

Payroll Processing for Townships

David R. Williamson, CPA

And Robert Sheu, CPA

PSLZ , LLP

David@pslz.com

P= 734-453-8770

F=734-453-0312

Introduction

- Session is designed to help elected officials understand and administer payroll
- Overview of payroll tax and withholding filing and payment requirements
- Software Options

Agenda

- Payroll basics-review of accounting concepts
- Social Security-who is covered and why
- Tax payments
- Required tax forms
 - Pre-Employment
 - Quarterly
 - Annual
- Software Options

Accounting Concepts

- Gross Pay is the amount that is due to be paid to the individual employee. This can be expressed as an annual, quarterly, or monthly salary, or hourly wages.
- Gross Pay is then reduced for required Federal and State income taxes, and Social Security and Medicare taxes (if applicable).

Other Withholdings

- Can include voluntary and mandatory pension withholdings, deferred compensation, insurance co-pays, etc.
- Net pay= Gross pay - the aforementioned withholdings.

Accounting for payroll

- Gross Pay should be posted to salary and wage expenditure accounts
- Withholdings are “IOU’s” and should be posted to liability accounts
- Net pay as a reduction of cash

Payroll should be charged to line items in accordance with the State Uniform Chart of Accounts

- http://www.michigan.gov/documents/uniformchart_24524_7.PDF
- Or call the department at 517-373-3221.

State Uniform Chart of Accounts

- The Michigan chart of accounts uses 9 digits with an option for an additional three numbers for “sub accounts”:
- The first three digits indicate the Fund number.
- The next three indicate the department (no departments for balance sheet accounts or revenues).
- The last three digits are line items.

Chart of Account Examples

101-000-001	General Fund Cash	
206-000-001	Fire Fund Cash	
101-253-706	Treasurer's Salary	
206-336-706	Fire Fund Salaries	
101-253-715	Treasurer's Payroll Taxes	
101-298-715	Unallocated Payroll Taxes	

		Clerk:	Supervisor:
		Sherry Myway	Patrick Pushover
Gross Pay	101-215-701	10,000.00	-
Gross Pay	101-171-701		12,000.00
457 Plan ded.	101-000-231	1,000.00	1,200.00
Med. W/H	101-000-229.001	-	174.00
S.S. W/H	101-000-229.002	-	-
FIT W.H.	101-000-229.003	325.00	-
S.I.T. W/H	101-000-228	230.00	300.00
Net Pay	101-000-101	8,445.00	10,326.00

Federal and State Payments

- EFTPS
- Payment with Form 941
- 160 (monthly and quarterly) or 165 (annual)
Sales, Use and Withholdings (MICHIGAN)

Federal Tax Payments

- On a quarterly basis with IRS Form 941, if the total amount of these taxes is under \$2,500 for the quarter.
- EFTPS-Generally all employers are required to pay taxes electronically – unless they meet the exception above. Enroll on line at www.eftps.gov or by phone 1-800-555-4477

Federal Tax Payments (continued)

- Rules for this are outlined on Pages 25-30 of IRS Circular E and are complex. We recommend that you make your deposit on the same day you issue payroll checks to avoid late penalties and interest.

The screenshot shows the EFTPS login interface. At the top, the EFTPS logo is on the left, and a 'Logoff' link with a URL is on the right. Below the logo is the text 'Electronic Federal Tax Payment System'. A navigation bar contains links: HOME, ENROLLMENT, MY PROFILE, PAYMENTS, HELP & INFORMATION, CONTACT US, and LOGIN. The main content area is titled 'Login' and includes instructions: 'In order to make, view or cancel a Payment, you must first login. Please enter your Employer Identification Number (EIN) or your Social Security Number (SSN), PIN, and Internet password in the fields below. If you do not have a PIN, please [enroll](#) first.' The login form has fields for 'EIN (for Business)' (with a hyphen separator), 'or', 'SSN (for Individuals)' (with hyphen separators), 'PIN', and 'Internet Password'. A 'Need a Password' link is below the password field. At the bottom of the form are 'CANCEL' and 'LOGIN ►' buttons. A 'WARNING' section follows, stating that the system is an official U.S. Government system and that unauthorized use is prohibited. It also advises users to ensure their browser's security lock is closed.

EFTPS
Electronic Federal Tax Payment System

Logoff <https://>

HOME ENROLLMENT MY PROFILE PAYMENTS HELP & INFORMATION CONTACT US LOGIN

LOGIN

Login

In order to make, view or cancel a Payment, you must first login.

Please enter your Employer Identification Number (EIN) or your Social Security Number (SSN), PIN, and Internet password in the fields below. If you do not have a PIN, please [enroll](#) first.

