



People Payment Puzzles

Decoding Payments to Individuals and Related Tax Implications

June 15, 2024



1

Notice

Any tax advice in this communication is not intended or written by KPMG to be used, and cannot be used, by a client or any other person or entity for the purpose of (i) avoiding penalties that may be imposed on any taxpayer or (ii) promoting, marketing or recommending to another party any matters addressed herein.

- You (and your employees, representatives, or agents) may disclose to any and all persons, without limitation, the tax treatment or tax structure, or both, of any transaction described in the associated materials we provide to you, including, but not limited to, any tax opinions, memoranda, or other tax analyses contained in those materials.
- The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax advisor.



© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

2

2

Agenda

- 1 Worker Classification
- 2 Common Issues
- 3 Moving Expenses
- 4 Gift Cards & In-kind Benefits
- 5 Excise Tax on Executive Compensation
- 6 Payroll Errors & Corrections

3

Worker Classification

4

Significance of determining the employer/employee relationship

Employer is obligated to:

- Withhold, deposit, report, and remit applicable federal, state and local income taxes
- Withhold, deposit, report, and remit Social Security & Medicare taxes (collectively "FICA")
- Report and remit federal & state unemployment taxes (FUTA and SUI)
- Report and remit state disability (CA, NJ & RI)
- Issue forms W-2

Benefit plan significance

Equity compensation

Fair Labor and Standards Act ramifications

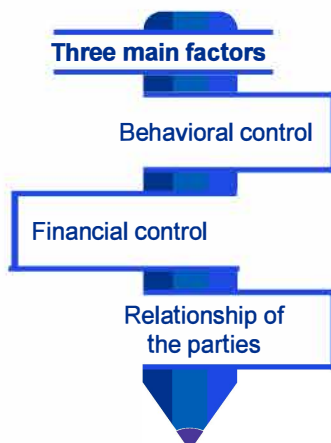
Participation in the ACA



© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Independent contractor determiners

- Rev. Rul. 87-41 lists 20 common law factors used to determine if an employer-employee relationship exists.



Does the company have the right to direct and control the activities of the worker?

- More than one client
- Investment in tools and equipment
- Chance of profit or loss
- Written agreement
- Length of relationship
- Set hours of work
- Detailed instructions
- Detailed training
- Evaluation of performance
- Close supervision
- Terms to end agreement



© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: People Payment Puzzles: Decoding Payments to Individuals and Related Tax Implications

Also available as part of the eCourse

[People Payment Puzzles: Decoding Payments to Individuals and Related Tax Implications](#)

First appeared as part of the conference materials for the
12th Annual Higher Education Taxation Institute session
"People Payment Puzzles: Decoding Payments to Individuals and Related Tax Implications"