TODAY’S PRESENTERS

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Thank you for attending this workshop through Score.
ADP serves more than 700,000 clients with millions of employees in 113 countries

• In business since 1949

• We pay 1 out of 6 people in the US

• Over 3,000 small business clients in the Mid-South alone

• 1,200 of those clients are less than 5 employee companies.

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How does ADP help your business be more successful?

Risk Management
Cash Flow
People Management
How Can ADP Help?

What offer: ADP products & services

Find your area of need — from payroll to outsourcing and more — or explore specific ADP products to see how strategic human capital management (HCM) can help your business work better.
Employees

- **Payroll is the reason people come to work!**
- **HR is the reason they stay!**

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THE PAYROLL PROCESS

The payroll process includes the following:

**Employee**
- New Hire
- Changes
- Time Data
- Form W-4
- Form I-9

**Payroll**
- Inputs
- Verifies
- Processes
- Distributes
- Reports
- Reconciles

**Government**
- Tax Deposits
- Monthly & Quarterly reports
- Reconciles

**Employee**
- Form W-2
- Pay statements

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CHALLENGES OF PAYROLL

- Complexity
- Communication
- Technology
- Accuracy

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WHAT ARE SOME OF THE CHALLENGES YOU ARE CURRENTLY FACING?

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Withholding Taxes

• What taxes are withheld?
  – Federal Income Tax
  – State Income Tax (MS, AR)
  – FICA- Federal Insurance Contributions Act (SS & Medicare)
  – State Unemployment Insurance Tax
**Employee**

- FIT
  - W4
    - Marital Status
    - Allowances
- SIT
  - A1
    - Marital Status
    - Allowances
- FICA
  - SS 6.2% 128,400 Cap
  - Med 1.45% No Cap

**Employer**

- FICA – Match Dollar For Dollar
- FUTA - .6% (6%) – 5.4% Reduction Credit if SUI is paid on time
- SUI Tax – 2.7% New Business Rate
  - 8000 Wage Cap
  - .01%-10.0%
    - Tax Penalty, Claims, Turnover

**Deposits**

- IRS – FIT / FICA
  - Deposited in one payment via EFTPS
    - 24 Hour/Weekly/Bi-Weekly/Monthly/Quarterly/Annually
- IRS – FUTA
  - Deposited Annually
- SUI
  - Deposited Quarterly –
- State Withholding
  - Deposited
    - Weekly/Monthly/Quarterly/Annually

**Filings**

- IRS – FIT/FICA Form 941
  - Quarterly
- IRS – FUTA Form 940
  - Annually
- Department of Labor – SUI Form
  - DOL A1-qrtly wage contribution
    - Quarterly
- Department of Revenue – MS or AR for example
  - Quarterly
- IRS – Form W2/W3
- IRS – Form 1099
EMPLOYEE VS INDEPENDENT CONTRACTOR

• What’s the difference between the two?

• Who is responsible to classify the workers correctly?

• Why is proper classification important?

• Form W9 (Request for Taxpayer ID Number)
MISCLASSIFYING WORKERS
FLSA “Conventional Wisdom” Major Problem

- “Everybody I know of pays this way”
- “Salaried people don’t have to be paid overtime”
- “This is what our employees want us to do”
- “This is a family run business”
- “The employee agreed to this” (1099)
- “We’re too small for anyone to sue us”
**FLSA Keep Accurate Records**

**Case:** Nitin worked for a small gas station and convenience store on Long Island. After an apparent falling out with the owner, he sued alleging he had been underpaid for at least two years. Nitin claimed he had routinely worked between 80 and 100 hours per week, at least 12 hours per day, and had never been paid overtime. Instead, he claimed to have been paid for just 40 hours per week at minimum wage.

The owner didn’t keep time records. Therefore, the court relied on Nitin’s records.

The court awarded over $39,000 in overtime pay plus attorney’s fees. (Khurana v. JMP, Inc., ED NY, 2017)
How Do We Classify a Worker?

IRS Common Law Test

Behavioral Control
- How much instruction is given?
- Whose equipment is used?
- Is performance evaluated?
- Is training provided?

Financial Control
- How is the worker paid?
- Does the worker make investments in tools/facilities?
- Does the worker have unreimbursed business expenses?

Type of Relationship
- Is there a written contract?
- Are the worker’s services available to other businesses?
- Is the worker entitled to employee type benefits?

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Reasonable Basis Test

There are exceptions to the Common Law Test

- Have received a specific ruling from the IRS (e.g., a Private Letter Ruling) that the workers are independent contractors.

- Have had a past IRS employment tax audit of the employer that did not disallow the worker’s treatment as an independent contractor.

