

Social Security News

Employer news from the Alaska Division of Retirement and Benefits

- April 2012
- Issue #16

In this Issue:

- [Employee or Independent Contractor?](#)
- [Payroll Tax Cut Extended to the End of 2012](#)
- [USCIS Expands E-Verify Self Check](#)
- [Employer-Provided Health Coverage Reporting Requirements](#)
- [Guidance on How to Claim Expanded Veterans Tax Credit](#)
- ["I Lost My I-9" - What to do if Information is Lost or Damaged](#)
- [Public Comments Being Taken on Revised Form I-9](#)
- [IRS Releases New Update to the Fringe Benefits Guide](#)



Employee or Independent Contractor?

Webinar Available

The recent [worker classification webinar](#) is now available on the IRS Video Portal. The webinar can be viewed at your convenience and covers the following subjects:

- Worker classification definitions
- Categories of evidence to consider in determining a worker's status
- Form SS-8 and Form 8919
- Treatment of corporate officers
- Section 530 relief
- Details about the Voluntary Classification Settlement Program

[Top of Page](#)

Payroll Tax Cut Extended to the End of 2012

Revised Payroll Tax Form Now Available to Employers

The Internal Revenue Service released revised [Form 941](#) enabling employers to properly report the newly-extended payroll tax cut benefiting nearly 160 million workers.

Under the Middle Class Tax Relief and Job Creation Act of 2012, workers will continue to receive larger paychecks for the rest of this year based on a lower Social Security tax withholding rate of 4.2 percent, which is two percentage points less than the 6.2 percent rate in effect prior to 2011. This reduced rate, originally in effect for all of 2011, was extended through the end of February by the Temporary Payroll Tax Cut Continuation Act of 2011, enacted December 23.

No action is required by workers to continue receiving the payroll tax cut. As before, the lower rate will have no effect on workers' future Social Security benefits. The reduction in revenues to the Social Security Trust Fund will be made up by transfers from the General Fund.

Self-employed individuals will also benefit from a comparable rate reduction in the Social Security portion of the self-employment tax from 12.4 percent to 10.4 percent. For 2012, the social security tax applies to the first \$110,100 of wages, net self-employment income received by an individual.

The new law also repeals the two-percent recapture tax included in the December legislation that effectively capped at \$18,350 the amount of wages eligible for the payroll tax cut. As a result, the now repealed recapture tax does not apply.

The IRS will issue additional guidance, as needed, to implement the newly-extended payroll tax cut, and any further updates will be posted on [IRS.gov](#).

[Top of Page](#)

USCIS Expands E-Verify Self Check

Online Tool Now Available Throughout the United States

U.S. Citizenship and Immigration Services (USCIS) announced that [Self Check](#), a free online service of [E-Verify](#) that allows workers to check their own employment eligibility status, is now available in all 50 states, Washington, D.C., Guam, Puerto Rico, the U.S. Virgin Islands and the Commonwealth of Northern Mariana Islands. Launched in March 2011 by Secretary of Homeland Security Janet Napolitano and USCIS Director Alejandro Mayorkas, the announcement delivers on the goal of expanding Self Check nationally within one year.

“We are pleased to complete, ahead of schedule, our expansion of this important tool for employees,” said USCIS Director Alejandro Mayorkas during a press conference at the agency’s field office in Orlando, Fla. “Since our initial launch in March, approximately 67,000 people have used Self Check and we anticipate that participation will dramatically increase with service now available to individuals across the country.”

Self Check was developed through a partnership between the Department of Homeland Security (DHS) and the Social Security Administration (SSA) to provide individuals a tool to check their own employment eligibility status, as well as guidance on how to correct their DHS and SSA records. It is the first online E-Verify service offered directly to workers. Self Check enables individuals to enter the same information that employers enter into E-Verify.

Since the program's inception, thousands of individuals have used Self Check to access their federal employment eligibility records and for guidance on how to correct potential record discrepancies prior to the hiring process.

In August 2011, Self Check became a bilingual service available to users in both English and Spanish, broadening the scope of the program to members of our U.S. workforce who are more comfortable reading Spanish-language materials.

For more information on Self Check, please visit www.uscis.gov/selfcheck.

For more information on USCIS and its programs, please visit www.uscis.gov to receive [email updates](#) or follow us on [Twitter \(@uscis\)](#), [YouTube \(/uscis\)](#) and the USCIS blog [The Beacon](#).

