

Employment Taxes

With the market decline, the new Administration's focus on social security, and ever present Internal Revenue Service (IRS) audits, employment taxes are fast becoming a key issue. We regularly advise clients on all aspects of employments taxes (Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act, Self-Employment Contributions Act) and assist with employment tax audits. For example, we regularly advise on:

- Nonqualified deferred compensation arrangements under Code § 3121(v), including possible "early inclusion" to limit taxation if future FICA taxes increase and correction methods for failure to comply.
- "Common paymaster" elections for concurrent employees.
- "Statutory employee" status (e.g., "full time life insurance salesman").
- "Domestic partner" issues.
- Worker classification issues (including the use of various third-party arrangements) and SS-8 filings.
- Payments under "accountable" and "non-accountable" expense reimbursement plans.
- Treatment of employee deferrals under tax-favored retirement plans.
- FICA tax on active and retiree life insurance.
- Recent IRS regulations changes in the correction procedures for payroll tax adjustments.
- Penalties and correction methods for failure to treat payments as wages (e.g., domestic partner coverage, Health Reimbursement Account/Health Saving Account errors, violations of nondiscrimination rules for self-funded health plans).