EIN (for Business) -

or

SSN (for Individuals) - -

PIN

Internet Password

[Need a Password](#)

CANCEL LOGIN ►

WARNING

You are using an Official United States Government System, which may be used only for authorized purposes. Unauthorized modification of any information stored on this system may result in criminal prosecution. The Government may monitor and audit the usage of this system, and all persons are hereby notified that the use of this system constitutes consent to such monitoring and auditing. Unauthorized attempts to upload information and/or change information on this web site are strictly prohibited and are subject to prosecution under the Computer Fraud and Abuse Act of 1986 and Title 18 U.S.C. Sec. 1001 and 1030.

Make sure the security lock is closed on your browser.

State Tax Payments

- Purpose: Serves as transmittal for taxes due. Generally for Townships this is limited to Michigan Income Tax withheld from employee pay checks.
 - Filing requirements: Determined by the State of Michigan based on their estimate of your annual taxes collected. This information is initially gathered from the registration forms (MI 518) and is updated by actual experience with the Township.
-

State Tax Payments

- Update: Starting in 2015, all taxpayers will be required to file a return regardless of whether tax is due
 - How to pay: can be made electronically through the “Michigan Treasury Online” system, through Treasury approved software, or paper filed-but you must download the forms from the State’s web site, no paper forms will be mailed.
-

CT YOUR FILING FREQUENCY ☒ Monthly ☐ Quarterly

Michigan Dept. of Treasury
160 (Rev. 8-11)

PRINT **Clear Form**

Click on (i) for instructions

**Combined Return
for Michigan Taxes**

File this return even if no tax is due.
Use form 163 for address changes.

Account Number	Office Use	Sales Tax (i)01	0.00	Michigan Withholding (i)06	0.00
-	91	Sales Tax Discount (i)02	0.00	CIT Estimates (i)07	0.00
Return Period		Use Tax (Sales/Rentals) (i)03	0.00		97
Select Month Period	Year	Use Tax Discount (i)04	0.00		97
Due Date		Use Tax (Purchases) (i)05	0.00		97
Company Name		Voucher Payment (i)98	0.00	Penalty & Interest (i)99	0.00
Taxpayer's Signature	Phone Number				

Do not subtotal lines on this return.

Mail to: Michigan Dept. of Treasury, Dept. 77003, Detroit, MI 48277-0003
Make checks payable to: "State of Michigan" and include your account number on your check.

(i) Total Payment

Electronic Payments

- Registration needed to access the free "Michigan Treasury Online" system.
 - Michigan One Stop Account
 - Add Task: "Michigan Treasury Online"
 - <http://www.michigan.gov/business>

MICHIGAN.GOV
Michigan's Official Web Site

Michigan.gov
[One Stop Home](#) | [Help](#) | [Contact Us](#) | [FAQ](#) | [Sign Out](#)

One Stop Home

Welcome:

Login Information
Security Questions
Change Password

Tell me more Search All Departments GO

One Stop Home Page

For Businesses:

- Start a new business
- Add an existing business
- Add a delegated business

GO

For Individuals and Service Providers:

- Register for business taxes
- Unemployment tax and benefit reporting
- Submit annual reports
- Licenses and licenses for individuals

GO

Operate my Existing Business

Delete	Business Name - One Stop ID			
		My Workspace	My Filings	My Profile

MICHIGAN.GOV
Michigan's Official Web Site

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[One Stop Home](#) | [Help](#) | [Contact Us](#) | [FAQ](#) | [Sign Out](#)

One Stop Home

Welcome:

Business:

Login Information
Security Questions
Change Password

Tell me more Search All Departments GO


ID#
[Unfile](#)
[eCabinet](#)
[Shopping Cart](#)
[Cart \(0 items\)](#)

My Workspace
My Filings
My Business Profile
Go To ...

My Tasks
Video Guide
Print
Add a Task

Remove	Task Name	Help
	Michigan Treasury Online - Business Tax Services	Tell me more

10



Department of Treasury
Michigan Treasury Online
Business Tax Services

Logout

Logged in as

- Clicking this button will submit all your changes.
- Tabs with changes made in them are marked with a pencil icon.

Submit

Taxpayer Data

- Addresses
- Taxpayer Representatives
- Owners, Officers & Partners
- Tax Types
- EFT Application
- Correspondence
- Track Updates
- Discontinue Business

Taxpayer Data

*** Required**

On this page you can view and edit basic information about you and your business. Some changes you make require approval of the Michigan Department of Treasury before your record is updated. Remember that your marked changes are not saved until you click the submit button above. If you cannot view the tooltips, please go to our tooltip help page to view the tooltip text. This will open a new window.

