

The “Ally Mo” News



www.apasanantonio.com

4th Quarter

December 2009

Quarterly Quotes



*We are like tea bags – we don't know our own strength until we're in hot water...**Sister Busche***

*See everything; overlook a great deal; correct a little...**Pope John XXIII***

*The important thing is this: To be able at any moment to sacrifice that which we are for what we could become...**Charles DuBois***

If you have a quote you would like to share, please e-mail us at gov_liaison@apasanantonio.com

Member Spotlight

The Alamo Chapter would like to recognize Cecilia Settle in the quarterly member spotlight.

Cecilia has 26 years of multi-state payroll experience with 22 of those years in a Supervisor capacity. The largest payroll she has worked with was 26,000 employees and the smallest was 1,500 employees. Cecilia is currently seeking a payroll position and has worked for retail chains, medical clinics, and HR/Payroll service organizations.

Cecilia has been the Alamo Chapter Historian since 2004. She loves photographing events and meetings, but rarely is in the pictures! Cecilia has two children, Michael, age 27 and Steven, age 16. She is also the proud grandmother of Kaden, age 5. In her spare time, Cecilia loves working with beaded jewelry and painting.

When asked why she works in the payroll profession, Cecilia said, “I enjoy working in payroll because of the challenges and constant change. You have to be a special kind of person to work in payroll because at times it may seem like it is a thankless job, but it can take one person being happy that you were able to get them paid correctly that makes you feel like a hero”.

Please help us recognize Cecilia as our Spotlight Member!



INSIDE THIS ISSUE

2	New Members / Payroll Education Grant
3	Mergers and Acquisitions – Employment Tax Considerations
4	Compliance Update
5	Compliance Update Cont. / 2010 Payroll Source Guide
6	Alamo Chapter Calendar / Alamo Chapter Sponsors

4th Quarter 2009 New Members

Lorraine Rodriguez
R&L Foods, Inc

Jessica Burrer
West Corporation

Rubi Castillo
West Corporation

Oscar Barrero
West Corporation

Cindy Cruz
Carneiro, Chumney & Co

Yolanda Burleson, CPP
Whataburger Restaurants

Shawn Johnson
Deacon Recruiting

Priscilla Espinoza
Bay Valley Foods, LLC

Julia Baker
Argo Group US

Keyona Edwards
Sol Schwartz & Associates

Ashley Ingle, PHR
Randolph Brooks Federal Credit Union

We look forward to seeing you at our next meeting!

Payroll Education Grants

Source: American Payroll Association, 2009

*If you haven't already started the application process, now's the time to start applying for the 2010 **Payroll Education Grants**. Ten deserving APA members will receive APA training and resources at absolutely no cost through the Payroll Education Grants, sponsored by APA, Global Cash Card, and Kronos.*

Don't delay — apply today!
The application deadline is March 15, 2010

APA will award:

- *One Complete APA Payroll Training Package*
- *Two APA Course/Conference Grants*
- *Three The Payroll Source[®] Grants*

Global Cash Card will award:

- *One Global Cash Card Payroll Education Grant*
- *One Global Cash Card Payroll Publication Grant*

Kronos will award:

- *One Kronos Payroll Education Grant*
- *One Kronos Payroll Publication Grant*

For more information and to apply, visit www.americanpayroll.org/members/edgrant.

Mergers and Acquisitions – Employment Tax Considerations

Source: TALX, Corporation

Situation

The beginning of a calendar year is a popular time for employers to implement a reorganization, merger, acquisition or divestiture. While transactions occurring at the beginning of a year may minimize certain employment issues such as wage base restarts and multiple Forms W-2, it is critical to consider other employment tax impacts and to ensure transactions are properly reported. Listed below are a few of the common employment tax compliance, payroll systems integration, and general issues that a payroll department encounters with most mergers, acquisitions, or reorganizations. Other factors may also need to be addressed depending on specific circumstances.

