THE BUCK STOPS HERE:
All about payroll taxes in your Local union.
AGENDA

- Role of the Agencies involved
- Payroll tax basics
- How to Manage Payroll Taxes in WinStabs
- Payroll Tax Workflow
- Paying and Reporting Guides Related to Payroll Taxes
ROLE OF THE IRS

- Responsible for collecting federal taxes and enforcing the Internal Revenue Code
  - Serves as the Tax Authority for FICA, FUTA, Medicare & Social Security and/or Railroad Retirement payroll taxes
- Ensures the mission of the union is followed
  - Verifies that all expenditures are ordinary and necessary in the operations and that all income is following the constitutional mission
- Issues Tax Exempt Statuses
  - All local unions are organized as unincorporated non-profit associations and are exempt from Federal Income Taxes under provision 501(c)(5) – this applies ONLY to income tax and not to sales tax, payroll taxes or personal property taxes
  - SMART has a group Exemption Number (6122)
  - All Locals must get their own Employer Identification Number (EIN)
  - All Locals must maintain their own exempt status by filing the annual form 990, 990EZ, OR 990-N

Evasion of Employment Taxes Carries a Price

Evading employment taxes can have serious consequences for employers and the employees. Employers may be subject to criminal and civil sanctions for willfully failing to pay employment taxes. Employees suffer because they may not qualify for social security, Medicare, or unemployment benefits when employers do not report or pay employment and unemployment taxes. Consequently, taxes withheld and paid by compliant employers are used to pay the refunds and social security benefits of employees whose employers did not pay the withheld taxes.
SSA administers the retirement, survivors, and disabled social insurance programs

Employers are required to:

- Report wages by filing Form W-2 (Wage and Tax Statement) for each employee from whom income, Social Security or Medicare taxes are withheld, or would have been withheld if exemption had not been claimed on Form W-4 (Employee’s Withholding Allowance Certificate).
- File a Form W-3 (Transmittal of Wage and Tax Statements).

ROLE OF THE SOCIAL SECURITY ADMINISTRATION
 ROLE OF THE RAILROAD RETIREMENT BOARD

- Railroad Retirement Board – primary function is the determination and payment of benefits under retirement-survivor and unemployment-sickness programs.
  - Ensures coordination of benefits between social security, IRS and RRB
  - Locals are responsible for reporting creditable and taxable compensation for anything greater than $25/month to the TD Office
    - The TD Office files aggregate reports on behalf of its affiliates to the RRB
ROLE OF STATE & MUNICIPAL AUTHORITIES

- State Tax Authority
- State Business Registration Authority
- State Worker's Compensation Authority
- State Unemployment Insurance Tax Authority (FICA/Bus payors only.)
- Local Tax Authority
Payroll taxes are taxes imposed on employers and employees, and are usually calculated as a percentage of the salaries that employers pay their staff.

Payroll taxes generally fall into two categories:

- The first kind are taxes that employers are required to withhold from employees' wages
  - Often covering advance payment of income tax, social security or RRB contributions
- The second kind is a tax that is paid from the employer's own funds and that is directly related to employing a worker.
  - The charges paid by the employer usually cover the employer's funding of Railroad Retirement or the social security system, medicare, and other insurance programs.
THE BASICS: REPORTING PAYROLL TAXES

To the IRS
- IRS Form 941 OR 944
- IRS Form Ct-1 (Rail Only)
- IRS Form 940

To the SSA
- W2s
- W3s

To SMART-TD
- Form OE1a

To State/Municipal Agencies
- Each State and Municipality is different!
THE BASICS: PAYROLL TAX WORKFLOW

Calculate & Withhold Tax Amounts
- Employee portion
- Employer portion

Pay Taxes
- Paid to IRS
- Paid at www.eftps.gov

Report Taxes
- IRS
- SSA
- SMART TD
## THE BASICS: PAYROLL TAX TYPES

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Ct-1</th>
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<tbody>
<tr>
<td>Local Type</td>
<td>Rail Only</td>
</tr>
<tr>
<td>What the tax covers</td>
<td>Railroad Retirement tax and Medicare</td>
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<tr>
<td>When to pay</td>
<td>Due on the 15(^{th}) of each month for the prior month’s liability</td>
</tr>
<tr>
<td>Where to file</td>
<td>IRS address listed on worksheet-use certified mail!</td>
</tr>
<tr>
<td>When to file</td>
<td>Due to IRS by Feb 28(^{th}) for the prior year</td>
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<tr>
<td>Special Note</td>
<td>Once you file form Ct-1, you must continue filing even if the liability is $0</td>
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<tr>
<td>Tax Type</td>
<td>940</td>
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<tr>
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<td>--------------------------</td>
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<tr>
<td>Local Type</td>
<td>Bus Only</td>
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<tr>
<td>What the tax covers</td>
<td>Federal Unemployment Tax (FUTA)</td>
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<td>When to pay</td>
<td>If your undeposited FUTA tax is more than $500 on...</td>
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<td>March 31</td>
<td>April 30</td>
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<td>June 30</td>
<td>July 31</td>
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<tr>
<td>September 30</td>
<td>October 31</td>
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<tr>
<td>December 31</td>
<td>January 31</td>
</tr>
<tr>
<td>Where to file</td>
<td>IRS address listed on the form – use certified mail!</td>
</tr>
<tr>
<td>When to file</td>
<td>January 31</td>
</tr>
<tr>
<td>Special Note</td>
<td>Locals that begin filing must continue to file even if the liability is $0</td>
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<tr>
<td>Tax Type</td>
<td>941</td>
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<tr>
<td>Local Type</td>
<td>Rail &amp; Bus</td>
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<tr>
<td>What the tax covers</td>
<td>Federal Income Tax Withheld, Social Security FICA and FICA Medicare</td>
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<tr>
<td>When to pay</td>
<td>Due on the 15th of each month for the prior month’s liability</td>
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<td>Where to file</td>
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</table>

