

## **10. An Introduction to Farm Payroll**

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### **Abstract/Summary**

*Among farming operations there is a growing need for employees. This session will provide an overview of the steps required before hiring an employee and what to do after an employee is hired with a focus on calculating paychecks and paying tax liabilities. We will also discuss year end wage reporting and the impact of benefits on both the employee and employer.*

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# An Introduction to Farm Payroll

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# Introduction to Farm Payroll

- Its not as bad as it seems!
- Employees vs. Independent contractors
- Getting set up
- Paying Employees
- Calculating payroll
- Tracking payroll liability
- Paying payroll liability
- Reporting
- Benefits



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It's not as bad as it seems!



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# Disclaimer

- Talk to your tax professional!
- This presentation only applies to farm payroll
  - Special rules for farm employers



## Employees vs. Independent Contractors



## Employee vs. Independent Contractor

- When determining if a worker is an employee or contractor, IRS looks at three areas
  - Behavioral Control
  - Financial Control
  - Type of relationship



## Employee vs. Independent Contractor

- Behavioral control
  - Who decides:
    - When & where to work?
    - What tools to use?
    - When to hire assistance?
    - Where to purchase supplies?
    - What sequence of work?
  - Degree of instruction



## Employee vs. Independent Contractor

- Financial Control
  - Does the worker:
    - Have an investment in tools and equipment?
    - Pay unreimbursed expenses?
    - Have an opportunity for profit or loss?
    - Provide services to the market?
  - Is payment made piece work or at an hourly rate?



## Employee vs. Independent Contractor

- Type of relationship
  - Is there a written contract?
  - Are benefits provided?
    - Insurance, Vacation, Sick days, Retirement
  - How long has the relationship existed?
  - Are the services provided a key activity in the business?



## Employee vs. Independent Contractor

- If no written contract, at least discuss the arrangement!
- For more information:  
[www.irs.gov/businesses/small/article/0,,id=99921,00.html](http://www.irs.gov/businesses/small/article/0,,id=99921,00.html)
- Submit Form SS-8 to allow IRS to determine
  - Response in approximately 6 months



## Getting Set Up



## Getting Set Up

- Apply for federal Employer Identification Number (EIN)
- Set up Electronic Federal Tax Payment System (EFTPS) account
- Set up Kansas withholding account
- Set up Kansas unemployment account (if applicable)



## Federal Employer Identification Number (EIN)

- Your business may already have an EIN
  - Partnership, LLC, Corporation
  - Previously hired employees
  - File Form 2290 (Heavy Highway Tax)
  - Separate sole-proprietor business
    - Only one EIN!
- Social Security Numbers cannot be used



## Federal Employer Identification Number (EIN)

- Apply for EIN online or by phone
  - <http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>
  - (800) 829-4933
  - Will provide an EIN immediately
- Apply by Fax
  - Form SS-4
  - EIN Faxed back in 1-2 weeks
- Apply by Mail
  - Form SS-4
  - EIN mailed in 4-5 weeks



## Electronic Federal Tax Payment System

- Most employers must make deposits electronically thru EFTPS
  - Exception: **TOTAL** annual payroll tax liability less than \$2,500
- Automatically enrolled when requesting a new EIN
- Apply online or by phone
  - [www.eftps.gov](http://www.eftps.gov)
  - 800.555.3453
  - PIN required



## Kansas Department of Revenue

- Separate Kansas EIN
- Employers must make payments electronically
  - No exceptions, sort of...
- Apply online
  - [www.kdor.org/TaxCenter/](http://www.kdor.org/TaxCenter/)
- Apply via mail, fax or in person
  - Business registration application (CR 16)
  - Electronic payments (EF 101)
  - Allow 5 weeks for processing



## Kansas Unemployment

- For agricultural employers, you are liable for unemployment tax if:
  - You employ 10 or more workers in any portion of 20 different weeks in a calendar year
  - Payroll is \$20,000 or more in any calendar quarter
- Separate Kansas Unemployment ID
- Apply online at <https://www.uitax.dol.ks.gov/uitax/account/Register.aspx>
- Or Complete Form K-CNS 010



## Federal Unemployment

- If applicable, no separate registration is required.



