

Customized Accounting LLC

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YEAR END TAX BULLETIN

The following includes employer information about changes to tax laws for the year 2009 and reminders about Forms W-4, W-5, and I-9.

FICA Changes (changes are in **bold print**):

	2008	2009
Social Security (OASDI) wage base	\$102,000.00	\$106,800.00
Medicare (HI) wage base	No Limit	No Limit
Social Security (OASDI) percentage	6.2%	6.2%
Medicare (HI) percentage	1.45%	1.45%
Total Social Security and Medicare percentage	7.65%	7.65%
Maximum Social Security (OASDI) withholding	\$6,324.00	\$6,621.60
Maximum Medicare (HI) withholding	No Limit	No Limit
Maximum Social Security and Medicare withholding	No Limit	No Limit
Federal Unemployment Tax (FUTA)	\$7,000	\$7,000

Changes for Retirement Plan Contribution Limits (changes are in **bold print**):

Retirement Plan	2008	2009
401K / Roth 401K / 403B / 408K / 457 / Section 501(C)(18)(D)	\$15,500	\$16,500
Catch-up 401K / 403B / 408K / 457	\$5,000	\$5,500
Simple IRA and 401K	\$10,500	\$11,500
Catch-up Simple IRA and 401K	\$2,500	\$2,500
414 (H)(2)	No Limit	No Limit

State Unemployment Information (changes are in **bold print**):

	2008	2009
Taxable Wage Base for Minnesota SUI	\$25,000	\$26,000
Additional Assessment Fee	14.00%	14.00%
Workforce Development Fee	.10%	.10%
Range of Tax Rates for 2009	.40% to 9.30% (base rate)	.40% to 9.30% (base rate)
Tax Rates for New Employers (non-construction and construction)	1.98% or 9.30% (includes base rate)	1.94% or 8.4% (includes base rate)

When you receive your 2009 State Unemployment Tax Rate Notice(s), please forward a copy to your Payroll Specialist. If we do not receive updated information regarding your state unemployment rate(s), we will continue to use the 2008 rate. **This could put your company in an underpayment or overpayment situation.**

There is no Federal Loan Interest Assessment Fee for 2009. **The Additional Assessment and the Workforce Development Fee must be calculated on top of your MN SUI percentage.**

SUI or FUTA Exempt Employees

If you had employees who were exempt for state unemployment insurance (SUI) or federal unemployment insurance (FUTA) in 2008, determine if they are still exempt for 2009. If not, let your Payroll Specialist know **immediately**. Your FUTA is based on the percentage of employees for whom you pay SUI. **Your FUTA payment will increase for each employee who is exempt from SUI but not from FUTA.** This includes owners who opt-out of state unemployment, if they are paid as employees.

Health Savings Account (HSA) Limits (changes are in **bold print**):

HSA	2008		2009	
HSA Maximum Annual Contribution (but not more than deductible under the HDHP associated with the HAS)	Self Only	Family	Self-Only	Family
	\$2,900	\$5,800	\$3,000	\$5,950
HSA Catch-Up Contributions (age 55 by the end of year)	\$900		\$1,000	
HDHP Minimum Annual Deductible	1,100	\$2,200	\$1,150	\$2,300
HDHP Maximum Out-of-Pocket	\$5,600	\$11,200	\$5,800	\$11,600

Forms W-4

If an employee has claimed to be exempt from withholding, a new Form W-4 must be filed by **February 16, 2009**. If a new W-4 is not received you are required to withhold tax as if the employee is Single with 0 allowances. Please tell your payroll specialist about any withholding changes for your employees. **Although the IRS does not allow the Exempt status to carry over, system does carry the status over automatically unless we are told to remove it.** The IRS may request copies of selected employee Forms W-4 if it is suspected that an under-withholding problem exists. Follow the instructions on the IRS letter if this occurs.

Social Security Cards

For Form W-2 verification purposes, employers are entitled to ask for and copy employee social security cards to ensure that the correct number and name are used. **Penalties may be assessed if an employee's name and social security number are not reported on Form W-2 the same as they appear on their social security card.**

Advance Earned Income Credit

Eligible employees are entitled to receive advance earned income credit (EIC) payments with their pay during the year. The employee must give the employer a completed and signed Form W-5 (Earned Income Credit Advance Payment Certificate). The employer is then required to make advance EIC payments to the employee. **Eligible employees must file a new certificate each year.** Tell your payroll specialist if you have employees who are no longer eligible for advance EIC payments. **Although the IRS doesn't allow the EIC to carry over W-5 information, the system does carry it over automatically unless we are told to remove it.**

Form I-9 - Required for New Employees

You must complete Form I-9, Employment Eligibility Verification Form, for each new employee you hire within three days of the employee beginning employment. You can obtain this form, and instructions for completing and filing it, from the Immigration and Naturalization Services office.

Helpful Government Phone Numbers

Government Agencies	Phone number	website
I.R.S.	1-800-829-4933	www.irs.gov
I.R.S. Forms and Publications	1-800-829-3676	www.irs.gov
U.S.C.I.S. (formerly I.N.S.)	1-800-375-5283	www.uscis.gov
Social Security Administration	1-800-772-1213	www.ssa.gov
To verify up to 5 SS# over phone	1-800-772-6270	
Federal Wage and Hour Line	1-866-487-9243	www.wagehour.dol.gov
MN Dept of Revenue	651-282-9999	www.taxes.state.mn.us
MN Registration Department	651-282-5225	www.taxes.state.mn.us
MN Unemployment Insurance	651-296-6141	www.uimn.org
MN Dept of Labor and Industry	651-284-5091	www.doli.state.mn.us
MN New Hire Reporting Center	651-227-4661	www.mn-newhire.com