

Reporter

Internet Makes It Easier to Get Information from Government Agencies

"I know it's too hard for people in business to deal with the government. Here's a step toward fixing that. We are building this web site as one-stop for all the services and information government offers business."

President Clinton

Business is finding it easier to deal with the federal government by using the U.S. Business Advisor, a one-stop electronic link to all information and services provided by the federal government. The link is a single World Wide Web site, accessible through the Internet. Enter <http://www.business.gov> to reach the U.S. Business Advisor.

The Social Security Administration is just one of several federal agencies supporting the project. Other agencies include Internal Revenue Service, Immigration and Naturalization Service, Small Business Administration, Department of Labor and the Federal Communications Commission.

For answers to the most frequently asked questions about Social Security, consult the U.S. Business Advisor's "Common Questions" section. You'll find information about Social Security numbers (SSN) and cards, SSA's toll-free number, Social Security benefits, taxable earnings, the Personal Earnings and Benefit Estimate Statement (PEBES) and much more.

The "How Do I" section also provides basic information on filing W-2 annual wage reports. The section alerts employers to common reporting errors and problems, and ways to avoid them, including the correct way to present names on the W-2 and the need to make sure employees names and SSNs match SSA's records.

Information is provided on SSA services, including SSA's bulletin board, magnetic media and electronic reporting, and free SSN verification. A final section contains a calendar of important activities employers must perform and provides a list of SSA's regional magnetic media coordinators and their telephone numbers for additional help with filing annual wage reports.

Future plans call for making it possible for businesses to conduct transactions with agencies through the Business Advisor.

There's Even More on Social Security's Home Page

The Business Advisor is only one way to get Social Security information from the Internet. Social Security Online, SSA's Internet server, houses one of the largest collections of information and

services offered by a government agency. Enter <http://www.ssa.gov> to access Social Security Online.

New documents and services are added regularly to Social Security Online. The most popular

offerings include the following:

- Quick reference guide,
- Frequently asked questions and answers,
- The *Social Security Handbook*,
- Basic forms and English and Spanish-language publications,
- Agency rulings, reports, factsheets and much more.

Users may download, copy and print material from Social Security Online and redistribute it to others free of charge. There are no copyright restrictions.

For Those Who Don't Use the Internet

If you have a PC and modem, but don't have access to the Internet, you can get all the information SSA has to offer employers through the Employers Information Bulletin Board Service by modem dialing (410) 965-1133. The bulletin board has the latest SSA and IRS earnings publications and documentation for viewing and downloading; mailboxes for employers to use for contacting SSA regional magnetic media coordinators and IRS Information Returns representatives; a monthly list of the highest SSNs issued; a list of nationwide SSA/IRS seminars, and more. There is no charge to use the system, but remember, your local telephone company will charge you if you're calling long distance. — SSA

"For IRS tax forms, publications and more, contact IRS' Web site at <http://irs.ustreas.gov>.

Advance Earned Income Tax Credit

GOOD NEWS!

The *Advance* Earned Income Tax Credit (AEITC) is a way for you, as an employer, to help Uncle Sam add extra money (up to \$108 per month) to your workers' paychecks.

Last year we encouraged the business community to provide the AEITC option to their employees. During the first half of 1995, the number of businesses participating in the program increased 52%.

If you have employees who may earn less than \$25,078 during 1996 and have at least one child living with them in the U.S., they may be able to receive the credit in their paychecks.

Details on how to provide AEITC to your employees is in Publication 15, *Circular E, Employer's Tax Guide*. To order the following free information materials, call 1-800-829-3676.

- ✓ 11"x 14" Poster, Publication 1759 (1759-SP in Spanish)
- ✓ Paycheck stuffer, Publication 1762 (1762-SP)
- ✓ Employee Brochure, Publication 1235 (1235-SP)
- ✓ Employer Brochure, Publication 1844
- ✓ Form W-5, "Earned Income Credit Advance Payment Certificate"

If you prefer to get forms through your computer, you may download Form W-5 through the Internet. The Internet address is <http://www.irs.ustreas.gov>.
— IRS

IRS Offers New Initiatives for Worker Classification Concerns

It's not always clear whether a worker is an employee or an independent contractor. It's not clear to the employer, sometimes not even to the Internal Revenue Service. IRS has taken some new initiatives that will help resolve classification issues more quickly and consistently.

First, the Classification Settlement Program, or CSP, establishes new procedures that will allow businesses and tax examiners to resolve worker classification cases as early in the administrative process as possible.