## Miscellaneous Labor Law Topics

### Minimum Wage, Overtime, Child Labor

- KS law applies if not covered by federal Fair Labor Standards Act (FLSA)
- FLSA applies if:
  - >\$500,000 gross revenue OR
  - Products are interstate commerce products
    - Includes most farm products
- Wage and Hour Division, Federal DOL
  - KC office 913 551-5721
  - National office 866-487-9243



## Minimum Wage

- Kansas \$7.25/hr
- FLSA \$7.25/hr
  - <20 years old \$4.25/hr first 90 calendar days
- FLSA exempts certain farm employers
  - <500 man-days in all quarters of prior year
  - 1 man-day for every employee who worked at least 1 hour in a day



## Overtime

- Kansas
  - Overtime after 46 hours per week
  - Maximum of 24 hours per day
  - Not less than 1.5 time regular pay rate
- Fair Labor Standards Act
  - Overtime after 40 hours per week
  - Maximum of 24 hours per day
  - Not less than 1.5 times regular pay rate
  - Not required for Sundays, holidays, etc.
  - Exempts agricultural employees
    - Only on wages paid for labor incidental to the farm



## Child Labor

- Employee of parents, any age
  - Work at any time
  - Any farm job
- Unrelated employees, 16 & up
  - Work at any time
  - Any farm job
- Unrelated employees, 14 – 15
  - Work outside school hours
  - Non-hazardous farm jobs



## Child Labor

- Unrelated employees, 12 – 13
  - Work outside school hours
  - Non-hazardous jobs
  - With written parental consent
- Unrelated employees, 11 & under
  - Work outside school hours
  - Non-hazardous jobs
  - With written parental consent
  - Work on farms not subject to minimum wage



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## Child Labor

- Hazardous Occupations
  - Operating a tractor over 20 HP
  - Connecting to or disconnecting from a tractor over 20 HP
  - Operating essentially all machinery & equipment
  - Working in a pen with a bull, cow with calf, or sow with suckling pigs
  - Handling or applying Category 1 chemicals
  - Handling dynamite
  - Etc...



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## Miscellaneous

- KS agricultural employers are exempt from Workers' Compensation Insurance
- Employers must display required posters and information
  - Available for free at [www.dol.ks.gov/es/posters.html](http://www.dol.ks.gov/es/posters.html)
- Breaks, paid vacation, paid sick time are not required



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## Hiring

- Not discriminating
- Provide job description
- Provide terms and conditions of employment



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## Before Work Begins





## Before Work Begins

- Verify employment eligibility
  - Have employee fill out Form I9
- Determine Federal withholding exemptions
  - Have employee fill out Form W4
- Optional: verify name matches SSN at [www.socialsecurity.gov/employer/ssnv.htm](http://www.socialsecurity.gov/employer/ssnv.htm) or by calling 1-800-772-1213 (registration required)



## Before Work Begins

- Determine Kansas withholding exemptions
  - Have employee fill out Form K-4
- Kansas new hire report within 20 days of hiring to Kansas Department of Labor
  - Online at [www.kansasemployer.gov](http://www.kansasemployer.gov)
  - Mail or fax



## Paying Employees

- Social Security and Medicare taxes
  - All cash wages are subject to Social Security and Medicare withholding if:
    - You pay cash wages to an employee of \$150 or more in a year
    - OR you pay all employees \$2,500 or more during the year
- Employers can elect to pay the employees share of Social Security and Medicare tax without withholding from employee paycheck



## Paying Employees

- Wages paid to children age 17 & under who are employed by their parent are not subject to Social Security and Medicare withholding
  - Employer must be a sole proprietor or a partnership owned wholly by the parents



## Paying Employees

- Social Security
  - 2012 employee tax rate 4.2%
  - 2012 employer tax rate 6.2%
  - Social Security tax is paid on all wages up to \$110,100
- Medicare
  - 2012 employee tax rate 1.45%
  - 2012 employer tax rate 1.45%
  - Paid on all wages, no limit on wages



## Paying Employees

- Commodity Wages
  - Payment made with grain, livestock, etc
  - Ideal for bonus payments
  - Not subject to withholding
  - MUST be handled correctly!!!
    - Employee must have control
    - Reportable amount is the value at the time of transfer
    - Recordkeeping is important
      - Date of transfer, quantity, \$/unit, etc.
    - Reported on W2, Box 1



## Calculating Paychecks



# Calculating Paychecks

1. Calculate Gross Wages
2. Calculate Social Security & Medicare wages
3. Calculate Social Security & Medicare W/H
4. Calculate wages subject to income tax
5. Look up federal income tax W/H
6. Look up state income tax W/H
7. Subtract withholding
8. Subtract after tax deductions
9. Add non-taxable additions
10. Calculate withholding liability



