



Subject: Year-End Payroll Tax Planning

Now is the time for employees to check if their tax withholdings and contributions to fringe benefit plans are “on target” to meet their objectives by the end of 2009. Employers can assist their employees in reaching their 2009 financial objectives by providing them with the following information. AccuPay will be pleased to make all payroll changes necessary to reach your 2009 objectives.

VEHICLE REIMBURSEMENTS

The IRS allows business mileage tax deductions at the rate of 55 cents per mile, effective for all miles driven in 2009. An employer may choose to reimburse employees at the IRS rate for business miles driven on their personal vehicle, without the reimbursement being reported as taxable wages to the employee. Reimbursements for 2009 above 55 cents per mile must be treated as taxable wages.

NOTE -- An employer is not required to use the IRS mileage rate for employee reimbursements, and therefore can reimburse more (taxable on excess) or less than the IRS rate.

HEALTH SAVINGS ACCOUNTS

The 2009 annual funding limits to health savings accounts (HSA's) are \$3,000 for self-only or \$5,950 for family HSA's. Employees age 55-65 can fund additional “catch-up” amounts of \$1,000 to HSA's (to \$4,000 for self-only and \$6,950 for family HSA accounts).

These 2009 annual funding limits are the combined contribution amounts between employee and employer funding.

NOTE – It is always smart to include employee HSA contributions as an “includable benefit” in a written Section 125 cafeteria plan document, in order to save FICA/Medicare taxes.

EMPLOYER-PAID PARKING

An employer may reimburse or directly pay employees for up to \$230 per month of parking as a non-taxable fringe benefit. The parking must be job-related and on or near the employer's business location.

NOTE – “Downtown” employers may want to consider providing non-taxable parking benefits in lieu of taxable employee wages.

FUNDING 2009 RETIREMENT PLANS

Funding limits for employee payroll deductions to various types of “qualified” retirement plans during 2009 are as follows:

Type of Plan	Regular Amount		Additional “Catch-up”*
401K, 403b annuity and 457 govt.	\$16,500	+	\$5,500
SIMPLE-IRA	\$11,500	+	\$2,500

*An employee must be at least age 50 by 12/31/09 to contribute the “catch-up” contributions.

NOTE – The maximum compensation which can be “counted” for defined contribution retirement plans is \$245,000 for 2009 (which produces a funding “cap” of \$49,000 in 2009)

ACCUPAY’S CPP/CPA TEAMS

AccuPay is staffed with the following numbers of credentialed experts to serve our clients in the areas of payroll, payroll taxes and QuickBooks payroll GL interfaces:

Certified Payroll Professionals (CPP’s)	5
CPA/Advisors	7
QuickBooks ProAdvisors	7

We are very pleased that all of the above professional designations are at record levels!

Call one of AccuPay’s CPP/CPA teams at 885-7600 with payroll changes which will meet your employee fringe benefit funding “targets” before the end of 2009.

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.