Also, IRS has developed new Worker Classification Training Material (Employee or Independent Contractor?) to provide additional training to examiners handling worker classification cases. The training will help examiners make legally correct determinations about whether workers are properly classified as employees or independent contractors.

Finally, the IRS has established procedures for early referral of employment tax issues to the Appeals office. This program will help resolve issues more quickly through simultaneous action by the district offices and Appeals. — IRS

Information Return Penalties

You may be subject to a penalty for failure to file a correct information return by the due date. This penalty applies to Forms W-2, Forms 1099 and certain other information returns. A penalty may be charged if you:

- file after the due date without an approved extension,
- file on paper when you are required to file on magnetic media,

- file forms that do not include all the required information, or
- file forms that include incorrect information.

The penalty will apply unless the filer can show reasonable cause why it should not be charged. The instructions for Forms W-2, W-2G, 1098, 1099 and 5498 include additional information about these penalties.

In August 1996, the IRS will issue penalty proposal notices related to forms filed for tax year 1994. The notice 972CG, "Notice of Proposed Civil Penalty," will require a reply within 45 days of the notice date. If you agree with the proposed penalty, you should sign the consent statement and, if possible, submit a payment. Otherwise, the IRS will send you a bill for the balance due.

If you disagree with the proposed penalty, you must submit a written explanation to show reasonable cause why the penalty should be waived. If the explanation is accepted, the IRS will send you a letter stating that no further action is required. If the explanation is not accepted, the IRS will assess the penalty and send you a balance due notice. You will also receive a letter which explains the IRS' decision and your appeal rights. Interest will be charged on any balance due after a penalty is assessed, and will continue to accrue until the balance is paid in full.

If you do not respond to the penalty proposal notice within the 45 day period, the IRS will assess the proposed penalty amount and send you a balance due notice. You may submit an explanation to request abatement of the penalty. If the request is denied, you will receive an explanation of the IRS' decision and your appeal rights.
— IRS



IRS/SSA Seminars on Magnetic Media Reporting

Beginning in August, IRS and SSA will conduct a series of seminars on reporting information returns. The Tax Year 1996 seminars will help filers meet the legal and technical requirements for filing the 1099 series, 1098, 5498, 1042-S, and W-2 information returns.

The seminar morning sessions will begin with the IRS Martinsburg Computing Center's explanation of current changes to Publication 1220, new filer information, backup withholding, and penalty updates. The next session will be a discussion of filing requirements of Form 1042-S, "Foreign Person's U.S. Source Income Subject to Withholding," as presented by an IRS International representative.

An SSA representative will begin the afternoon sessions with a presentation of the latest changes for Form W-2. (State and local agencies may participate in some cities.)

The locations and dates for the 13 seminar sites are listed below. An announcement will also appear in the Internal Revenue Bulletin, in Publication 1220 for Tax Year 1996, on the SSA Bulletin Board at (410) 965-1133, and on the Information Reporting Bulletin Board (IRP-BBS) at (304) 264-7070. Please note that you must use a PC modem to dial the bulletin boards.

Seminar Site	Date
Atlanta	9/10, 11
Baltimore	8/20
Boston	9/25
Chicago	9/24, 25
Cincinnati	9/17, 18
Dallas	8/27, 28
Denver	8/29
Los Angeles	8/28, 29
Minneapolis	9/26
New York	9/26
Seattle	8/27
St. Louis	9/19
Tampa	9/12.

Please note that the 1099/W-2 sessions are geared toward magnetic media/electronic filers; attendees should expect presenta-

tions to highlight that filing only. No tax law representative will be present to answer questions.

The Form 1042-S presentation will be structured to educate withholding agents on the special rules that apply to individuals who are not U.S. citizens or resident aliens and how to report that information to the recipient and IRS.

If you have questions, contact the Information Reporting Call Site at (304) 263-8700. — SSA

Annual Earnings Limit Increased

Employees who are age 65 — but not yet 70 — can earn \$12,500 this year before their Social Security benefits are reduced \$1 for every \$3 in earnings over the limit. There is no limit for people age 70 and older.

A new law, signed March 29, increases the 1996 annual earnings limit from \$11,520 to \$12,500 and gradually raises the limit through 2002 as follows:

1997 - \$13,500	2000 - \$17,000
1998 - \$14,500	2001 - \$25,000
1999 - \$15,500	2002 - \$30,000

After 2002, the annual exempt amount will be indexed to growth in average wages. The new law does not change the earnings limit for workers who are age 62 but under age 65.