# Calculating Paychecks - Example

- Emerald (Em) Ployee
- Hourly rate of \$15.00
- Worked 48 hours
- Paid weekly
- Pays \$25.00 per paycheck for health insurance
- Contributes \$20.00 per paycheck to SIMPLE (retirement account)
- Pays \$15.00 per paycheck to reimburse employer for advance



# Calculating Paychecks - Example

<b>1. Gross Wages</b>	48 x \$15.00	<b>\$ 720.00</b>
3. Employee Share Social Security	4.20%	
3. Employee Share Medicare	1.45%	
5. Federal Income Tax	Table	
6. State Income Tax	Table	
<hr/>		
<b>7. Paycheck After Withholding</b>		



# Calculating Paychecks - Example

<b>1. Gross Wages</b>	48 x \$15.00	<b>\$ 720.00</b>
<hr/>		
<b>2. Calculate Social Security &amp; Medicare wages</b>		
Gross Wages	48 x \$15.00	\$ 720.00
Less Health Insurance		(\$ 25.00)
<hr/>		
Social Security & Medicare Wages		\$ 695.00
<b>3. Calculate Social Security &amp; Medicare</b>		
Employee Social Security	\$ 695.00 x 4.20%	\$ 29.19
Employee Medicare	\$ 695.00 x 1.45%	\$ 10.08
Employer Social Security	\$ 695.00 x 6.20%	\$ 43.09
Employer Medicare	\$ 695.00 x 1.45%	\$ 10.08



# Calculating Paychecks - Example

1. Gross Wages	48 x \$15.00	\$ 720.00
3. Employee Share Social Security	4.20%	\$ 29.19
3. Employee Share Medicare	1.45%	\$ 10.08
5. Federal Income Tax	Table	
6. State Income Tax	Table	
<b>7. Paycheck After Withholding</b>		



# Calculating Paychecks - Example

1. Gross Wages	48 x \$15.00	\$ 720.00
<b>4. Calculate Taxable Wages</b>		
Gross Wages	48 x \$15.00	\$ 720.00
Less Health Insurance		(\$ 25.00)
Less SIMPLE Contribution		(\$ 20.00)
Taxable Wages		\$ 675.00



## 5. Lookup federal income tax withholding

**W-4 Employee's Withholding Allowance Certificate** OMB No. 1545-0074

Department of the Treasury Internal Revenue Service

2012

1 Your first name and middle initial: Emerald Last name: Ployee 2 Your social security number: 000-00-0000

3  Single  Married  Married, but withheld at higher Single rate.

4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card.

5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2): 5

6 Additional amount, if any, you want withheld from each paycheck: 6 \$ 15.00

7 I claim exemption from withholding for 2012, and I certify that I meet both of the following conditions for exemption. Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and this year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here. 7

Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature: 5. Mall Farm Date: 00-000000

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.): 5. Mall Farm 9 Office code (optional): 10 Employer identification number (EIN): 00-000000

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form W-4 (2012)



## 5.

MARRIED Persons—WEEKLY Payroll Period  
(For Wages Paid through December 2012)