- Have received guidance from an attorney or CPA that the worker is an independent contractor.
8 RED FLAGS THAT AN EMPLOYEE IS MISCLASSIFIED

- Red flag #1: Employee is paid hourly
- Red flag #2: Employee is paid a salary less than $455 per week because he or she is part-time
- Red flag #3: Duties test was never performed
- Red flag #4: Job title was used to determine exempt status
- Red flag #5: Employee's primary duty is manual labor
- Red flag #6: Employee is automatically classified as exempt because he or she has a college degree
- Red flag #7: State exemption criteria was not considered
- Red flag #8: You make deductions as you would for non-exempt employees
NEW EMPLOYEES

• New Hire Reporting
  – Multi State considerations
  – Time Frames differ by state

• W4s & I9s
  – Invalid W4s – what are they?
  – Changing exemptions on W4 – rule
  – Exempt from taxes (Feb 15th)
  – IRS Lock in Letters
Personal Allowances Worksheet (Keep for your records.)

A Enter “1” for **yourself** if no one else can claim you as a dependent
   (You are single and have only one job; or)

B Enter “1” if:
   • You’re married, have only one job, and your spouse doesn’t work; or
   • You work a second job or your spouse’s wages (or the total of both) are $X,XXX or less.

C Enter “1” for your **spouse**. But, you may choose to enter “0-” if you are married and have either a working spouse or more than one job. (Entering “0-” may help you avoid having too little tax withheld.)

D Enter number of dependents (other than your spouse or yourself) you will claim on your tax return.

E Enter “1” if you will file as **head of household** on your tax return (see conditions under Head of household above).

F Enter “1” if you have at least $X,XXX of child or dependent care expenses for which you plan to claim a credit
   (Note: Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)

G **Child Tax Credit** (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.
   • If your total income will be less than $X,XXX ($XXX,XXX if married), enter “2” for each eligible child; then less “1” if you have two to four eligible children or less “2” if you have five or more eligible children.
   • If your total income will be between $XX,XXX and $XXX,XXX ($XXX,XXX and $XXX,XXX if married), enter “1” for each eligible child

H Add lines A through G and enter total here. (Note: This may be different from the number of exemptions you claim on your tax return.)

For accuracy, complete all worksheets that apply.

Separate here and give Form W-4 to your employer. Keep the top part for your records.

**Employee’s Withholding Allowance Certificate**

- 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 and middle initial
2 Your last name
3 □ Single □ Married □ Married, but withhold 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 Additional amount, if any, you want withheld from each paycheck
7 I claim exemption from withholding for 2018, 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

6 Employer’s name and address (Employer: Complete boxes 8 and 10 only if sending to the IRS.)
7 Office code (optional)

For Privacy Act and Paperwork Reduction Act Notice, see page 2.
Withholding Allowances (Form W-4)

- Forms W-4 and W-4P (retirees) tell employers four things:
  - Single/married
  - Number of allowances
  - Additional amount withheld
  - If employee is claiming to be exempt
- Employees must complete W-4 when hired
- Employees are not required to fill out new W-4 annually, BUT should do so if allowances will decrease/increase
- If W-4 is not completed, they file as Single-0
- Employer must make change within 30 days of receiving a revised W-4 form!
Who is Exempt from Withholding?

1. If no taxes were due in previous year
2. Dependents/ Full Time Students
3. Exempt individuals MUST file new W4 annually by February 15th
I-9

Employment Eligibility Verification
Department of Homeland Security
U.S. Citizenship and Immigration Services

FORM I-9

Section 1: Employee Information and Attestation
( Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)

Last Name (Family Name)  First Name (Given Name)  Middle Initial  Other Last Names Used (Pony)
Address (Street Number and Name)  Apt. Number  City of Town  State  Zip Code
Date of Birth (mm/dd/yyyy)  U.S. Social Security Number
Employee's E-mail Address
Employee's Telephone Number

I attest, under penalty of perjury, that I am (choose one of the following boxes):

☐ 1. A citizen of the United States
☐ 2. A noncitizen national of the United States (See instructions)
☐ 3. A lawful permanent resident (Alien Registration Number UScis Number)
☐ 4. An alien authorized to work (expiration date, if applicable, mm/dd/yyyy)

Aliens authorized to work must provide only one of the following documents to complete Form I-9.

☐ Alien Registration Number UScis Number

☐ OR

☐ Form I-94 Admission Number:

☐ OR

☐ Foreign Passport Number:

☐ Country of issuance:

Date of issue (mm/dd/yyyy)

Signature of Employee

Today's Date (mm/dd/yyyy)

Preparer and/or Translator Certification (check one):

☐ I did not use a preparer or translator.
☐ I used a preparer or translator, the preparer or translator assisted me in completing Section 1.

