



# FUBA *i*SSUES

Florida United Businesses Association

**OUR BUSINESS IS SMALL BUSINESS****JANUARY 2011****Volume XXI, No. 1**

## **PAYROLL TAX CUT WILL BOOST TAKE-HOME PAY FOR MOST WORKERS**

Under a bill passed in December by the United States Congress, payroll taxes will be cut by 2% in 2011 due to a decrease in the Social Security tax. Starting in 2011, the amount employers withhold from employees' payroll for Social Security tax is reduced from 6.2% to 4.2%. This reduction in withholding will have no effect on the employee's future Social Security benefits.

Because these changes happened so late in the year, the IRS is asking employers to adjust their payroll systems as soon as possible, but no later than January 31, 2011. Employers should start using the new withholding tables and reducing the amount of Social Security tax withheld by January 31st. For any Social Security tax over withheld during January, employers should make an offsetting adjustment in their employees' pay no later than March 31, 2011.

The Internal Revenue Service (IRS) has just released instructions to employers to help them implement this new payroll tax cut. Notice 1036 contains the new withholding tables, the lower Social Security withholding rate, and related information employers may need to implement these changes.

Because employers and payroll companies (if one is used) will handle these withholding changes, employees do not need to fill out a new W-4 withholding form. However, it is always a good idea to remind your employees to review their withholding every year and, if necessary, fill out a new W-4. For example, employees who are having children, getting married, getting divorced or buying a home may want to consider revising their W-4.

For more information on how to implement this payroll tax change, please call your local ac-

counting professional. A copy of the IRS' Notice 1036 is available from the FUBA website at [www.FUBA.org](http://www.FUBA.org).

## **REMINDER: NO CHANGE TO MINIMUM WAGE FOR 2011**

The minimum wage in Florida will remain the same rate as it is now -- \$7.25 an hour, which is also the federal minimum wage. Even though the Florida rate is the same as the federal rate, businesses must still post a Florida-specific minimum wage poster. All FUBA members were mailed a new Florida-specific 2011 minimum wage poster with last month's newsletter. If you did not receive yours, or if you would like to order additional copies, please call the FUBA offices at 800-262-4483 and ask for Erin.

## **NEW 1099 REQUIREMENT WILL HIT SMALL BUSINESSES HARD IN 2012**

A controversial provision in the federal health care law will greatly increase recordkeeping and forms processing for small businesses. Starting in 2012, section 9006 of the Affordable Care Act makes 2 big changes: (1) payments businesses make to corporations will no longer be exempt from having to issue a 1099 and (2) the types of payments that will require a 1099 are significantly expanded. Basically, businesses will be required to issue 1099's on all payments to and purchases from any taxable entity, if the payment is more than \$600 in a calendar year.

Currently, businesses have to issue IRS Form 1099 on all unincorporated businesses for services over \$600. Under the new law, payments to corporations will no longer be exempt from reporting and will require a 1099 to be issued.

The new law also expands the type of payments that must be reported. Right now, the type of payment that most commonly triggers a 1099

to be issued is payment for services of \$600 or more. Starting in 2012, a 1099 will be required for purchase of goods and other property as well.

This also means your business will have to get a W-9 filled out on everyone you make a purchase from of over \$600 so you will have the correct information to issue the 1099. There is one exception: if your business makes the purchase via a credit card, the transaction will be reported to the IRS by the credit card company, so you will not have to issue a 1099.

**Right now, this law is not scheduled to go into effect until January 2012 and will apply only to payments made after December 31, 2011.** While there has been discussion in Congress about repealing it because of its undue burden on small businesses, no action has been taken yet to repeal or delay it. In case the law does take effect as scheduled, some accountants are recommending that businesses spend 2011 getting into the habit of getting W-9's from everyone they do business so they will have the necessary information to file their 1099's. We will keep you updated on this law and any changes to its implementation.

### **FREE SEMINARS FOR BUSINESSES ON WORKERS' COMPENSATION AND WORKPLACE SAFETY**

The state Division of Workers' Compensation is continuing their free seminars on Florida's workers' compensation laws and workplace safety.

Topics include:

- Who is required to have workers' comp insurance
- Who is eligible for exemptions from workers' comp
- Contractor responsibilities for workers' comp
- State enforcement of the workers' comp laws
- OSHA/Workplace Safety Inspections

Seminars are open to all business owners, licensed contractors, and employers. Continuing education units (CEU's) are available to contractors whose license requires continuing education in Workers' Compensation and Workplace Safety. This includes state-licensed construction contractors as well as state-licensed electrical contractors.

Advance registration for these classes is required and can be made via the Division's website at [www.myfloridacfo.com/WC](http://www.myfloridacfo.com/WC). We can fax you a registration form; just call the FUBA offices at 800-262-4483.

Here are the locations and dates of the seminars. All seminars are from 9:00 a.m. to 12:00 noon.

- **Tampa**  
January 13, 2011
- **Pompano Beach**  
January 19, 2011
- **Ocala**  
January 20, 2011
- **Miami**  
January 28, 2011
- **Lakeland**  
February 4, 2011
- **Pensacola**  
February 10, 2011
- **Ft. Myers**  
February 10, 2011
- **Orlando**  
February 24, 2011
- **Jacksonville**  
March 10, 2011
- **West Palm Beach**  
March 11, 2011
- **Tallahassee**  
March 15, 2011

### **IRS INCREASES MILEAGE RATES FOR 2010**

The IRS has announced that, effective January 1, 2011, the standard mileage rates for the use of a car (or van, pickup or truck) for business purposes will go up from 50¢ to 51¢ per business mile driven. This is the standard mileage rate used to calculate the deductible costs of operating an automobile for business purposes. This rate is used by many businesses to reimburse employees for mileage traveled in their personal vehicles for business reasons. Businesses always have the option not to use this standard rate and instead calculate the actual costs of using a vehicle for business reasons.