And the wages are—	And the number of withholding allowances claimed is—												
	At least	But less than	0	1	2	3	4	5	6	7	8	9	10
\$ 0	\$160	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
160	170	1	0	0	0	0	0	0	0	0	0	0	0
170	175	2	0	0	0	0	0	0	0	0	0	0	0
175	180	3	0	0	0	0	0	0	0	0	0	0	0
180	185	4	0	0	0	0	0	0	0	0	0	0	0
185	190	5	0	0	0	0	0	0	0	0	0	0	0
190	195	6	0	0	0	0	0	0	0	0	0	0	0
195	200	7	0	0	0	0	0	0	0	0	0	0	0
200	210	8	0	0	0	0	0	0	0	0	0	0	0
210	220	9	0	0	0	0	0	0	0	0	0	0	0
220	230	10	0	0	0	0	0	0	0	0	0	0	0
230	240	11	0	0	0	0	0	0	0	0	0	0	0
240	250	12	0	0	0	0	0	0	0	0	0	0	0
250	260	13	0	0	0	0	0	0	0	0	0	0	0
260	270	14	0	0	0	0	0	0	0	0	0	0	0
270	280	15	0	0	0	0	0	0	0	0	0	0	0
280	290	16	0	0	0	0	0	0	0	0	0	0	0
290	300	17	0	0	0	0	0	0	0	0	0	0	0
300	310	18	0	0	0	0	0	0	0	0	0	0	0
310	320	19	0	0	0	0	0	0	0	0	0	0	0
320	330	20	0	0	0	0	0	0	0	0	0	0	0
330	340	21	0	0	0	0	0	0	0	0	0	0	0
340	350	22	0	0	0	0	0	0	0	0	0	0	0
350	360	23	0	0	0	0	0	0	0	0	0	0	0
360	370	24	0	0	0	0	0	0	0	0	0	0	0
370	380	25	0	0	0	0	0	0	0	0	0	0	0
380	390	26	0	0	0	0	0	0	0	0	0	0	0
390	400	27	0	0	0	0	0	0	0	0	0	0	0
400	410	28	0	0	0	0	0	0	0	0	0	0	0
410	420	29	0	0	0	0	0	0	0	0	0	0	0
420	430	30	0	0	0	0	0	0	0	0	0	0	0
430	440	31	0	0	0	0	0	0	0	0	0	0	0
440	450	32	0	0	0	0	0	0	0	0	0	0	0
450	460	33	0	0	0	0	0	0	0	0	0	0	0
460	470	34	0	0	0	0	0	0	0	0	0	0	0
470	480	35	0	0	0	0	0	0	0	0	0	0	0
480	490	36	0	0	0	0	0	0	0	0	0	0	0
490	500	37	0	0	0	0	0	0	0	0	0	0	0
500	510	38	0	0	0	0	0	0	0	0	0	0	0
510	520	39	0	0	0	0	0	0	0	0	0	0	0
520	530	40	0	0	0	0	0	0	0	0	0	0	0
530	540	41	0	0	0	0	0	0	0	0	0	0	0
540	550	42	0	0	0	0	0	0	0	0	0	0	0
550	560	43	0	0	0	0	0	0	0	0	0	0	0
560	570	44	0	0	0	0	0	0	0	0	0	0	0
570	580	45	0	0	0	0	0	0	0	0	0	0	0
580	590	46	0	0	0	0	0	0	0	0	0	0	0
590	600	47	0	0	0	0	0	0	0	0	0	0	0
600	610	48	0	0	0	0	0	0	0	0	0	0	0
610	620	49	0	0	0	0	0	0	0	0	0	0	0
620	630	50	0	0	0	0	0	0	0	0	0	0	0
630	640	51	0	0	0	0	0	0	0	0	0	0	0
640	650	52	0	0	0	0	0	0	0	0	0	0	0
650	660	53	0	0	0	0	0	0	0	0	0	0	0
660	670	54	0	0	0	0	0	0	0	0	0	0	0
670	680	55	0	0	0	0	0	0	0	0	0	0	0
680	690	56	0	0	0	0	0	0	0	0	0	0	0
690	700	57	0	0	0	0	0	0	0	0	0	0	0



# Calculating Paychecks - Example

1. Gross Wages	48 x \$15.00	\$ 720.00
3. Employee Share Social Security	4.20%	\$ 29.19
3. Employee Share Medicare	1.45%	\$ 10.08
5. Federal Income Tax	Table	\$ 30.00
6. State Income Tax		

## 7. Paycheck After Withholding



## 5. Lookup federal income tax withholding

**W-4** Employee's Withholding Allowance Certificate

Form W-4 (9/07) Department of the Treasury Internal Revenue Service

OMB No. 1545-0074 **2012**

Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.

1 Your first name and middle initial: Emerald Last name: Ployee 2 Your social security number: 000-00-0000

3  Single  Married  Married, but withheld at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.

4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card.

5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2): 6 3

6 Additional amount, if any, you want withheld from each paycheck: 6 \$ 15.00

7 I claim exemption from withholding for 2012, and I certify that I meet both of the following conditions for exemption:  
 • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and  
 • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.  
 If you meet both conditions, write "Exempt" here.

Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature: \_\_\_\_\_ Date: \_\_\_\_\_

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.): 9 Office code (optional): 10 Employer identification number (EIN): S. Mall Farm 00-0000000

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form W-4 (2012)



# Calculating Paychecks - Example

1. Gross Wages	48 x \$15.00	\$ 720.00
3. Employee Share Social Security	4.20%	\$ 29.19
3. Employee Share Medicare	1.45%	\$ 10.08
5. Federal Income Tax	Table	\$ 30.00
5. Federal Income Tax	Additional	\$ 15.00
6. State Income Tax	Table	

## 7. Paycheck After Withholding



## 6. Lookup state income tax withholding

**K-4** Kansas Employee's Withholding Allowance Certificate

(9/07) Whether you are entitled to claim a certain number of allowances or exemptions from withholding is subject to review by KDOR. Your employer may be required to send a copy of this form to KDOR.

