

# THE DMLO REPORT

January 2012

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The following information was compiled to remind you of some of the more important changes, as well as a list of important payroll and payroll related dates. If you have any questions, please contact our General Services Department.

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	Wage Limits	Wages paid and tips received before 03/01/2012		Wages paid and tips received after 02/29/2012*	
		Employee	Employer	Employee	Employer
<b>Social Security</b>	\$110,100	4.20%	6.20%	6.20%	6.20%
<b>Medicare</b>	None	1.45%	1.45%	1.45%	1.45%

\*Please note that at the time this publication was prepared for release, the rate for the employee's share of social security tax was 4.2% and scheduled to increase to 6.2% for wages paid after February 29, 2012. However, Congress was discussing an extension of the 4.2% employee tax rate for social security beyond February 29, 2012.

**VOW to Hire Heroes Act of 2011.** On November 21, 2011, the President signed into law the VOW to Hire Heroes Act of 2011. This new law provides an expanded work opportunity tax credit to businesses that hire eligible unemployed veterans and, for the first time, also makes part of the credit available to tax-exempt organizations. Businesses claim the credit as part of the general business credit and tax-exempt organizations claim it against their payroll tax liability. The credit is available for eligible unemployed veterans who begin work on or after November 22, 2011, and before January 1, 2013.

**Undeliverable Forms W-2.** Keep for 4 years any employee copies of Forms W-2 that you tried to but could not deliver. However, if the undelivered Form W-2 can be produced electronically through April 15th of the fourth year after the year of issue, you do not need to keep undeliverable employee copies. Do not send undeliverable Forms W-2 to the SSA.

**Per Diem or Other Fixed Allowance.** You may reimburse your employees by travel days, miles, or some other fixed allowance under the applicable revenue procedure. In these cases, your employee is considered to have accounted to you if your reimbursement does not exceed rates established by the federal government. The 2012 standard mileage rate is 55.5 cents per mile.

**Additional Annual Filing for Kentucky Companies.** To assist the Secretary of State in providing the most accurate information to the public, corporations and companies conducting business in the Commonwealth of Kentucky are required by law to file annual reports with the Secretary of State.

All corporations (profit, non-profit & professional service), limited liability companies (profit, non-profit & professional service), limited partnerships, limited liability limited partnerships, and business trusts that are registered with the state, are required to file an annual report by June 30 of each year.

All business entities required to file an annual report receive a report postcard annually in January. Businesses have from January 1 through June 30 of that year to return the card to the Office of the Secretary of State, along with the \$15 payment. Failure to file an annual report by June 30 will result in a status of bad standing.

The following is a list of important payroll and payroll related dates.

***By January 31***

**Furnish Forms 1099 and W-2.** Furnish each employee a completed Form W-2, Wage and Tax Statement. Furnish each other payee a completed Form 1099 (for example, Form 1099-MISC, Miscellaneous Income).

**File Form 941 or Form 944.** File Form 941, Employer's QUARTERLY Federal Tax Return, for the fourth quarter of the previous calendar year and deposit any undeposited income, social security, and Medicare taxes. You may pay these taxes with Form 941 if your total tax liability for the quarter is less than \$2,500. File Form 944, Employer's ANNUAL Federal Tax Return, for the previous calendar year instead of Form 941 if the IRS has notified you in writing to file Form 944 and pay any undeposited income, social security, and Medicare taxes. You may pay these taxes with Form 944 if your total tax liability for the year is less than \$2,500. If you deposited all taxes when due, you have 10 additional calendar days from January 31 to file the appropriate return.

**File Form 940.** File Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return. However, if you deposited all of the FUTA tax when due, you have 10 additional calendar days to file.

**File Form 945.** File Form 945, Annual Return of Withheld Federal Income Tax, to report any nonpayroll income tax withheld in 2011. If you deposited all taxes when due, you have 10 additional calendar days to file.

***By February 15***

**Request a new Form W-4 from exempt employees.** Ask for a new Form W-4, Employee's Withholding Allowance Certificate, from each employee who claimed exemption from income tax withholding last year.

***On February 16***

**Forms W-4 claiming exemption from withholding expire.** Any Form W-4 claiming exemption from withholding for the previous year has now expired. Begin withholding for any employee who previously claimed exemption from withholding but has not given you a new Form W-4 for the current year.

***By February 28***

**File paper Forms 1099 and 1096.** File Copy A of all paper Forms 1099 with Form 1096, Annual Summary and Transmittal of U.S. Information Returns, with the IRS. For electronically filed returns, see [By March 31](#) below.

***By February 29***

**File paper Forms W-2 and W-3.** File Copy A of all paper Forms W-2 with Form W-3, Transmittal of Wage and Tax Statements, with the Social Security Administration (SSA). For electronically filed returns, see [By March 31](#) below.

**File paper Form 8027.** File paper Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, with the IRS.

***By March 31***

**File electronic Forms 1099, 8027, and W-2.** File electronic Forms 1099 and 8027 with the IRS. File electronic Forms W-2 with the SSA.

***By April 30, July 31, October 31, and January 31***

**Deposit FUTA taxes.** Deposit federal unemployment (FUTA) tax due if it is more than \$500.

**File Form 941.** File Form 941 and deposit any undeposited income, social security, and Medicare taxes. You may pay these taxes with Form 941 if your total tax liability for the quarter is less than \$2,500. If you deposited all taxes when due, you have 10 additional calendar days from the due dates above to file the return.

***Before December 1***

**New Forms W-4.** Remind employees to submit a new Form W-4 if their marital status or withholding allowances have changed or will change for the next year.