*Company Name or Owner's Full Name

DBA or Assumed Name

*Primary Identification Number

SSN Number
ME Number(s)

*Business Ownership Type

*Business Code (NAICS) | Field Code

*Michigan Licensing and Regulatory Affairs (LARA) Corporate ID Number

*State and Date of Incorporation

MI

*Business Phone Number and Extension


Ext.

Number of Michigan Locations

Seasonal Filer
☐
Check this box if you are a seasonal filer

*Tax Year End

December



Department of Treasury
Michigan Treasury Online
Business Tax Services

Logout

Logged in as

- Clicking this button will submit all your changes.
- Tabs with changes made in them are marked with a pencil icon.

Submit

Taxpayer Data

- Addresses
- Taxpayer Representatives
- Owners, Officers & Partners
- Tax Types
- EFT Application
- Correspondence
- Track Updates
- Discontinue Business

Tax Types

This page displays the taxes for which this business is currently registered. You may add, delete, and make changes to the registrations for this business. Remember that your marked changes are not saved until you click the submit button above. View more information on tax types in Michigan. If you cannot view the tooltips, please go to our tooltip help page to view the tooltip text. This will open a new window.

New

Type	Effective Date		
Sales Tax	01/01/2014	Edit	Discontinue
Payroll and Pension Withholding Tax	01/01/2014	Edit	Discontinue

Michigan Tax Due Dates

- Most Townships will be on a quarterly or monthly payment system. Payments and return filings are due as follows:
Monthly Filers – 20th day of the following month.
Example: October Michigan Income Tax is due November 20th.
Quarterly Filers – 20th day of the month following close of a calendar quarter.
- Large taxpayers (annual w/h=\$40,000) must pay electronically, under advanced payment guidelines
- NOTE-must file returns even if no tax due.

Why are some of the employees covered by Social Security/Medicare, and others are not?

Answer

- Prior to March 31, 1986, Township's participation in the "Social Security System" was voluntary.
- These voluntary arrangements were covered by agreements known as "218 Agreements".
- Federal law made Medicare Tax coverage mandatory for all employees hired after 3-31-86.

Social Security Coverage

- Budget Act of 1990 required Social Security and Medicare coverage of all township employees with exceptions:
- Exception #1 - Employees covered by public retirement system (PRS) may be excluded from the social security portion (6.2%) if they are "covered" by a "public retirement system".
- Exception #2 – Payments to "election workers" not exceeding \$1,600 per calendar year are exempt from Social Security and Medicare taxes.

Social Security Coverage (continued)

To qualify for the “PRS” exception:

- Defined benefit plan-employees must end up with an accrued benefit comparable to the basic benefit they would have had under social security- Per IRS Revenue Procedure 91-40, the benefits must be at least 1.5% of average compensation received in the last three years of employment multiplied by the number of years of service.

Social Security Coverage (continued)

- A defined contribution plan (such as a 457 plan). If an allocation of at least 7.5 percent of the employee's compensation is made to their account.
- Contributions by employee and employer count toward this calculation.
- Note: Exception for Election Workers previously noted apply, even if covered by a 218 agreement, effective 1-1-2003 (modification 975)

FICA Tax Rates

- FICA=Social Security PLUS Medicare Taxes
- Both Funded By Employer and Employee “Contributions”
- Social Security for 2015=6.2% Employer and Employee (12.4%) wages up to \$118,500
- Medicare for 2015=1.45% Employer and Employee (2.9%) on all taxable wages.
- Extra Medicare Taxes for 2015-high earners pay additional .9%(no employer match) on wages over \$200,000

Payroll Tax Forms

- Pre Employment
- Quarterly Filings
- Annual Filings

PRE-EMPLOYMENT

- IRS Form W-4
 - Michigan Form W-4
 - Homeland Security Form I-9
 - State Of Michigan New Hire Form
 - SSA 1945
-

IRS Form W-4

- Purpose: To document employee's selected number of federal withholding allowances. All taxpayer's are entitled to a certain number of "allowances" which reduce the federal income tax withheld from employee's pay.
 - Federal income tax deductions for personal and dependants exemptions
 - Large itemized deductions.
-

Filing Requirements

- This form is generally not filed with the IRS (unless requested by the IRS). It should be retained with the employee's payroll or personnel records. All employees should be given the opportunity to review their withholding allowances annually.