1 Print your first name and middle initial: Emerald Last Name: Ployee 2 Social Security Number: 000-00-0000

Mailing Address: 1234 Fake Street City or Town, State, and ZIP Code: Anytown, KS 00000

3 Allowance Rate: Mark the allowance rate selected in line A above.  Single  Joint

4 Total number of allowances you are claiming (from line G above): 4 2

5 Enter any additional amount you want withheld from each paycheck (this is optional): 5 \$ 10.00

6 I claim exemption from withholding. You must meet the conditions explained in the "Exemption from withholding" instructions above. If you meet those conditions, write "Exempt" on this line. Note: KDOR will receive your federal W-2 forms for all years claimed Exempt.

Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct, and complete.

SIGN HERE: \_\_\_\_\_ DATE: \_\_\_\_\_

7 Employer's name and address: S. Mall Farm 8 EIN (Employer Identification Number): 00-0000000



6. Lookup state income tax withholding

**SINGLE Persons - WEEKLY Payroll Period**

And the wages are-		And the number of withholding allowances claimed is-										
At Least	But Less Than	0	1	2	3	4	5	6	7	8	9	10
The amount of income tax to be withheld shall be:												
615	625	27	25	22	19	16	14	11	9	8	6	5
625	635	28	25	22	20	17	14	12	9	8	6	5
635	645	28	26	23	20	18	15	12	10	8	7	5
645	655	29	26	24	21	18	16	13	10	9	7	6
655	665	30	27	24	22	19	16	13	11	9	7	6
665	675	30	28	25	22	20	17	14	11	9	8	6
675	685	31	28	26	23	20	17	15	12	10	8	7
685	695	32	29	26	23	21	18	15	13	10	9	7
695	705	32	30	27	24	21	19	16	13	11	9	7
705	715	33	30	27	25	22	19	17	14	11	9	8
715	725	34	31	28	25	23	20	17	15	12	10	8
725	735	34	31	29	26	23	21	18	15	12	10	8
735	745	35	32	29	27	24	21	18	16	13	10	9
745	755	36	33	30	27	25	22	19	16	14	11	9
755	765	36	33	31	28	25	22	20	17	14	12	9
765	775	37	34	31	28	26	23	20	18	15	12	10
775	785	38	35	32	29	26	24	21	18	16	13	10
785	795	38	35	33	30	27	24	22	19	16	14	11
795	805	39	36	33	30	28	25	22	20	17	14	11
805	815	39	37	34	31	28	26	23	20	17	15	12
815	825	40	37	35	32	29	26	23	21	18	15	13



# Calculating Paychecks - Example

1. Gross Wages	48 x \$15.00	<b>\$ 720.00</b>
3. Employee Share Social Security	4.20%	\$ 29.19
3. Employee Share Medicare	1.45%	\$ 10.08
5. Federal Income Tax	Table	\$ 30.00
5. Federal Income Tax	Additional	\$ 15.00
6. State Income Tax	Table	\$ 26.00

**7. Paycheck After Withholding**



## K-4

### Kansas Employee's Withholding Allowance Certificate

Whether you are entitled to claim a certain number of allowances or exemptions from withholding is subject to review by KDOR. Your employer may be required to send a copy of this form to KDOR.

1 Print your first name and middle initial Emerald		Last Name Ployee		2 Social Security Number 000-00-0000	
Mailing Address 1234 Fake Street			3 Allowance Rate Mark the allowance rate selected in line A above.		
City or Town, State, and ZIP Code Anytown, KS 00000			<input checked="" type="checkbox"/> Single <input type="checkbox"/> Joint		
4 Total number of allowances you are claiming (from line G above) .....				4 2	
5 Enter any additional amount you want withheld from each paycheck (this is optional) .....				5 \$ 10.00	
6 I claim exemption from withholding. You must meet the conditions explained in the "Exemption from withholding" instructions above. If you meet those conditions, write "Exempt" on this line. .... <small>Note: KDOR will receive your federal W-2 forms for all years claimed Exempt.</small>					
Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct, and complete.					
SIGN HERE ▶		DATE			
7 Employer's name and address S. Mall Farm			8 EIN (Employer Identification Number) 00-0000000		



