Social Security Administration

Internal Revenue Service

SSA/IRS

Reporter

Winter 2019

A Newsletter for Employers

Inside this Issue...

Employees who volunteer with tax preparation may add or improve skills while helping others

As the IRS prepares for the 2019 filing season, IRS partners are also preparing to recruit and train volunteers to help prepare tax returns for free in communities across the country. This is where you and your employees can help. Volunteers are always needed. Those who volunteer will provide free tax return preparation services for taxpayers who qualify for the Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs.

This can be a great way for your employees to gain or improve on valuable skills. Volunteers meet with people of various backgrounds to discuss personal situations to determine the tax benefits to which the taxpayers are entitled. Volunteers use professional-level tax preparation software to complete tax returns.

Your employees will have the opportunity to choose their volunteer role. They can choose to be a greeter, a reviewer, a tax preparer and more. Once they decide their role, they will receive free IRS training to become an IRS-certified volunteer. The hours are flexible, and the time commitment is minimal.

Once training is complete and their site opens, they will help provide tax preparation service to taxpayers (generally those who make $55,000 or less) who do not have the ability to prepare their own tax returns. Last year, volunteers prepared over 3.5 million tax returns for taxpayers. Many of these returns resulted in refunds that help generate local economic activity.

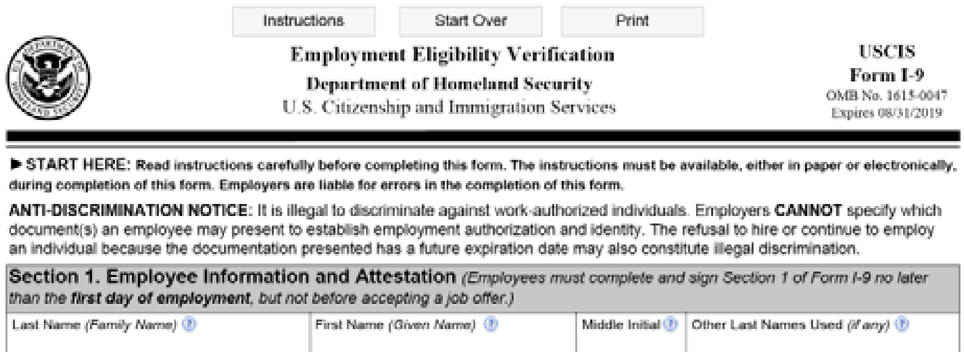
Volunteering with VITA and TCE is a rewarding way to make a difference in communities. The programs help low-to-moderate income earners, seniors, people with disabilities, those who speak limited English, Native Americans and many others who need help with free tax return preparation.

Prospective volunteers can find more details about volunteering for the VITA and TCE programs on the IRS Tax Volunteer website, and then submit their contact information as instructed on the site. This information will be sent to the local IRS area office and appropriate sponsoring partners for further contact.

As an employer, you can also consider sponsoring a free tax prep site and encourage your employees to volunteer for you. If interested, you can obtain more details on IRS.gov at Become an IRS Partner.

For more details about the VITA and TCE programs go to IRS Free Tax Prep site. IRS

Are You Using Form I-9 For Your Staffing?


Instructions Start Over Print

Employment Eligibility Verification
Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9
OMB No. 1615-0047
Expires 08/31/2019

► START HERE: Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation (Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)

Last Name (Family Name)	First Name (Given Name)	Middle Initial	Other Last Names Used (if any)

Is your business hiring temporary employees?

If you answered yes, you should be using Form I-9, which all employers must complete for each new employee they hire.

Many businesses will be increasing their staff to prepare for a high volume of customers during peak times of the year. Proper planning and compliance with hiring requirements will ensure your business continues to run smoothly.

Still wondering who needs to complete Form I-9? Visit I-9 Central for guidance on completing and correcting Form I-9 and our Questions and Answers page for frequently asked questions.

Consider enrolling in E-Verify this season if you're not already enrolled. E-Verify is business-friendly and complements Form I-9 by allowing employers to electronically verify the employment eligibility of new hires. E-Verify is the best way to help employers ensure a legal workforce. Watch our video to learn more.

Stay up to date on the latest Form I-9 news. Subscribe to our mailing list and follow us on Twitter (@EVerify) and Facebook (USCIS). DHS

The Tax Cuts and Jobs Act (TCJA) will affect tax returns filed in 2019

There is a new publication that will help your employees learn how tax reform affects their taxes. IRS Publication 5307, Tax Reform Basics for Individuals and Families, is now available on IRS.gov/getready — a special page on IRS.gov with steps you can take now for the 2019 tax filing season.

Many of your employees who itemized their deductions may choose the standard deduction for 2018 because the TCJA nearly doubled the standard deduction for each filing status. They may find their standard deduction is now greater than their itemized deductions.