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

Form W-4 Department of the Treasury Internal Revenue Service		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.		OMD No. 1545-0074 2014
1 Your first name and middle initial		Last name		2 Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. NOTE: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
City or town, state, and ZIP code		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. ▶ <input type="checkbox"/>		
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 \$
7 I claim exemption from withholding for 2014, 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 (This form is not valid unless you sign it.) ▶				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)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form W-4 (2014)

Michigan W-4

Purpose

- Same as IRS W-4. Important to Note: Since Michigan Income Tax does not allow for itemized deductions, and is a flat rate (not graduated), employees should generally only claim exemptions for their exact number of dependency exemptions.
- Filing Requirements-See IRS W-4

MI-W4 <small>(Rev. 9-08)</small> <i>This certificate is for Michigan income tax withholding purposes only. You must file a revised form within 10 days if your exemptions decrease or your residency status changes from nonresident to resident. Read instructions below before completing this form.</i>		EMPLOYEE'S MICHIGAN WITHHOLDING EXEMPTION CERTIFICATE STATE OF MICHIGAN - DEPARTMENT OF TREASURY	
<small>Issued under P.A. 761 of 1987</small>		1. Social Security Number	2. Date of Birth
3. Type or Print Your First Name, Middle Initial and Last Name		4. Driver License Number	
Home Address (No., Street, P.O. Box or Rural Route)		5. Are you a new employee? <input type="checkbox"/> Yes If Yes, enter date of hire: ____/____/____ <input type="checkbox"/> No	
City or Town	State	ZIP Code	
6. Enter the number of personal and dependent exemptions you are claiming		6.	
7. Additional amount you want deducted from each pay (if employer agrees)		7. \$ ____	
8. I claim exemption from withholding because (does not apply to nonresident members of flow through entities - see instructions): a. <input type="checkbox"/> A Michigan income tax liability is not expected this year. b. <input type="checkbox"/> Wages are exempt from withholding. Explain: _____ c. <input type="checkbox"/> Permanent home (domicile) is located in the following Renaissance Zone: _____			
EMPLOYEE: If you fail or refuse to file this form, your employer must withhold Michigan income tax from your wages without allowance for any exemptions. Keep a copy of this form for your records.		Under penalty of perjury, I certify that the number of withholding exemptions claimed on this certificate does not exceed the number to which I am entitled. If claiming exemption from withholding, I certify that I anticipate that I will not incur a Michigan income tax liability for this year.	
INSTRUCTIONS TO EMPLOYER: Employers must report all new hires to the State of Michigan. Keep a copy of this certificate with your records. If the employee claims 10 or more personal and dependent exemptions or claims a status exempting the employee from withholding, you must file their original MI-W4 form with the Michigan Department of Treasury Mail to: New Hire Operations Center, P.O. Box 85010, Lansing, MI 48908-5010.		9. Employee's Signature _____ 10. Employer's Name, Address, Phone No. and Name of Contact Person _____ 11. Federal Employer Identification Number _____	

E-Verify

- Established by US Department of Homeland Security for employers to voluntarily augment the efforts with I-9 to ensure employees are eligible to work
- Enrollment is free, and simple: <https://e-verify.uscis.gov/enroll/StartPage.aspx?JS=YES>

State of Michigan New Hire Form

Purpose

- Assist in locating recipients of public assistance and unemployment benefits who fail to report earnings and parents who owe child support
- Can file on line at
<http://mi-newhire.com/MI-newhire/instruct.aspx>

<p>Michigan Department of Treasury 3251 (Rev. 5-12)</p> <h2 style="text-align: center;">State of Michigan New Hire Reporting Form</h2> <p>Federal law requires public (State and local) and private employers to report all newly hired or rehired employees who are working in Michigan to the State of Michigan.¹ This form is recommended for use by all employers who do not report electronically.</p> <ul style="list-style-type: none"> ● A newly hired employee is an individual not previously employed by you, and a rehired employee is an individual who was previously employed by you but separated from employment for at least 60 consecutive days. ● Reports must be submitted within 20 days of hire date (i.e., the date services are first performed for pay). ● This form may be photocopied as necessary. Many employers preprint employer information on the form and have the employee complete the necessary information during the hiring process. ● When reporting new hires with special exemptions, please use the MI-W4 form. ● Online and other electronic reporting options are available at www.mi-newhire.com. ● Employers who report electronically and have employees working in two or more states may register as a multi-state employer and designate a single state to which new hire reports will be transmitted. Information regarding multi-state registration is available online at http://www.acl.hhs.gov/programs/cse/newhire/employer/private/newhire.htm#multi or call (410) 277-9470. ● Reports will not be processed if mandatory information is missing. Such reports will be rejected and you must correct and resubmit them. ● For optimum accuracy, please print neatly in all capital letters and avoid contact with the edge of the box. See sample below. 	<p>Michigan New Hire Operations Center P.O. Box 85010 Lansing, MI 48908-5010 Phone: (800) 524-9846 Fax: (877) 318-1659</p>
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A
B
C
1
2
J