Only wages and/or net earnings from self-employment count toward Social Security's earnings limit. Income such as investment earnings, interest, pensions, annuities, capital gains and other government benefits don't apply to the annual earnings limit. — SSA

941ELF—Filing Form 941 Electronically

The Internal Revenue Service recently made available its 941ELF program. Through Electronic Data Interchange (EDI) format,

941ELF allows individual businesses and/or reporting agents the opportunity to file their Forms 941, "Employer's Quarterly Federal Tax Return," electronically with the IRS. The program is available to any business that files its own 941 returns and particularly for reporting agents who file 941 returns for others (i.e., payroll processors).

941ELF Benefits

- ✓ Reduced chance of duplicate or erroneous returns.
- ✓ Acknowledgment within 48 hours of receipt.
- ✓ Information available sooner to clear up questions quicker and easier.
- ✓ Anyone with a personal computer can complete and submit their Forms 941. Ask local software stores for EDI translation software.

How to Participate in 941ELF

To apply and qualify for participation, businesses or reporting agents should refer to Revenue Procedures 96-17, 96-18 and 96-19. Technical specifications for filing Form 941 electronically are located in the Publication 1855, *Technical Specifications Guide for the Electronic Filing System for Form 941, Employer's Quarterly Federal Tax Return*. Interested participants may contact the ELF Help Desk at the Memphis Service Center at the following address:

Internal Revenue Service
Memphis Service Center
Electronic Filing Help Desk
P.O. Box 30309 AMF
Memphis, TN 38130
Attn: ELF Unit Stop 37.

The ELF Help Desk can be reached at (901) 546-2690 (Ext. 7519).

All businesses or reporting agents wanting to participate must apply and go through a testing process. Applications for the 941ELF program should be submitted to the ELF Help Desk at

(cont. on Page 4)

(from Page 3)

the Memphis Service Center by the following dates:

Application Due Date	For Quarter Ending
Dec. 15 (prior year)	March 31
March 15	June 30
June 15	September 30
September 15	December 31.

Interested businesses or reporting agents may contact their local IRS District Office Electronic Filing Coordinators for additional information. Call 1-800-829-1040 to get coordinators' phone numbers.
— IRS

Free Satellite Broadcast

As an employer, you are helping purchase an employee benefit package for your employees. That package includes Social Security retirement, disability and survivors benefits, and Medicare. Join us for a free, live, interactive satellite broadcast that will explain these benefits. We encourage you to tape this broadcast for future use.

"Social Security: Planning for Tomorrow"

September 18, 1996

1:00 - 3:00 EDT

KU Band

Telstar 401

97 Degrees West

Transponder K11 Full

Downlink Frequency 12040

MHz

Audio 6.2/6.8

C Band

Telstar 402

89 Degrees West

Transponder 8 Horizontal

Downlink Frequency 3860 MHz

Audio 6.2/6.8

Write SSA for additional information at: "Planning for Tomorrow," Rm. 4100 Annex, Baltimore, MD 21235. Check SSA's home page on the Internet (<http://www.ssa.gov>) before the broadcast to get program information and check for last minute technical directions. — SSA

Electronic Federal Tax Payments—It's the Law

Are you one of the more than one million employers who must use the government's new Electronic Federal Tax Payment System (EFTPS)?

If you are, act now and enroll.

Due to NAFTA Legislation, employers who made more than \$50,000 in employment tax deposits in calendar year 1995 will have to make their depository tax payments by electronic funds transfer (EFT) beginning January 1, 1997. These employers will no longer be able to make payments with a Federal Tax Deposit (FTD) coupon. They will have to use EFTPS.

Employers must enroll in EFTPS before they can initiate any electronic tax payments. For those employers required to deposit electronically, any required depository tax payment not made by EFT will be subject to a penalty equal to 10 percent of the payment.

If you are an affected employer, you should be notified soon by the Internal Revenue Service, and provided with the enrollment form. Complete the form and return it in the return envelope provided. If you meet

the requirement, but have not received notification from the IRS, call one of the telephone numbers identified at the end of this article to get an enrollment form.

Even though the first EFT payment is not required until January 1997, you should enroll now. With over one million enrollments, the enrollment and acceptance process can take up to ten weeks to complete. This means that if your form is received after November 1, 1996, you may not be enrolled in time to make the first EFT payment. Even if this prevents the EFT payment, you can still be subject to the penalty.

The IRS suggests you enroll now, and become familiar with the EFTPS. Even if you are not required to, any employer can make their federal tax payments through this system. You will be amazed at the ease in making your payments and may want to begin using EFTPS right away.

For more information, please call 1-800-945-8400 if you are located in the upper portion of the U.S., or 1-800-555-4477 if you are located in the lower portion of the U.S. (see map). — IRS

