicare W/H</td>
<td>$435.00</td>
<td>$29.00</td>
<td>$406.00</td>
<td>$406.00</td>
</tr>
<tr>
<td>Net Pay</td>
<td>$23,805.00</td>
<td>$1,347.00</td>
<td>$22,458.00</td>
<td></td>
</tr>
</tbody>
</table>
Example 2 - Repayment Made In a Subsequent Calendar Year - Facts

- Acme, Inc. hired Paul on July 16, 2013
- Salary of $6,000 per month
- Paul received a sign-on bonus of $2,000
- Bonus must be repaid if he leaves before one year of service
- Paul resigned from Acme on February 28, 2014
- He repaid the net sign-on bonus of $1347 to the company.
- Since Paul resigned and repaid only the net amount of his sign-on bonus, Acme will not be able to take an adjustment for the federal income tax withheld from the sign-on bonus on form 941-X for the first quarter of 2014—Paul must pay back FIT
## Example 2 Chart

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FIT Wages</td>
<td>$35,000.00</td>
<td>$12,000.00</td>
<td>$2,000.00</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>SS Wages</td>
<td>$35,000.00</td>
<td>$12,000.00</td>
<td>$2,000.00</td>
<td>($2,000.00)</td>
<td>($2,000.00)</td>
</tr>
<tr>
<td>Medicare Wages</td>
<td>$35,000.00</td>
<td>$12,000.00</td>
<td>$2,000.00</td>
<td>($2,000.00)</td>
<td>($2,000.00)</td>
</tr>
<tr>
<td>FIT W/H</td>
<td>$4,550.00</td>
<td>$1,560.00</td>
<td>$500.00</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>SS W/H</td>
<td>$2,170.00</td>
<td>$744.00</td>
<td>$124.00</td>
<td>($124.00) (3)</td>
<td>($248.00) (4)</td>
</tr>
<tr>
<td>Medicare W/H</td>
<td>$507.50</td>
<td>$174.00</td>
<td>$29.50</td>
<td>($29.00) (3)</td>
<td>($58.00) (4)</td>
</tr>
<tr>
<td>Net Pay</td>
<td>$27,772.50</td>
<td>$9,522.00</td>
<td>$1,347.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Example 2 Code Explanations

(1) This shows as a deduction on Paul’s personal income tax return for the amount of the repayment only

(2) Paul can claim a deduction on his 2014 1040 Form for the repayment. Acme cannot claim a credit or refund from the IRS for prior year federal income tax withheld. Acme must request from Paul

(3) Acme will claim the applicable social security and Medicare taxes on the amount Paul repaid as an adjustment when filing form 941-X during the first quarter of 2014. Paul must sign a statement that he has not and will not request a refund of social security and Medicare taxes from IRS.

(4) Acme files Form 941-X. in 2014. Acme will recover the employee and employer shares of social security and Medicare taxes through Form 941-X.
Gross or Net?

- Employer cannot collect federal income tax withheld on prior year overpayments
- Ask for gross be refunded
- Employer can subtract out FICA if asking for refund from IRS
Since Paul resigned and repaid only the net amount of his sign-on bonus, Acme will not be able to take an adjustment for the federal income tax withheld from the sign-on bonus on form 941-X for the first quarter of 2014.
Example 2 continued...

How does the company recoup the FIT withheld?
Acme must request an additional repayment from Paul for $500 to recapture the federal income tax withheld from the sign-on bonus.
FUTA Taxes

- Employer may be able to claim refund after employee repays overpayment
- Employee’s earnings must not exceed $7,000 wage base
State Taxes

- In most states the same IRS rules will apply to state for income tax
- In most states the same situation will apply as for FUTA taxes for SUI
Are There Any Questions?
How Can Ascentis Help Me?

Process payroll
- Real time flexible processing
- 100% accuracy
- Reduce processing time by up to 30%

Employee portal
- Paycheck data
- Paystubs
- Tax forms
- Paycheck simulation tools
To earn RCH credit you must

- Stay on the webinar, online for the full 60 minutes
- Be watching using your unique URL
- Certificates delivered by email, to registered email, by March 4th

©2016 The Payroll Advisor
On-Demand Webinars

Watch from anywhere, at anytime, at no cost to you!
Download Slides? Watch again?

Elegant Human Capital Management Software Solutions for Businesses Focused on Efficiency and Accuracy

Feature Rich

Integrated Modules

Ultimate Flexibility

Powerful Integrated HCM Solutions for the Mid-Market

©2016 The Payroll Advisor
Sharing the Education

Ascentis Educational Webinars
Expand your knowledge of HR and payroll educational webinars

The Essentials of Taxing and Reporting Insurance Benefits for 2016 and Beyond

From 2010 onwards, much has been written about the Affordable Care Act (ACA), its complexities and implications. For employers, the ACA has created a new level of complexity and has made the task of managing benefit offerings more challenging.

The ACA requires employers to provide health insurance and to report employee information to the IRS in accordance with the requirements in the Code. This includes filling out Form 1095-B and Form 1095-C, which detail benefit information.

In this 60-minute presentation you will learn:

- How to review calculating and reporting health insurance benefits for 2016
- How to understand the requirements for the preparation and reporting of Form 1095-B
- How to understand the requirements for the preparation and reporting of Form 1095-C
- How to comply with the aforementioned requirements

Who will benefit?

- 105 of taxpayers and ITDs
- Professional accounting managers
- Professional accounting professionals

Register Now!

Please share with your colleagues & friends

Ascentis University
Contact Us

info@ascentis.com

www.ascentis.com

800.229.2713