EMPLOYEE Information (Mandatory)		Social Security Number: <div style="border: 1px solid black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> <div style="border: 1px solid black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> <div style="border: 1px solid black; width: 100px; height: 1.2em;"></div>
First Name: <div style="border: 1px solid black; width: 100%; height: 1.2em; margin-bottom: 2px;"></div>	Middle Initial: <div style="border: 1px solid black; width: 50px; height: 1.2em; margin-bottom: 2px;"></div>	
Last Name: <div style="border: 1px solid black; width: 100%; height: 1.2em; margin-bottom: 2px;"></div>	State: <div style="border: 1px solid black; width: 50px; height: 1.2em; margin-bottom: 2px;"></div>	
Address: <div style="border: 1px solid black; width: 100%; height: 1.2em; margin-bottom: 2px;"></div>	Hire Date: <div style="border: 1px solid black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div>	
City: <div style="border: 1px solid black; width: 100%; height: 1.2em; margin-bottom: 2px;"></div>	<div style="border: 1px solid black; width: 100px; height: 1.2em;"></div>	
Zip Code: <div style="border: 1px solid black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> <div style="border: 1px solid black; width: 100px; height: 1.2em;"></div>		

Filing Requirements

- The information must be sent to the State within 20 days of an employee's date of hire. The information must be reported for all township employees hired, rehired or returning to work after any break in employment. The number of hours worked or compensation received does not affect this requirement.

How to get forms

- The “State of Michigan New Hire Reporting Form” ***Mail reports to:***
Michigan New Hires Operation Center
P.O. Box 85010
Lansing, MI 48908-5010
 - ***Fax reports to:***
(877) 318-1659
-

SSA 1945

- Required for all new hires not covered by Social Security, after January 1, 2005
 - Employee must sign a statement that they are aware that they are not covered by Social Security
 - Employer must forward statement to pension plan administrator
 - Available at
<http://www.socialsecurity.gov/form1945>
-

Statement Concerning Your Employment in a Job Not Covered by Social Security

Employee Name Employee ID #

Employer Name Employer ID#

Your earnings from this job are not covered under Social Security. When you retire, or if you become disabled, you may receive a pension based on earnings from this job. If you do, and you are also entitled to a benefit from Social Security based on either your own work or the work of your husband or wife, or former husband or wife, your pension may affect the amount of the Social Security benefit you receive. Your Medicare benefits, however, will not be affected. Under the Social Security law, there are two ways your Social Security benefit amount may be affected.

Windfall Elimination Provision

Under the Windfall Elimination Provision, your Social Security retirement or disability benefit is figured using a modified formula when you are also entitled to a pension from a job where you did not pay Social Security tax. As a result, you will receive a lower Social Security benefit than if you were not entitled to a pension from this job. For example, if you are age 62 in 2005, the maximum monthly reduction in your Social Security benefit as a result of this provision is \$313.50. This amount is updated annually. This provision reduces, but does not totally eliminate, your Social Security benefit. For additional information, please refer to the Social Security publication

Quarterly Filings

- UA 1028 (effective 9-25-2012)
- US 941

Question: Any “taxable employers” for Unemployment?

UA 1028

- Purpose: To report to the UA employees worked in each month of the calendar quarter and the total "non exempt" payroll for the quarter.
- Due quarterly by the 25th day following close of a calendar quarter:

April 25th

July 25th

October 25th

January 25th

Employees not reported:

1. Elected officials.
2. Members of legislative bodies.
3. Those serving with local units of government on a temporary basis in case of fire, storms, snow, earthquakes, floods or similar emergencies.
4. Those who serve in posts, under the laws of Michigan, that are designated as major non-tenured policymaking or advisory positions or in policymaking or advisory posts.

IRS Form 941

- Purpose: This form is completed by the Township and is used by the IRS to determine:
- All federal tax deposits were made in a timely and accurate fashion.
- Method to gather information on amounts paid to employees subject to federal income tax, Medicare tax, and Social Security withholding.

