



April 2011

Payroll Impacted by President's Fiscal 2012 Budget Proposals



President Obama's 2012 proposed budget will impact many payroll operations. The proposals would:

- Require contractor's to provide the business a certified taxpayer identification number.
- Hold employee leasing companies liable for clients' federal unemployment taxes.
- Make FUTA surtax rate of 0.2% permanent.
- Provide short-term and long-term unemployment tax relief to employers and increase FUTA wage base.
- Alter information reporting requirements (i.e. Form 1099-MISC) on payments to corporations.
- Reinstate income tax rates for upper-income taxpayers.
- Require most employers to offer an automatic IRA option to employees with regular contribution.
- Contain initiatives to recognize worker misclassification.
- Establish state relationships to provide unemployment insurance initiatives.
- Permanently extend provisions such as the marriage penalty relief, dependent care credit, adoption tax credit and assistance, and earned income tax credit.
- Change federal wage reporting process to quarterly.
- Support electronic employment verification program.

To view the proposed budget, go to <http://www.whitehouse.gov/omb/budget/>.

"Your tax professionals at Paycor continue to monitor the ever-changing legislations that affect your payroll. You have our assurance that our systems will be updated with any new payroll and tax changes that are introduced. And most importantly, that CPA Care is here to provide you answers to your questions in regards to new legislation."

**- Michele Stoy,
CPA Care Advocate**

Reporting Healthcare Cost on Form W-2



Reporting the cost of coverage under an employer-sponsored group health plan will not be mandatory on Form W-2 for 2011. Employers may still choose to report the cost on the form for 2011. Guidance on the reporting requirements will be available within the next 30 days.



How Can CPA Care Help?

If you filed corporate tax extensions and still need your clients information, contact your CPA Care Advocate to receive copies of W-2s, W-3s, 940s, Expanded Year-to-Date Summaries, etc.

Updated Withholding Procedures for Nonresident Aliens

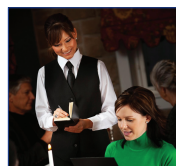


The IRS issued updated guidance for wages paid in 2011 to nonresident alien employees performing services in the United States.

Please be assured that Paycor's system is updated with the new withholding requirements.

For more information, go to www.irs.gov/pub/irs-drop/n-11-12.pdf for Notice 2011-12, 2011-8 IRB 514.

Minimum Wage May Increase for Tipped Employees



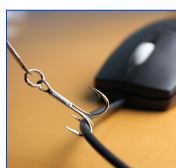
Tipped employees may see an increase in their base wage. A bill was introduced to amend the federal Fair Labor Standards Act to increase wages to \$3.75 an hour. The bill would go into effect within 90 days of being passed and increase after the first year and again after the second year of enactment.

Repeal of Form 1099 Reporting Delayed



The House passed the bill to repeal the 1099 requirements. The Democrats were unable to reach an agreement on the bill so it has been delayed in Congress. President Obama supports the repeal because it "placed an unnecessary bookkeeping burden on small businesses."

Tips to Avoid IRS Phishing Scams



The goal of scammers is to trick individuals into revealing personal and financial information. The IRS does not ask for detailed personal and financial information like PIN numbers, passwords, or other secret access to accounts or initiate taxpayer communication through email. Always verify the website address to be <http://www.irs.gov>.

If you receive communication that seems to be a scam from the IRS, contact them at 1-800-829-1040.



Things I've Learned...

(and am still learning).

By Bob Coughlin, CEO Paycor

Quick Tip: Simple planning exercise: Prune or Double Down?

Our fiscal year starts July 1, so we are in the heart of planning time. One exercise that I use for all of our initiatives is to decide what to prune and where to double down, as opposed to just continuing to do the same things. So, I ask each leader to think about where they should apply their resources. For me, doubling down is always easy because there are lots of things I want to accomplish. Pruning is always the hard part, but it's necessary so that we have resources to double down. There are many data points and analyses in strategic planning, and sometimes a simple exercise simplifies the thought process.

Businesses that try to be all things to all people will probably struggle. The temptation of payroll services (and accounting firms) is to keep offering more services to add a revenue stream or make the client stickier. But there are tradeoffs. One of the lessons in Jim Collins, *Good to Great* is that you will not be a great business unless you are absolutely great at your core business. When I think about adding services, I lay them next to all of the other initiatives of the business and ask: Prune or Double Down?

P.S. CPA Care is...a Double Down.

Go to www.paycor.com to find more tips from CEO, Bob Coughlin.



Paycor Wins 2011 People's Choice for Best Customer Service

Paycor was honored with the People's Choice Stevie Award for Best Customer Service in the Financial Services Industry. We are humbled that our CPAs and clients recognized our dedication to serve their individual needs.

Winners in other customer service categories include Marriott Vacation Club International, Macy's and TATA Motors Ltd. This means Paycor's service is on the same level as other world class service providers.

From the very beginning, Paycor has been built upon a commitment of putting clients first, and we will continue to strive to provide the best personal service in our industry.

Read more about this honor in the CPA Technology Advisor:
<http://www.paycor.com/cpacare/technology-advisor.com>

Important Dates

April 11 - Employees who earned more than \$20 in tips during February must report them to their employers.

April 18 - Individuals: File 2010 Form 1040, 1040A, or 1040EZ. For automatic 6-month extension file Form 4868 and deposit estimated tax. Partnerships: File 2010 Form 1065 and furnish a copy of Sch. K-1 to each partner. Electing Large Partnerships: File 2010 Form 1065 calendar year return.

For more information contact:

CPA Care Advocate
513.719.1300
866.729.2671
cpacare@paycor.com
www.paycor.com/cpacare
www.facebook.com/paycorcpacare



Did you know?

At Paycor, we understand how excited you will be when tax season is over. That is one of the many reasons why we have CPA Care - a concierge service for you! Find more information about CPA Care extended hours on <http://www.paycor.com/cpacare>.

IRS Stops Business Package Mailings



Business taxpayers will no longer receive Form 941, Employer's Quarterly Federal Tax Return, and many other forms and publications in the mail. The IRS has stopped the mailings due to the continued growth of e-File and aid to reduce costs.

To view the list of forms and publications the IRS will no longer mail, go to <http://www.irs.gov/businesses/small/article/0,,id=236738,00.html>.