



Key Issues for Employers (including yourself)

Form I-9 for Employment Eligibility is required for OWNERS as well.

There is a new I-9 form that was published in March, 2013. You should have a completed form on corporate shareholders (i.e. every person who is on your payroll) and you should be using the new form for each person hired after March 8, 2013. The penalty for not having these forms on file is \$110 - \$1,100 for each form. The form and additional information are at www.uscis.gov/I-9.

Forms W-9 and 1099's

Filing 1099's for vendors providing services to your business has come under increased scrutiny and there has been an increase in penalties per form. Be sure that you obtain form W-9 to confirm 1099 filing requirements (or lack thereof). We suggest that you have the information to timely file the 1099 form BEFORE you deliver the first check to that unincorporated vendor. These forms are available at www.irs.gov. The rule is that if they don't provide you with the correct information to provide the 1099 form, you must withhold 28% of the payment as "backup withholding" which is then remitted to the IRS.

Washington State is also in on the act. The Employment Security Department is now increasing audits searching for those 1099 vendors who do not have a business license (which turns them into employees in the state's eyes and makes you responsible for that tax). Only those vendors making \$12,000/year are required to register, but leaves you responsible anyway. To check to see if the vendor is registered, go to <http://dor.wa.gov/content/doingbusiness/registermybusiness/brd> and look up by name. Then if they are not, you would have to get confirmation that they are not required to be registered. (We suggest this be in writing).

Washington State Unemployment Insurance.

Beginning with this first quarter of 2014, corporate officers will now have to OPT IN for coverage. Until now it was the other way around. It may be beneficial to opt in for coverage as the rate for the state unemployment may be less than the federal (since federal gives you a credit for state payments). You have to do this by March 1, 2014.

For example: Federal is on the first \$7,000 of your salary and comes to \$378/ year. Depending on your employer rating the State rate could be a bunch less. SUTA is based on \$41,300 of salary with a minimum rate of .0014 plus the EAF of .0003, so that tax would be \$70.21. The federal rate would drop and that tax would only be \$42. Total savings of \$265.79.

To opt in for coverage complete the form at <http://www.esd.wa.gov/uitax/formsandpubs/ui-tax-forms.php>

Small Business Tax Credit and Affordable Care Act in Washington State

Employers with less than 25 full-time workers with average wages of less than \$50,000 (not including owners) can get up to a 50% credit for health care premiums paid for their employees (there are some complex rules of course). Employers in Washington State are exempted from the requirement to purchase the health plan from the Small Business Health Options Program (SHOP) Marketplace until the state gets the small-business exchange working properly. The plan must still meet the ACA's new coverage requirements though. We have a spreadsheet to help determine if you qualify for this credit.

As always please call us with any questions or for more additional information.