



NOTE: ALL 1099-MISC. FORMS FOR NON-EMPLOYEE COMPENSATION AND W-2 FORMS ARE NOW DUE BY JANUARY 31, 2018.

December 15, 2017

2018 PAYROLL TAXES

The following is a brief summary of the most current information available regarding payroll related taxes and requirements. **Please read this letter carefully as there are some significant changes in effect for 2018.**

Tax	Wage Base Limit	Rate	Maximum Contribution
Social Security-Employer	\$128,700	6.20%	\$7,979.40
Social Security-Employee	\$128,700	6.20%	\$7,979.40
Medicare-Employer	No Limit	1.45%	No Limit
Medicare-Employee	Up to \$200,000	1.45%	\$2,900.00
Medicare-Employee	More than \$200,000	2.35%	No Limit
NV Unemployment	\$30,500	Varies	Varies
FUTA	\$7,000	0.6%	\$42.00

TAXABLE WAGES – Wages subject to employment taxes include **all** compensation you give to an employee for services performed. Except where excluded specifically by law, fringe benefits are includable in gross income and are subject to income and employment taxes. Neither the IRS nor the State Unemployment Department recognizes an exemption for casual labor.

WITHHOLDING – FEDERAL INCOME TAX – New withholding tables for 2018 will be issued by the IRS and you should receive them shortly (Circular E - Employer's Tax Guide). For all computerized payroll systems, please be sure to update all limits and tables before processing your first payroll for 2018.

SOCIAL SECURITY – MEDICARE – For 2018, the social security tax is 6.2% for both the employer and the employee for a maximum of \$7,979.40 each on \$128,700. However, there are two rates of taxes for the Medicare portion of the FICA tax. There is an additional Medicare tax of 0.9% on an employee's wages (and self-employment income) that was enacted as part of the health care reform legislation. This additional tax is imposed on wages that exceed \$250,000 for married taxpayers filing jointly, \$125,000 for married filing separate and \$200,000 for other taxpayers. For withholding purposes, the employer must withhold 2.35% (1.45% + 0.9% additional) on all wages exceeding \$200,000 regardless of filing status. **Employers are only required to match the 1.45% and not the additional 0.9%.**

PAYROLL TAX DEPOSIT REQUIREMENTS – An employer is either a monthly depositor or a semi-weekly depositor based on an annual determination made by the IRS. The following is a summary of the deposit requirements.

<u>Monthly Depositor</u> –	Deposit by 15 th day of following month.
<u>Semi-Weekly Depositor</u> –	Payroll Wed., Thurs. or Fri. – Due by the following Wed. Payroll Sat., thru Tues. – Due by the following Fri.
<u>Accelerated Deposits</u> –	<u>Anytime</u> taxes reach \$100,000, the deposit must be made by the next banking day, and you automatically become a semi-weekly depositor.
<u>Quarterly Tax Under \$2,500</u> –	No deposit required.

All deposits must be made using the Electronic Federal Tax Payment System (EFTPS). You can sign up by going to the EFTPS website at www.eftps.gov or by calling EFTPS customer service at 1-800-555-8778. Failure to make electronic deposits could result in a 10% penalty on each deposit.

FUTA – FEDERAL UNEMPLOYMENT – The 2017 FUTA tax returns are due by January 31, 2018. For 2018, the FUTA tax rate remains at 0.6% on the first \$7,000 of each employee's wages. The tax liability must be deposited electronically by the end of the month following a calendar quarter if the cumulative undeposited liability exceeds \$500.

NEVADA STATE UNEMPLOYMENT – The State Employment Security Division has mailed all employers notice of their tax rates effective January 1, 2018. The tax is computed on wages up to the first \$30,500 of each employee's wages in calendar year 2018. In addition, all employers are required to report newly hired or rehired employees to the Department within twenty (20) days of hire. You may use Form W-4 for reporting if you include the employer's name, address and Federal ID # on the bottom of the form, or any other manner of reporting as long as the same information is included.

QUARTERLY BOND CONTRIBUTION

This bond contribution expired September 30, 2017.

NEVADA MODIFIED BUSINESS TAX – Every employer who is subject to Nevada Unemployment Tax is obliged to pay this quarterly tax. The tax rate is 1.475% for total quarterly wages in excess of \$50,000 per quarter. A deduction from wages is allowed for health care premiums paid by the employer during the quarter.

MINIMUM WAGE – Nevada minimum wage is currently \$7.25 per hour with health insurance available and \$8.25 without. No increases for 2018 have been announced at this time. Be sure to document the availability of the insurance to the employee if they choose not to take it.

WORKERS' COMPENSATION INSURANCE – All employers are required to maintain workers' compensation insurance. Employers are able to procure this insurance from the Employers Insurance Company of Nevada or other licensed insurers. Rates of premiums and reporting requirements vary based on the insurer and underwriting practices.

PAYMENTS FOR SERVICES (NON-EMPLOYEE) – The Internal Revenue Code specifically requires the reporting of payments for any services to non-employees aggregating \$600 or more in a calendar year. Penalties for failure to file these information returns and failure to furnish correct taxpayer identification numbers are substantial. In addition, if the payee fails to provide a taxpayer identification number then you must deduct and withhold income tax at 28%. You should obtain a completed Form W-9 from any nonemployee prior to payment.

THE 1099 REPORTING FORMS MUST BE FILED BY JANUARY 31, 2018.

BUSINESS MILEAGE – The IRS has announced that the standard mileage rate for business will be 54½ cents per mile for 2018, up by 1 cent from 2017.

USE/SALES TAX – The Department is no longer mailing forms to taxpayers to file. You should get the forms on-line or switch to on-line reporting and payment. As a reminder, all purchases of supplies, furniture, equipment, subscriptions, etc. for use in a business are subject to sales tax when purchased. If you obtain the property from an out-of-state retailer and are not charged a sales tax, these purchases must be reported by you as use tax to the Department of Taxation.

401(k) CONTRIBUTION LIMITS

	<u>Year 2018</u>	<u>Year 2017</u>
Maximum 401(k) deductible contributions	\$18,500	\$18,000
Additional allowed – age 50 or older	<u>6,000</u>	<u>6,000</u>
Total	<u>\$24,500</u>	<u>\$24,000</u>

THE AFFORDABLE CARE ACT

Under the recently passed Conference Bill, the amount of the individual shared responsibility payment (aka, the "individual healthcare mandate") enacted as part of the ACA would be reduced to zero, effective with respect to health coverage status for months beginning after December 31, 2018. At the present time, the requirements for reporting, coverage and all other aspects of the Affordable Care Act remain unchanged. Be sure to watch for changes as they may occur.

If you have any questions regarding payroll taxes, compensation, or other employment requirements, please contact our office.

Sincerely,



CONANT, NELSON & CONANT, LTD.