Filing Requirements-Form 941

- The IRS 941 is a quarterly "settlement" with the IRS for taxes withheld and the Township's matching payroll taxes payable for "Medicare" and Social Security taxes, due:

<u>Tax Period</u>	<u>Due Date</u>
First Quarter - (3/31)	April 30
Second Quarter - (6/30)	July 31
Third Quarter - (9/30)	October 31
Fourth Quarter - (12/31)	January 31

Note on Filing 941's:

- Due dates referred above are filing date not payment due dates. Taxes (both withholding and Township matching) must be paid within time prescribed by IRS in order to avoid penalties.
- For reference please see pages 29-30 of Circular E, Employer's Tax Guide, published by the IRS.
- Larger Townships (annual liability \$50,000) have to file schedule B, along with form 941

941 for 2014: Employer's QUARTERLY Federal Tax Return		950114										
Form (Rev. January 2014) Department of the Treasury - Internal Revenue Service		OMB No. 1545-0047										
Employer identification number (EIN)	3 8 - 1 1 1 1 1 1 1 1	Report for this Quarter of 2014 (check one) <input type="checkbox"/> 1: January, February, March <input type="checkbox"/> 2: April, May, June <input type="checkbox"/> 3: July, August, September <input checked="" type="checkbox"/> 4: October, November, December <small>Instructions and prior year forms are available at www.irs.gov/form941.</small>										
Name (not your trade name)	Cherry Lane Township											
Trade name (if any)												
Address	123 Main Street											
City	Cherry Lane MI 48111											
Foreign country name	Foreign province/county	Foreign postal code										
Read the separate instructions before you complete Form 941. Type or print within the boxes.												
Part 1. Answer these questions for this quarter.												
1	Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), or Dec. 12 (Quarter 4)	1 2										
2	Wages, tips, and other compensation	2 19800										
3	Federal income tax withheld from wages, tips, and other compensation	3 325										
4	If no wages, tips, and other compensation are subject to social security or Medicare tax	<input type="checkbox"/> Check and go to line 6.										
<table border="1"> <thead> <tr> <th>Column 1</th> <th>Column 2</th> </tr> </thead> <tbody> <tr> <td>5a Taxable social security wages</td> <td>5a 348</td> </tr> <tr> <td>5b Taxable social security tips</td> <td>5b -</td> </tr> <tr> <td>5c Taxable Medicare wages & tips</td> <td>5c 348</td> </tr> <tr> <td>5d Taxable wages & tips subject to Additional Medicare Tax withholding</td> <td>5d -</td> </tr> </tbody> </table>		Column 1	Column 2	5a Taxable social security wages	5a 348	5b Taxable social security tips	5b -	5c Taxable Medicare wages & tips	5c 348	5d Taxable wages & tips subject to Additional Medicare Tax withholding	5d -	
Column 1	Column 2											
5a Taxable social security wages	5a 348											
5b Taxable social security tips	5b -											
5c Taxable Medicare wages & tips	5c 348											
5d Taxable wages & tips subject to Additional Medicare Tax withholding	5d -											
5e	Add Column 2 from lines 5a, 5b, 5c, and 5d	5e 348										
5f	Section 3121(q) Notice and Demand—Tax due on unreported tips (see instructions)	5f -										
6	Total taxes before adjustments. Add lines 3, 5e, and 5f	6 673										
7	Current quarter's adjustment for fractions of cents	7 -										
8	Current quarter's adjustment for sick pay	8 -										
9	Current quarter's adjustments for tips and group-term life insurance	9 -										
10	Total taxes after adjustments. Combine lines 6 through 9	10 673										
11	Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, 944-X (PR), or 944-X (SP) filed in the current quarter	11 -										
12	Balance due. If line 10 is more than line 11, enter the difference and see instructions	12 673										

Annual Filings

- IRS/SSA Form W2/W3
 - Michigan Annual Return for Sales, Use, and Withholding Taxes
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IRS Form W-2 and W-3

Purpose: To transmit annual calendar information to employees and governmental agencies which shows gross income and withholdings. Governmental copies of the W-2's are distributed as follows:

Copy A – U.S. Social Security Administration.

Copy 1 or 2 - State of Michigan Department of Treasury (along with form 165).

Other copies for the employees and the Township's records.

Filing Requirements-W2/W3

- Form W-2 - employee copies - Due 1-31
- Copies to Social Security Administration - Due February 28
- Copies to State of Michigan (along with annual Sales, Use, Withholdings) - Due February 28

Suggestion - If you manually prepare W-2's, consider filing on line on Social Security Web site <http://www.ssa.gov/employer/#a0=0>

22222		Void <input type="checkbox"/>	a Employee's social security number 777-77-7777		For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN) 38-1111111			1 Wages, tips, other compensation 9000.00		2 Federal income tax withheld 325.00	
c Employer's name, address, and ZIP code Cherry Lane Township 123 Main Street Cherry Lane, MI 48111			3 Social security wages 0.00		4 Social security tax withheld 0.00	
			5 Medicare wages and tips 0.00		6 Medicare tax withheld 0.00	
			7 Social security tips 0.00		8 Allocated tips 0.00	
d Control number			9		10 Dependent care benefits 0.00	
e Employee's first name and initial Sherry		Last name Myway	Suff.	11 Nonqualified plans 0.00		12a See instructions for box 12 G 1000.00
126 Main Street Cherry Lane, MI 48111			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
			14 Other		12c	
					12d	
f Employee's address and ZIP code						
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
MI	38-1111111	9000.00	230.00	0.00	0.00	