<table>
<thead>
<tr>
<th>When to file</th>
<th>April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st quarter</td>
<td>April 30</td>
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<tr>
<td>2nd quarter</td>
<td>July 31</td>
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<tr>
<td>3rd quarter</td>
<td>October 31</td>
</tr>
<tr>
<td>4th quarter</td>
<td>January 31</td>
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</tbody>
</table>

| Special Note          | Annual 944 Taxes can replace 941 taxes ONLY if the IRS has notified you. *Rail Locals **MUST CHECK THE EXCEPTION** BOX to avoid FICA penalties. |
PAYING and REPORTING taxes correctly is a very important job of a Treasurer.

- Taxes are required to be **PAID** to the Government on the Internet through EFTPS
- **REPORTS** are required to be filed quarterly or annually.
- Taxes on Earnings are a Liability when Earned or Paid?
  - **When PAID!!!!!**
- Stay on Top of Tax Requirements
- Keep current with both Paying and Reporting taxes. Otherwise the IRS will make your life uncomfortable

**THE BASICS: PAYROLL TAX TIPS**
HOW TO SET UP TAXES IN WINSTABS (BUS ONLY)

- Click on Tools
- Select Initial Set up
- Select FICA Tax Rates
- The only Rate you should adjust is SUTA.
HOW TO SET UP A MEMBERS WITHHOLDING TAXES
HOW TO SET UP A MEMBERS WITHHOLDING TAXES
POSTING TAXES IN WINSTABS

** WinStabs 5.08 FICA **

- Select Disbursement's
- Select Pay Tax Menu
- Select Pay Current Year tax
- Select the tax type you want to Post
- Assign Unique Check Number
- Select the checks or "ALL"
- Select Quarter
- View/Print Tax Voucher
- Make Tax Payment
- Note: Other Tax is for city, municipality, county and etc.

Click for Internet Links

Treasurer JOHN PURCELL (AUDITOR)
2017 WinStabs Data
Local 0172 Computer Bookkeeping System
Post Taxes in WinStabs through “Pay Current Year Taxes”
  - Print All Worksheet from WinStabs
Deposit State Taxes Monthly (UI, ETT, SDI, PIT)
  - Pay taxes via the Internet using - http://www.edd.ca.gov/Employer_Services.htm
  - Previous months taxes are due by the 15th of current month.
Deposit 941 Taxes Monthly
  - Pay taxes via the Internet using EFTPS - https://www.eftps.gov/eftps/
  - Previous months taxes are due by the 15th of current month.
Deposit 940 Taxes Monthly
  - Pay taxes via the Internet using EFTPS - https://www.eftps.gov/eftps/
  - Previous months taxes are due by the 15th of current month.
Submit reports when due
Enrolling a Local with EFTPS.gov

Here's how to start the process to pay your Local's taxes electronically

HOW TO: PAY TAXES USING EFTPS
Paying and Reporting Form 944 Annual Tax

This guide will walk you through:

- Documenting tax payments in WinStabs
- Making tax payments through EFTPS
- Filing 944 tax return with the IRS

HOW TO: PAY & REPORT 944 TAX
Paying and Reporting Form 940 Annual Tax

Required for FICA Locals Only

This guide will walk you through:
- Documenting tax payments in WinStabs
- Making tax payments through EFTPS
- Filing 940 tax return with the IRS
Reporting Form CT-1
Annual Tax

(Required for Railroad Locals Only)

This guide will walk you through:

- Filing Form CT-1 with the IRS

HOW TO: PAY & REPORT CT-1 TAX
Creating Quarterly Form OE1As

(Required for Railroad Locals Only)

HOW TO: CREATE & SUBMIT OE1A FORMS
W2/W3 Reporting:

Submitting wage and tax information to the Social Security Administration (SSA)

This guide will walk you through:
- Generating WinStabs reports for rail and bus members
- Completing electronic reporting through SSA Business Services Online

HOW TO: GENERATE & SUBMIT W2/W3
Pay Ct1 and 941 Taxes
FIELD AUDIT AND SUPPORT HELP DESK

- Call for questions and guidance
  - 1-216-227-5444
- Email: fieldauditor@group.smart-union.org
- Visit:
  https://smart-union.org/td/secretary-and-treasurer-tools/