

JMCPA MONTHLY MESSENGER

The Official Newsletter of Josh Mauer CPA



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IRS HAS RELEASED DRAFT FORM W-4 FOR 2020

The IRS has released a draft version of Form W-4 to be used for the 2020 tax year with some considerable alterations. Consistent with the tax code changes which have pulled away from personal exemptions, the new form will no longer utilize withholding allowances. According to IRS Commissioner Chuck Rettig, "The primary goals of the new design are to provide simplicity, accuracy and privacy for employees while minimizing burden for employers and payroll processors." A near-final draft is expected for release later this month, followed by the final version in November.



Click anywhere in this text box to view the draft form. For FAQs, click the icon to the left.

THE IMPORTANCE OF I-9 COMPLIANCE

In accordance with the Executive Orders issued in early 2017, U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) criminal investigations, business audits, and arrests have surged tremendously.

In fiscal year 2018, HSI:

- Opened 6,848 **worksite investigations (+305%** from FY17)
- Initiated 5,981 **Form I-9 audits (+340%** from FY17)
- Made 779 **criminal arrests (+460%** from FY17)
- Made 1,525 **administrative worksite-related arrests (+787%** from FY17)



Suffice to say, is it now important as ever to ensure full compliance with this form.

EMPLOYERS MUST

- Verify the identity and employment authorization of each person hired after Nov. 6, 1986. For employment in the Commonwealth of the Mariana Islands (CNMI), this verification requirement applies to persons hired after Nov. 27, 2009.
- Complete and retain Form I-9, Employment Eligibility Verification, for each employee who is required to complete the form.

EMPLOYERS MUST NOT

- Discriminate against individuals on the basis of national origin, citizenship, or immigration status.
- Request more or different documents than are required to verify employment eligibility, reject reasonably genuine-looking documents, or specify certain documents over others.
- Retaliate against or intimidate individuals because they: file charges with the Department of Justice's Immigrant and Employee Rights Section (IER); cooperate with an IER investigation; contest action that may constitute unfair documentary practices or discrimination based on citizenship or immigration status, or national origin; or assert their rights under the INA's anti-discrimination provision.
- Hire, recruit for a fee, or refer for a fee unauthorized aliens they know to be unauthorized to work in the U.S.

Beginning this month, we will be sending out monthly notifications of failed SSN checks. As an employer, however, it remains your responsibility to complete the verification for any new hires. We highly recommend utilizing the Social Security Administration's online service to do so. **Click anywhere in this text box for complete Form I-9 instructions.**

A QUICK UPDATE ON WORK COMP AUDITS

As a courtesy, we have assisted in the full completion of workers compensation audits upon request in the past. Going forward, we will continue to provide copies of all required reports and tax returns, but we will no longer be completing any electronic or paper form audits on your behalf. We thank you in advance for your understanding in this matter and look forward to instead utilizing that time spent to provide additional perks for our entire client base, such as our new monthly newsletter.

HEALTH INSURANCE PREMIUMS & REASONABLE COMPENSATION

Your S corporation has to pay you reasonable compensation for the services you provide to the corporation. If your corporation pays your health insurance premiums, does that change the salary amount you need to pay yourself?

The law requires that as an S corporation owner-employee, you pay yourself reasonable compensation for the services you perform for the corporation.

Your reasonable compensation is the total value of remuneration you receive from your corporation, including both cash salary and benefits.

Reduce the Salary and Realize Two Benefits

Say that your health insurance cost is \$10,000. If you reduce your cash salary by the \$10,000 (versus increasing it by \$10,000), you have two good tax outcomes:

1. You'll save 15.3 percent in FICA taxes on the \$10,000 decrease in cash wages (assuming your salary is less than \$128,700).
2. You'll increase your possible Section 199A deduction by up to \$2,000 (20 percent of \$10,000) by avoiding the additional wage expense that would otherwise reduce your qualified business income.

If you would like to discuss this strategy in more detail, click anywhere in this text box to schedule an in-person consultation or phone call meeting with Josh.

UPCOMING EVENTS

Mark your calendars! Josh is now hosting monthly tax & accounting discussions at the Johnson County Library. He will be sharing ways to save taxes; best practices for accurate, timely, and effective financials for better business planning and tax savings strategies, the changing industry of accounting; new tax laws and their impacts; and more.

To RSVP to these events, please join the **Overland Park Tax and Accounting Meetup Group** on Meetup.com or send a quick email to any staff member to request an email invitation.

Click anywhere in this text box to join the group, view event details, and RSVP. We hope to see you there!



Monday, July 8 - 6:00pm
Tax Planning Health Insurance & Reasonable Salary for S-Corps

Monday, August 5 - 6:00pm
Tax Savings with Accountable Plans - Implementation