22222		Void <input type="checkbox"/>	a Employee's social security number 888-88-8888		For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN) 38-1111111			1 Wages, tips, other compensation 10800.00		2 Federal income tax withheld 0.00	
c Employer's name, address, and ZIP code Cherry Lane Township 123 Main Street Cherry Lane, MI 48111			3 Social security wages 0.00		4 Social security tax withheld 0.00	
			5 Medicare wages and tips 12000.00		6 Medicare tax withheld 174.00	
			7 Social security tips 0.00		8 Allocated tips 0.00	
d Control number			9		10 Dependent care benefits 0.00	
e Employee's first name and initial Patrick		Last name Pushover	Suff.	11 Nonqualified plans 0.00		12a See instructions for box 12 G 1200.00
f Employee's address and ZIP code PO Box P Cherry Lane, MI 48111			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
			14 Other		12c	
					12d	
15 State MI	Employer's state ID number 38-1111111	16 State wages, tips, etc. 10800.00	17 State income tax 300.00	18 Local wages, tips, etc. 0.00	19 Local income tax 0.00	20 Locality name

33333		a Control number	For Official Use Only ▶ OMB No. 1545-0008				
Kind of Employer (Check one)	941-SS <input checked="" type="checkbox"/>	Military <input type="checkbox"/>	943 <input type="checkbox"/>	944 <input type="checkbox"/>	None apply <input type="checkbox"/>	501c non-govt. <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>
	Employer (check one)	Hshld. emp. <input type="checkbox"/>	Medicare govt. emp. <input type="checkbox"/>		State/local non-501c <input checked="" type="checkbox"/>	State/local 501c <input type="checkbox"/>	Federal govt. <input type="checkbox"/>
Total number of Forms W-2 2		d Establishment number		1 Wages, tips, other compensation 19800.00		2 Income tax withheld 325.00	
Employer identification number (EIN) 38-1111111				3 Social security wages 0.00		4 Social security tax withheld 0.00	
Employer's name Cherry Lane Township				5 Medicare wages and tips 12000.00		6 Medicare tax withheld 174.00	
123 Main Street Cherry Lane, MI 48111				7 Social security tips 0.00		8	
				9		10	
				11 Nonqualified plans 0.00		12a Deferred compensation 2200.00	
Employer's address and ZIP code				13 For third-party sick pay use only		12b	
Employer's territorial ID number				14 Income tax withheld by payer of third-party sick pay			
18 Check the appropriate box Type of Form ▶ W-2AS <input type="checkbox"/> W-2CM <input type="checkbox"/> W-2GU <input type="checkbox"/> W-2VI <input type="checkbox"/>							

Michigan Dept. of Treasury, 165, formerly C-3204 (Rev. 10/00)
ANNUAL RETURN FOR SALES, USE AND WITHHOLDING TAXES
 Please Label from Your Michigan Bank Note or Enter Employer Name
 Account Number
 Return Year _____ Date Due _____
File this return by February 28

Do not use this form to replace a monthly or quarterly return.
 *If your business is discontinued during the year, this return is due 30 days after the business is discontinued.

A. Use Tax: Sales & Rentals				B. Sales Tax			
		6%	4%			6%	4%
Sales and Use Tax							
1.	Gross sales (including sales by out-of-state vendors) subject to use tax			1.			
2.	Rentals of tangible property and accommodations			2.			
3.	Communications services			3.			
4.	Add lines 1, 2 and 3			4.			
ALLOWABLE DEDUCTIONS							
5a.	Rentals			5a.			
b.	Industrial processing or agricultural producing			b.			
c.	Interstate commerce			c.			
d.	Exempt services			d.			
e.	Sales on which tax was paid in Secretary of State			e.			
f.	Food for human/home consumption			f.			
g.	Bad debts			g.			
h.	Michigan motor fuel or diesel fuel tax			h.			
i.	Other, identify:			i.			
j.	Tax included in gross sales (line 1)			j.			
k.	Total allowable deductions. Add lines 5a - j			k.			
6.	Taxable business. Subtract line 5k from line 4			6.			
7.	Tax Rate			7.			
8.	Gross tax due. Multiply line 6 by line 7			8.			
9.	Tax collected in excess of line 8			9.			
10.	Add lines 8 and 9			10.			
11.	TOTAL discount allowed (see instructions)			11.			
12.	Net tax due. Subtract line 11 from line 10			12.			
13.	Sales tax license fee (plus with annual return)			13.			
14.	Tax payments in current year (after discounts)			14.			
Use Tax on Items Purchased for Business or Personal Use (see back)							
15.	Enter your purchases taxable at the 6% rate			15b.			
16.	Tax payments made in the current year			16.			
Withholding Tax							
17.	Gross Michigan payroll and other taxable compensation for the year			17.			
18.	Number of W-2s received			18.			
19.	Total Michigan income tax withheld per W-2s			19.			
20.	Total Michigan income tax withholding paid during current tax year			20.			
Summary							
21.	Total sales, use and withholding taxes due. Add lines 12A and B (both rate columns), 13B, 16b and 10			21.			
22.	Total sales, use and withholding taxes paid. Add lines 14A and B (both rate columns), 16 and 20			22.			
23.	If line 22 is greater than line 21, enter overpayment			23.			
24.	Amount of line 23 to be credited to your account			24.			
25.	You will notify you when your credit is verified and available			25.			
26.	If line 22 is less than line 21, enter balance due			26.			
27.	If this return is filed late, enter penalty and interest. (See instructions.)			27.			
28.	TOTAL PAYMENT DUE. Add lines 26 and 27. Make checks payable to "State of Michigan."			28.			

