



People Payment Puzzles

Decoding Payments to Individuals and Related Tax Implications

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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

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Worker Classification

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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

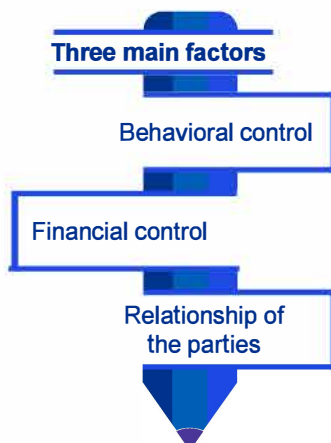
Participation in the ACA



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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



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