Solution

Employment Tax Compliance Considerations

- Registration for new state income tax (“SIT”) withholding, local income tax (“LIT”) withholding, and state unemployment tax (“SUI”) accounts
- Required status updates to state workforce agencies related to transfers of employees, unemployment experience and common control provisions
- Account closures for inactive SIT, LIT, and SUI tax accounts

Payroll Systems Integration Considerations

- Potentially new Forms W-4 required from transferring employees (including state and local equivalents) due to change of employers
- Integration of potentially different pay cycles on employment tax liability/deposit dates

Other General Employment Tax Considerations

- Pre-acquisition activity to take advantage of available planning options; to identify potential refunds; to avoid the unintentional assumption of liabilities; and to develop an appropriate transaction integration plan
- Third party payroll provider requirements and constraints (timing, additional forms, powers of attorneys, etc.)
- Review payroll policies and procedures for consistency and consolidation; develop “best practices” (i.e. nonresident withholding, third party sick pay, fringe benefits, etc.)

Additional Employment Tax Considerations When Transaction Occurs Mid-Year

- Impact of transaction type (stock, asset, and/or merger) on reporting Forms W-2, 941, and 940.
- Successor status provisions associated with Social Security, federal unemployment (“FUTA”), and SUI regarding impacts on taxable wage bases
- Required tax account reconciliations to match deposits to liabilities reported on Forms W-2 for certain mid-year transactions at federal, state and local levels

Value

Proper compliance with federal, state and local employment tax laws is critical regardless of the effective date of a transaction. For more information on compliance requirements and planning options, please contact your tax consultant or Pete Krieshok at pkrieshok@talx.com.

Visit the TALX blog for more tax tips and information at <http://blog.talx.com/>.

Compliance Update

COBRA Premium Subsidy Extended

Source: American Payroll Association

On December 19, President Obama signed into law the Department of Defense (DOD) Appropriations Act, 2010 (Pub. L. No. 111-118), which includes provisions extending the COBRA premium subsidy that was enacted as part of the American Recovery and Reinvestment Act of 2009 (ARRA).

Under ARRA, individuals are eligible for the 65% COBRA premium subsidy for up to 9 months if they lose group health plan coverage because of an employee's involuntary termination of employment between September 1, 2008, and December 31, 2009, elect COBRA coverage, and pay 35% of the full COBRA monthly premium.

The DOD Appropriations Act makes three important changes:

1. It extends the deadline for the involuntary termination of employment to February 28, 2010;
2. It clarifies that eligibility for the subsidy is based on the date of the qualifying event (i.e., employment termination), not the date the individual becomes eligible for COBRA continuation coverage; and
3. It extends the maximum eligibility period from 9 to 15 months, both for those who became or become eligible by December 31, 2009, and for those who become eligible by February 28, 2010.

The DOD Appropriations Act also includes transitional provisions protecting those individuals whose eligibility for the premium subsidy expired before the extension (e.g., individuals whose period of eligibility began on March 1 and ended on November 30) and requiring group health plan administrators to notify them of their retroactive eligibility for the subsidy.

Individuals whose eligibility for the premium subsidy expired before December 19 and would be extended by the DOD Appropriations Act changes can maintain their eligibility by paying 35% of the full COBRA premium by February 17, 2010 (60 days after the enactment date of the changes), or, if later, 30 days after being notified of the changes by their group health plan administrator. An individual who pays the full COBRA premium for the period after their original subsidy eligibility expired is entitled to a refund of 65% of the amount they paid.

For any individual who was eligible for the COBRA premium subsidy on or after October 31, 2009, or who loses group health plan coverage because of an employee's involuntary termination of employment on or after that date, the group health plan administrator involved must provide notification to the individual of the DOD Appropriations Act changes by February 17, 2010. If the termination occurs after December 19, 2009, the additional notification language must be included as part of the regular COBRA continuation coverage notification provided to the individual. In addition, for assistance eligible individuals who did not timely pay their COBRA premium once their eligibility for the subsidy expired or who paid the full COBRA premium for such periods, the group health plan administrator must provide such individuals with an additional notification containing information on the DOD Appropriations Act changes, including the right to make retroactive premium payments, within 60 days after the expiration of their original eligibility period.