[Top of Page](#)

Employer-Provided Health Coverage Reporting Requirements

For Assistance with W-2 Reporting Requirements

Some helpful resources are available from the IRS regarding employer-provided health coverage reporting requirements:

- [Questions and Answers](#): Regarding Employer-Provided Health Coverage Informational Reporting Requirements
- [A chart](#) explaining Informational Reporting of the Cost of Employer-Sponsored Group Health Plan Coverage
- [IRS Notice 2012-19](#) - Interim Guidance on Informational Reporting to Employees of the Cost of Their Group Health Insurance Coverage

[Top of Page](#)

Guidance on How to Claim Expanded Veterans Tax Credit

Certification Requirements Streamlined

The IRS released the guidance and forms that employers can use to claim the newly-expanded tax credit for hiring veterans. The IRS also announced that employers will have more time to file the required certification form for employees hired on or after November 22, 2011, and before May 22, 2012. The VOW to Hire Heroes Act of 2011, enacted November 21, 2011, provides an expanded Work Opportunity Tax Credit (WOTC) to businesses that hire eligible unemployed veterans and for the first time also makes the credit available to certain tax-exempt organizations.

The credit can be as high as \$9,600 per veteran for for-profit employers or up to \$6,240 for tax-exempt organizations. The amount of the credit depends on a number of factors, including the length of the veteran's unemployment before hire, hours a veteran works and the amount of first-year wages paid. Employers who hire veterans with service-related disabilities may be eligible for the maximum credit.

Normally, an eligible employer must file Form 8850 with the state workforce agency within 28 days after the eligible worker begins work. But according to this guidance, employers have until June 19, 2012, to complete and file this newly-revised form for veterans hired on or after November 22, 2011, and before May 22, 2012. The 28-day rule will again apply to eligible veterans hired on or after May 22, 2012.

In an effort to streamline the certification requirements, IRS clarified and expanded upon 2002 guidance to facilitate employers' use of electronic signatures when gathering the Form 8850 for transmission to state workforce agencies. The guidance confirms that employers can transmit the Form 8850 electronically, and also allows employers to transmit the Form 8850 via fax, subject to the ability of the state workforce agencies to accept submissions in those formats. The IRS expects the Department of Labor to issue further guidance to the state workforce agencies providing further clarification.

[Notice 2012-13](#), posted on IRS.gov, and the [instructions](#) for [Form 8850](#) provide further details.

Businesses claim the credit on their income tax return. The credit is first figured on [Form 5884](#) and then becomes a part of the general business credit claimed on [Form 3800](#).

This credit is also available to certain tax-exempt organizations by filing [Form 5884-C](#). The guidance released also provides instructions and a new set of forms for tax-exempt organizations to claim the credit. [For more information, including how to claim the credit, go to IRS.gov.](#)

[Top of Page](#)

"I Lost my I-9" - What to do if Information is Lost or Damaged

What can a new employee do if their Form I-9 documentation is lost, stolen, or damaged? An employee may present an acceptable [receipt](#) that shows they have recently applied to replace the unavailable document, see List A, B, or C. Visit [I-9 Central](#) to learn about the three types of acceptable receipts and how the employer should handle this situation.

[Top of Page](#)

Public Comments Being Taken on Revised Form I-9

U.S. Citizenship and Immigration Services (USCIS) published a notice in the [Federal Register](#) inviting public comment on a revised Form I-9, Employment Eligibility Verification. Employers must complete [Form I-9](#) for all newly-hired employees to verify their identity and authorization to work in the United States. The public is [invited to comment](#) on the revisions until May 29, 2012.

[Top of Page](#)

IRS Releases New Update to the Fringe Benefits Guide

The IRS has issued a [January 2012 version of its Taxable Fringe Benefits Guide](#) (the Guide) for government employers. The Guide includes discussion of the following topics: (1) How to determine whether specific types of benefits or compensation are taxable; (2) General procedures for computing the taxable value of fringe benefits; (3) Reporting the taxable value of benefits on Forms W-2 and 1099-MISC; (4) Rules for withholding federal income, Social Security, and Medicare taxes from taxable fringe benefits; and (5) How to contact the IRS with questions regarding taxation and reporting requirements.

There are chapters in the Guide on the following fringe benefits: (1) working condition fringe benefits; (2) de minimis fringe benefits; (3) no additional cost fringe benefits; (4) qualified employee discounts; (5) qualified transportation fringe benefits; (6) health and medical benefits; (7) travel expenses; (8) transportation expenses; (9) moving expenses; (10) meals and lodging; (11) use of employee-owned vehicles; (12) employer-provided vehicles; (13) equipment allowances; (14) awards and prizes; (15) professional licenses and dues; (16) educational reimbursements and allowances; (17) dependent care assistance; and (18) group-term life insurance.

[Top of Page](#)

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[Back issues \(to 2008\)](#)

The Audit Section operates under the guidance of IRS Publication 963 and the State & Local coverage Social Security Handbook, SSA Publication no. 16-055.

Please refer to [IRS.gov](#) and [SSA.gov](#) for additional information.

Social Security *News* is published by

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