

### **IMPORTANT SOCIAL SECURITY TAX CHANGES**

To comply with recent legislation approved by the United States Congress, employers need to begin withholding more social security tax from their employees' wages. For the last 2 years, the employee tax rate for social security has been 4.2%, but for 2013, the employee rate is increasing to 6.2%. The social security wage base limit is also increasing to \$113,700 (the social security tax is not applied to an employee's payroll above this amount).

The IRS is advising employers to begin withholding social security tax at the rate of 6.2% of wages paid as soon as possible, but not later than February 15, 2013. After implementing the new 6.2% rate, employers should make an adjustment in a subsequent pay period to correct any under-withholding of social security tax as soon as possible, but not later than March 31st.

**Please note:** the employer tax rate for social security remains unchanged at 6.2%. Also, the Medicare tax rate is 1.45% each for the employee and the employer, the same as 2012. There is no wage base limit for Medicare tax.

In addition to withholding Medicare tax at 1.45%, employers must now withhold a 0.9% additional Medicare Tax from wages paid to an employee in excess of \$200,000 in a calendar year. This additional Medicare Tax is only imposed on the employee; there is no employer share.

For more information and for updated IRS

income-tax withholding tables for 2013 reflecting these changes, go to this link: [irs.gov/notice1036](http://irs.gov/notice1036), or visit our website at [fuba.org](http://fuba.org).

### **WATCH OUT FOR "ANNUAL MINUTES" SCAM**

Two companies, Compliance Services and Corporate Records Service, are targeting small businesses with mailed notices offering to file "Annual Minutes" for a fee of \$125.

**Please watch out:** you do not have to pay anyone to prepare or file your corporation's minutes! And while corporations are required by Florida law to keep minutes of their corporate meetings, **minutes do not have to be filed with any agency of the State of Florida.**

These companies have mailed forms to thousands of small businesses in Florida – the letters are in green envelopes and say "Important – Annual Minutes Requirement Statement" on the front of the envelope. Inside is a form titled "2012 Annual Minutes Records Form" (from Corporate Records Service) or one called "Annual Minutes Requirement Statement" (from Compliance Services) that looks like an official government document and asks for \$125.

**Please be aware:** While this mail looks like an official government form, it is definitely not. Corporations are required to keep minutes of their corporate meetings, but you don't have to pay someone to prepare your corporate minutes.

These companies seem to be trying to confuse small businesses that have to file an Annual

Report with the state into thinking that they need to pay one of these companies to prepare and file their minutes.

Please do not confuse a notice from Compliance Services or Corporate Records Service with the legitimate requirement that corporations and LLC's must file an Annual Report each year with the Division of Corporations to keep their entity's information up-to-date. If your business is a corporation or LLC, it must file an Annual Report on the state's official website **sunbiz.org** by May 1st and pay the appropriate filing fee. (See next article for more information on this requirement.)

If you received this mail from Corporate Records Service or Compliance Services, the best thing to do is to throw it in the trash. If you have any questions about these notices, please call the FUBA offices at 1-800-262-4483 and ask for Karen or Lance.

## **ATTENTION CORPORATIONS AND LLC'S: UPDATE FROM THE DIVISION OF CORPORATIONS**

It is time for all Florida corporations and Limited Liability Companies (LLC's) to file their annual report with the Florida Department of State, Division of Corporations. The annual report must be filed each year between January 1 and May 1 in order to maintain an "active status" with the Department of State. Plus, it gives you the opportunity to update your company's information on the state's official records.

The annual report is not a financial statement. It also does not allow you to change your business name; however, it will allow you to update your company's principals and the addresses associated with your business entity.

You must file your report online at the Division of Corporations' website, which is [sunbiz.org](http://sunbiz.org). Remember, the report must be filed by May 1st. After May 1st, the state charges a non-negotiable \$400 late fee. Failure to file an annual report by September 20, 2013,

will result in the administrative dissolution or revocation of your business entity on the Department's official records at the close of business on Friday, September 27, 2013.

Keep in mind that information submitted on the annual report is made part of the public record and is, therefore, available for public view on **sunbiz.org**. Because this information can be seen online by anyone with a computer, there is a new trend of business identity theft that is rapidly increasing throughout the country. Business identity theft occurs when someone steals the identity of a business, and the damage is usually more severe than with personal identity theft. The average loss to a victim of business identity theft is \$5,000, and 60% of small businesses fail within a year of being victimized of identity theft. Criminals have identified creative methods for exploiting this form of identity theft and have targeted small businesses because they are more vulnerable. Most of the time, businesses are unaware of the crime or how they can protect themselves.

The Division of Corporations suggests you review your business entity's records at least once a month to ensure there are no errors or problems, even if your entity is dissolved. You can do this by visiting the Division of Corporation's official website at **sunbiz.org**. Search for your company's name and make sure that the information on file, particularly the contact email address, is correct and has not been changed. If you find that your company's information on **sunbiz.org** has been changed without your authorization, contact the Division of Corporations at 850-245-6007 or 850-245-6904.

To learn more about business identity theft, visit **nass.org** and click on the business identity theft link.

For more information on how to file your annual report, please contact the Division of Corporations at 850-245-6056 or email **corphelp@dos.state.fl.us**. Or, you can call the FUBA offices and ask for Karen or Lance.