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator

Today's Date (mm/dd/yyyy)

Section 2: Employer or Authorized Representative Review and Certification

Employer info from Section 1

Last Name (Family Name)  First Name (Given Name)  Middle Initial  M. (If applicable)

Employee's E-mail Address
Employee's Telephone Number

List A OR List B

AND

List C

Document Title

Issuing Authority

Document Number

Expiration Date (mm/dd/yyyy)

Document Title

Issuing Authority

Document Number

Expiration Date (mm/dd/yyyy)

Certification: I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

The employee's first day of employment (mm/dd/yyyy)

(See instructions for exemptions)

Signature of Employer or Authorized Representative

Today's Date (mm/dd/yyyy)

Last Name of Employer or Authorized Representative

First Name of Employer or Authorized Representative

Employer's Business or Organization Address (Street Number and Name)

City of Town

State

ZIP Code

Section 3: Reverification and Reissues (To be completed and signed by employer or authorized representative)

A. New Name (if applicable)

Last Name (Family Name)  First Name (Given Name)  Middle Initial  Date of Birth (mm/dd/yyyy)

B. Date of Name Change (if applicable)

Document Title

Document Number

Expiration Date (mm/dd/yyyy)

C. If the employee's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below:

Document Title

Document Number

Expiration Date (mm/dd/yyyy)

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative

Today's Date (mm/dd/yyyy)

Name of Employer or Authorized Representative
# RECORD KEEPING – What must be kept in a master file?

### Employee Data
- Name
- Address
- Gender
- Birth date

### Employment Data
- Hire date
- Termination date
- Payment date
- Basic or hourly rate of pay
- Additions/deductions from pay
- Frequency of payment

### Tax and Payroll Data
- Social security number
- Occupation
- State where services are rendered

**For Both Payroll Period and Calendar Year**
- Allowances claimed
- Marital status
- Total wages subject to federal, state, and local income taxes
- Total federal income tax withheld
- Total social security tax withheld
- Total Medicare tax withheld
- Tax paid by employer but not deducted from wages
Record Keeping Systems

- How long must documents be kept?
  - OSHA – 5 years
  - IRS/SSA/FUTA – 4 years
  - FLSA/IRCA/FMLA – 3 years
Why have a handbook?

- Compilation of policies, rules, expectations
- Provides basic information about the company
- Helps demonstrate fairness and compliance with employment laws
- Meets requirements to provide certain information in writing
- Helps managers navigate employee relations issues
Why use job descriptions?

**Hiring:** Identify the essential functions of the job and the qualifications needed for the role

**Pay & Performance:** Help set clear expectations for employees, and can help the company evaluate performance, make compensation decisions, and identify training needs
HR HelpDesk provides best-practice around the following HR topics:

- Benefits
- Compensation
- Immigration & I-9
- Performance management
- State labor laws
- California labor laws
- Military leave laws
- Unemployment
- Workers’ compensation
- Discipline
- Fair Credit Reporting Act
- State pre-employment screening requirements
- Federal and state wage & hour
- Family and Medical Leave Act
- COBRA
- EEOC
- Sexual harassment & Discrimination
- OSHA
- Workplace investigations
- Hiring
- Terminations
The HR HelpDesk **DOES NOT**

- Provide legal advice
- Review client handbooks
- Fulfill labor poster requirements
- Contact a client’s employees’
F.A.Q’S

• Why would I want ADP to process payroll for me?
  – Record keeping, accurate & on time tax filing and more

• What are payroll services from ADP?
  – Run (for small business)

• Will ADP pay my payroll taxes for me?
  – Yes

• Does ADP integrate time and attendance with payroll?
  – Yes even if you use another POS system we can integrate

• Does ADP have tools for employees to see their payroll online or with a mobile app?
  – Yes, ADP Mobile App #5 App in App Store used by over 14 million people worldwide with a 4.7 out 5 star rating
Reviews

Top rated payroll and HR solutions.

- Gartner: 4/5 Stars (126 Reviews)
- Capterra: 4.5 / 5 Stars (442 Reviews)
- GetApp: 4.55 / 5 Stars (422 Reviews)
- Software Advice: 4.5/5 Stars (442 Reviews)
- Trustpilot: 4.7/5 Stars (569 Reviews)
- G2 Crowd: 4.3/5 Stars (94 Reviews)
Contact Information

Thank you for attending this workshop! Please feel free to contact me with questions.

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