

Tax Reporting and Withholding

Tax reporting and withholding impacts nearly every form of employee compensation and benefits – from regular payroll, to health and welfare benefits, to fringe benefits, to qualified plan benefits, to deferred compensation. Groom understands the taxation of all of these benefits and how they should be reported to the Internal Revenue Service (IRS) and to employees and their beneficiaries. Importantly, we also understand the tax withholding obligations and penalties that employers and providers may face if they fail to comply. We also recognize the importance of this issue for our clients, and our expert in the area, Liz Dold, is the immediate past Chair of Information Reporting Program Advisory Committee (IRPAC) at the IRS.

Our experience includes reporting and withholding requirements with respect to all aspects of employee benefits, including:

- Qualified plan, 403(b), 457(b), and Individual Retirement Account (IRA) distributions, including minimum distributions (Forms 1099-R, 945, 5498).
- Nonqualified deferred compensation (including 409A reporting and income inclusion).
- State taxation and reporting issues, including multi-state reviews of various new federal law provisions for state conformity.
- Form W-2 reporting of all types of compensation to employees and other service providers (e.g., domestic partner coverage, payments to former employees, settlement awards from employers, supplemental wage withholding), including payments to beneficiaries.
- Form 1099 Reporting (including 1099-MISC, 1099-B) for various forms of payments.
- Non-resident alien withholding and reporting (Forms 1042, 1042-S, W-8)
- Special issues for governmental employers such as 457(b) plans, Federal Insurance Contributions Act Alternative plans, state tax laws, and governmental 401(a) plans.
- Advising on various correction issues for failure to comply, including "reasonable cause" waivers of penalties, and negotiating closing agreements with IRS.

*Tax Reporting and
Withholding Continued*

To stay connected with various reporting and withholding updates related to employee benefits, please visit:

www.groom.com/IRS_Reporting_Corner.html.