# Calculating Paychecks - Example

1. Gross Wages	48 x \$15.00	<b>\$ 720.00</b>
3. Employee Share Social Security	4.20%	\$ 29.19
3. Employee Share Medicare	1.45%	\$ 10.08
5. Federal Income Tax	Table	\$ 30.00
5. Federal Income Tax	Additional	\$ 15.00
6. State Income Tax	Table	\$ 26.00
6. State Income Tax	Additional	\$ 10.00

**7. Paycheck After Withholding**





# Tracking Payroll Liability

- Total gross wages, federal and state liability for each month for all employees

MONTH	FEDERAL FICA & INCOME TAX SUMMARY							KANSAS INCOME TAX SUMMARY		
	GROSS WAGES	EMPLOYEE'S FICA TAX WITHHELD	EMPLOYER'S SHARE OF FICA TAX	EMPLOYEE'S FEDERAL TAX WITHHELD	TOTAL FEDERAL TAX DUE	FEDERAL TAX DEPOSITED	DATE FED TAX DEPOSITED	STATE TAX WITHHELD	STATE TAX PAID	DATE STATE TAX PAID
JANUARY										
FEBRUARY										
MARCH										
APRIL										
MAY										
JUNE										
JULY										
AUGUST										
SEPTEMBER										
OCTOBER										
NOVEMBER										
DECEMBER										
CASH TOTALS										



# Paying Payroll Liability



## Paying Payroll Liability - Federal

- Payments made via EFTPS
  - Phone 1-800-555-3453
  - Online [www.eftps.gov](http://www.eftps.gov)
- Payment frequency
  - Annual <\$ 2,500 liability
    - Due Jan 25<sup>th</sup> of the year following
  - Monthly ≤\$ 50,000 liability
    - Due 15<sup>th</sup> of the month following
  - Semiweekly
    - Wed-Fri payday due the following Wed
    - Sat-Tue payday due the following Fri



## Paying Payroll Liability - Kansas

- Payments must be made electronically
  - Phone 1-877-600-5640
  - Online [www.webtax.org](http://www.webtax.org)
- Payment frequency
  - Annual <\$ 200 liability
    - Due Jan 25<sup>th</sup> of the year following
  - Quarterly \$ 200-1,200 liability
    - Due 25<sup>th</sup> of the month following end of quarter
  - Monthly \$ 1,200-8,000 liability
    - Due 15<sup>th</sup> of the next month
  - Semimonthly \$ 8,000-45,000 liability
    - Due 25<sup>th</sup> of current month/10<sup>th</sup> of next month





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## Reporting



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## Reporting

- Consult a tax professional
- Federal – Annual
  - W2 Wage and Tax Statement
  - W3 Transmittal of Wage and Tax Statements
  - 943 Employer’s Annual Federal Tax Return for Agricultural Employees
  - 940 Employer's Annual Federal Unemployment (FUTA) Tax Return (if applicable)



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## Reporting

- Kansas – Quarterly
  - K-CNS 100 Quarterly Wage Report & Unemployment Tax Return (if applicable)
  - Online or by mail
- Kansas – Annual
  - KW3 Kansas Annual Withholding Tax Return
  - W2 Wage and Tax Statement
  - Online only



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## Benefits



## Benefits

- Non-taxable to employees
  - Occasional meals if:
    - Provided for convenience of employer
    - Provided at the workplace
  - Housing if:
    - Furnished on your business premises
    - Furnished for your convenience
    - Furnished as a condition of employment
  - Employer provided health insurance
  - Employer provided cell phones



## Benefits

- Retirement
  - Payroll Deduction IRA
    - Simple set up & maintenance
    - Employee contribution only
    - Maximum contribution \$5,000 (\$6,000 if > age 49)
  - Simplified Employee Pension (SEP)
    - Employer contribution only
    - Maximum contribution of 25% of salary or \$50,000 (2012)
    - Contribution rate can vary year-to-year
    - Must be provided to all eligible employees including owner



## Benefits

- Retirement
  - Simplified Incentive Match Plan for Employees (SIMPLE)
    - Employer either match up to 3% or contribute 2% of employee compensation
    - Employee can elect to defer up to \$11,500 (\$14,000 > age 49)
    - Must be provided to all employees with compensation \$5,000 or more



## Benefits

- Retirement
  - 401(k)
    - Several types
    - Employer can contribute up to 25% of employee compensation
    - Employee can elect to defer up to \$17,000 (\$22,500 > age 49)
    - Maximum combined contribution of \$49,000
    - Must be provided to all employees over 21 who worked more than 1,000 hours in the previous year