For employers, the extensions of COBRA premium subsidy eligibility mean that they will be filing Forms 941 claiming the employment tax credit for the 65% subsidy past IRS's originally expected end-point of the fourth quarter of 2010. Look for more details on the DOD Appropriations Act changes in the next issue of PAYROLL CURRENTLY, which will be e-mailed to you on January 8, 2010.

Compliance Update Continued On Next Page

IRS Decreases Business Mileage Rate to 50 Cents for 2010

Source: American Payroll Association

The IRS has announced that the business standard mileage rate for transportation expenses paid or incurred beginning January 1, 2010, will be 50 cents per mile, down from the 55 cents per mile rate in effect during 2009 [Rev. Proc. 2009-54, released 12-3-09; www.irs.gov/pub/irs-drop/rp-09-54.pdf].

The mileage rate may be used to compute the deductible cost of operating a passenger car (also vans, pickups, or panel trucks) for business purposes. It may also be used by employers that elect to use the "cents-per-mile" valuation method for purposes of determining the amount that needs to be imputed to an employee's income for personal use of certain company-owned or leased non-luxury vehicles.

In addition, the 2010 standard rate for miles driven for medical or moving purposes will decrease to 16.5 cents per mile, down from the 24 cents per mile rate in effect during 2009.

Finally, the standard mileage rate for operating a passenger car for charitable purposes is set by law and will stay at 14 cents per mile in 2010.

IRS Releases 2010 Federal Percentage Method Income Tax Withholding Tables

Source: American Payroll Association

Advance copies of the 2010 federal percentage method withholding tables have been released by the IRS. The tables are effective for wages paid in 2010. The withholding allowance amounts by payroll period have not changed for 2010 because the value of the personal exemption for 2010 remains at \$3,650.

The IRS has also issued the percentage method tables for determining advance earned income credit (EIC) amounts. These tables are based on gross wages and do not require the deduction for withholding allowances. Advance EIC payments apply only to employees eligible for advance payments of the credit who have a current Form W-5 on file with their employer.

Two extra tables are included in this year's Notice on account of the Making Work Pay tax credit:

- One is extra optional withholding on pension payments - to offset withholding reductions included in the withholding tables for the credit. Pension payments are not earned income and do not qualify for the credit.*
- The other is part of the new withholding procedure for nonresident aliens. This procedure requires use of a new chart and new tables - to offset withholding reductions included in the withholding tables for the credit for which nonresident alien employees are not eligible.*

To download the income tax withholding and AEIC tables [Notice 1036], as well as a table of withholding allowances for each payroll period prepared by the APA [Allowance Table], go to www.americanpayroll.org/members/Forms-Pubs/#annual.

2010 Payroll Source Guide

2010 is just around the corner! *The Alamo Chapter is once again offering a discount on the 2010 Payroll Source Guides!*

The discount grows as the number of orders grows so the final purchase price can not be determined until all orders are received. The Alamo Chapter will charge no more than a maximum of \$235.41 (which includes \$209.95 for the book plus shipping/handling and applicable sales tax).

The price will decrease depending on how many books are ordered. The following are the APA volume discount percentages, which will be used to figure the discounted price of the books:

05 - 09 books 10% discount

10 - 20 books 20% discount

21 - 40 books 25% discount

41 - 999 books 30% discount

The deadline to submit your order is January 22nd at 5:30pm.

To place your order, go to <https://www.apasanantonio.com> and register for the event.

The Alamo chapter does not use this event to raise funds but passes along all discounts to the members.



Please note: When ordering and paying a deposit of \$50 for the Payroll Source book is the same as a written agreement to pay the balance due at the time of delivery.

Alamo Chapter Calendar

Monthly Luncheon

JANUARY 21, 2010	<i>Multi-Generation Workforce: How to Get the Most Out of the Next Generation Workforce - Ryan Kohen</i>
FEBRUARY 18, 2010	<i>Working with Payroll Groups & Reporting Agents on a National Level Sherry Saucerman, IRS</i>
MARCH 18, 2010	<i>Retirement Plans 201: 401(k), SEP & SIMPLE Carlos Sarmiento, Merrill Lynch</i>

2009 Alamo Chapter Sponsors

Alamo Sponsor



Riverwalk Sponsor



Bluebonnet Sponsor

