PayDay

Employers should ask their employees to review and update the following information before their first payroll of 2009:

IRS FORM W-4

Ask your employees to verify the accuracy of their existing W-4s, and to submit a new W-4 to you if their exemptions/allowances have changed. Form W-4 affects the amount of federal income tax withholding from an employee's paycheck.

IRS FORM W-5

Employees who qualify for the federal "earned income tax credit" (generally for those with lower income and dependent children) can submit IRS Form W-5 to their employer, which enables an employee to get "advances" on their annual earned income tax credit with each paycheck.

The IRS requires that a new Form W-5 be filed each year in order for the advanced tax credits to continue in a new year.

INDIANA FORM WH-4

County income tax is withheld from your employees based on their counties of residence and employment as of January 1 of each year.

Employers should ask their employees to complete new Indiana WH-4 forms to ensure accurate county income tax withholdings for 2009.

RETIREMENT PLAN WITHHOLDINGS

Every employer who sponsors a "qualified retirement plan" (401K, 403b, 457 government, SIMPLE-IRA, etc.) should ask their employees how much they choose to "electively defer" via payroll deductions into their retirement plan for 2009.

OTHER VOLUNTARY DEDUCTIONS

Many other deductions are changed at the beginning of each year, including deductions for Section 125 cafeteria plans, group insurance, uniforms, dues, etc.

TELL US ABOUT YOUR 2009 CHANGES!

AccuPay needs to know about all of the above changes to your payroll for accurate processing and reporting in 2009. AccuPay's website also includes various payroll tax forms which you can download and provide to your employees.

Please call us at 888-2047 -- AccuPay's "CPP/CPA teams" are ready to assist you with forms and answer your payroll/tax questions!

PayDay is an email communication of payroll news, legal updates and tax considerations intended to inform clients and colleagues of AccuPay about current payroll issues and planning techniques. You should consult with your CPA or tax advisor before implementing any ideas, comments or planning techniques.

AccuPay
584 N. Emerson Avenue
Greenwood, Indiana 46143