www.treasury.state.mi.us Complete and sign the back of this return.

Michigan Annual S.U.W. 165

- Purpose: Serves as transmittal for Michigan copies of form W-2, shows total withheld per W-2's and total paid and reconciles any differences.
- Filing requirements-Annual-due 2-28.
- Department will no longer mail paper forms, see previous slide about MTO

Other Requirements-W-2 Reporting – Affordable Care Act

- IF your Township pays for health insurance, the act requires you to distribute a summary of benefits and coverage to participants and the obligation to report the cost of an employee's health coverage on the 2014 Forms W-2 issued in January 2015.

Small Employer Exception

- ***Note: Employers are exempt if they were required to file fewer than 250 Forms W-2 for the preceding calendar year.***
- ***The IRS reserves the right to eliminate this exemption. If it does so, it will do so only for future years, after the further guidance, if any, is issued.***

Tips for “Fool Proof” Payroll Reporting

- “Balance” employee earnings records to general ledger or cash disbursement totals.
- Recommend that you maintain a “control sheet”, where the totals for all employee earnings records are recorded and compared to the general ledger or cash disbursement journal on a quarterly or monthly basis as appropriate.
- Use “control sheet” to prepare payroll tax returns.

Tips for “Fool Proof” Payroll Reporting

- Reconcile amounts reported on 941 to W-2/W-3 totals prior to filing fourth quarter 941 and W-2/W-3s. We have tool on our web site PSLZ.com
<..\.\Technical Materials\payroll\Master Payroll recap sheet.xls>
- Each employee file should contain:
 - I-9 (if applicable)
 - New Hire Form (if applicable)
 - W-4, MI-W4
 - Authorization for other withholdings
 - SSA 1945 (if applicable)

Software Options

- Third Party and “On Line” Processor
- In house processing-using “integrated programs” designed specifically for local governments
- In house processing using low end “off the shelf software”

Third Party Processors-Batch Processing

- Companies can handle payrolls for all types of businesses including government
- Potential Internal Control Improvements
- Cost effective way of managing payroll process- no update fees or forms to buy
- Many processors offer tax filing and payment systems, benefit administration

One Line Payroll Processing

- Software is “cloud based’ doesn’t reside on your PC or network
- Most offer general ledger integration-download directly to your software
- Many vendors also offer tax filing and payment systems, benefit administration

Caution-regarding “outsourcing”

- All companies not created equally-be careful who you partner with!
- Many cases of fraud prosecuted by the FBI/IRS in past few years.
- You are responsible for unpaid taxes, if third party fails to pay on your behalf-See December 2011 Financial Forum.

Integrated Applications

- “Integrated” means that all modules, such as accounts payable, purchasing, payroll, point of sales, etc., post to the general ledger.
- Integrated applications require much higher technical accounting skills to successfully operate. These packages include Fund Balance, BS&A, Versis, Cogitate, and others.

Integrated Applications

- These applications allow users to post transactions in “real time” to the general ledger.
- Issues: acquisition costs, maintenance costs, technical expertise to run, sometimes outweigh benefits.
- Best for townships with needs for multiple operating funds, utilities and special assessments.

“Off the Shelf Software”

- Not recommended as a replacement for integrated packages, needs point in that direction.
- Some “Low End” (cheap) off the shelf packages have been successfully used as an intermediate step by townships looking to computerize some of the accounting functions, or those whose budget does not allow for integrated packages.