- **Starting in 2018, the standard deduction for each filing status is:**
- **Single or Married filing separately - $12,000**
- **Married filing jointly or Qualifying widow(er) - $24,000**
- **Head of household - $18,000**
- **(The amounts are higher for those who are blind and/or age 65 or older.)**

The TCJA changed several itemized deductions. These include:

- **The total itemized deductions are no longer limited if the adjusted gross income is over a certain amount.**
- **The combined, total deduction for state and local income, sales, and property taxes is limited to $10,000 ($5,000 if married filing separately).**
- **The deduction for mortgage interest is limited to interest paid on the portion of a loan secured by the main home or second home used to buy, build, or substantially improve that home (qualifying debt).**
- **Most miscellaneous itemized deductions are no longer allowed. These include unreimbursed employee expenses (such as business-related meals, entertainment and travel expenses, etc.), tax preparation fees, union dues and many other expenses.**
- **The limit on charitable contributions of cash has increased from 50 percent to 60 percent of the adjusted gross income.**
- **Eligible medical and dental expenses that exceed 7.5 percent of the 2018 adjusted gross income are deductible.**
- **"Seat license" or other fees paid in exchange for the right to buy seating at college athletic events are no longer deductible.**
- **Net personal casualty and theft losses are deductible only to the extent they're attributable to a federally declared disaster.**

See Publication 5307 for more changes to itemized deductions.

We urge you to use tax return software to prepare your returns. The software will organize itemized deductions and determine whether the allowable itemized deductions exceed the standard deduction amount. In most cases, they will use the larger deduction amount because it will benefit them most.

Using IRS Free File allows you to find no-cost tax return software options to prepare and e-file their federal income tax return for free. Free tax help is also available for those who qualify for help from the IRS Volunteer Income Tax Assistance program.

Also, encourage your employees to get a paycheck checkup using the IRS Withholding Calculator. The calculator determines if withholdings are sufficient, so the taxpayer isn't facing an unexpected tax bill or penalty at tax time next year. Employees who need to adjust their withholding will need to submit a new Form W-4, Employee's Withholding Allowance Certificate. Visit irs.gov/withholding for more details.

You can find more information on how tax reform may impact your employees at IRS.gov. SSA

Employer Leave Sharing Programs

Recent national disasters have increased interest in leave sharing programs. A leave sharing program is defined as any employer plan or policy that offers employees the option to donate their accrued and unused paid leave to other employees whether to specific individuals or into a pool that employees can tap. To avoid double taxation for donating employees and receiving employees, employers' programs must be qualified under IRS rules.

A qualified program is based on two factors: (1) the donated leave is used for medical emergencies, or (2) the donated leave is used to assist in recovery after a major disaster. Under a qualified program, the donated leave is not treated as wages subject to income and payroll taxes for donating employees.

Medical Emergencies

Several conditions apply to qualify for a medical emergency leave sharing program:

- Employers create leave banks or pools to which employees donate their leave and other qualifying employees can use the leave, i.e., leave is not designated for a specific employee.
- Employees using the leave must have exhausted all their other paid leave.
- To use the leave, an employee or employee's family member must have a medical condition that will require the prolonged absence of the employee from duty and will result in a substantial loss of income to the employee without the donated paid leave.
- The program must be in writing.
- Employers must include a process for employees to request leave from the bank and to show proof of their medical emergency.
- The program must set rules on how much leave an employee can donate in a given year.

Disaster Relief

Several conditions apply to qualify for a disaster relief leave sharing program:

- Employers create a leave bank or pool to which employees donate their leave and other qualifying employees can use the leave, i.e., no directed donations.
- The program must be in writing.
- Employees may not donate more leave than the maximum hours that the employee normally receives during a given year.
- An employee may only draw from the leave bank if the employee or a family member encounters a severe hardship caused by a presidentially declared major disaster that requires the employee to be absent from work. Disasters affecting individual employees will not qualify. For example, an employer's program cannot apply to an employee whose home burns down because of a kitchen fire.
- The program must include a reasonable time limit, based on the severity of the disaster, after the major disaster occurs during which a leave donor may deposit the leave in the leave bank and a leave recipient must use the leave.
- The process must include a needs-based determination of how much leave an employee may take from the bank.
- The employer may not offer cash in lieu of leave from the bank. However, the bank can be used to reduce an employee's negative leave balance caused by a major disaster.
- Any unused leave is returned to donors on a proportional basis.

Tax Consequences

Employees donating their paid time off for a qualified leave sharing program do not pay income or payroll taxes on the value of their contribution. However, if the leave is given to employees, the amount received is considered compensation to the receiving employee and is subject to both income and payroll taxes. In addition, employees who give up their leave in accordance with a leave sharing program cannot claim a deduction on their Forms 1040, U.S. Individual Income Tax Return, for the amount donated because that amount was not included in their income.

Leave Donation Programs

A qualified leave sharing program is not the same as a qualified leave donation program. In a leave donation program, employees forgo their paid leave in exchange for cash payments the employer makes to a charitable organization that provides relief to victims of major disasters. In these situations, the IRS provides notice of the major disaster, the locations covered by the relief, and the dates by which the donation must be made to qualify. Under the special relief, donated leave is not included in employees' income or subject to income and payroll taxes.

More Information

The IRS's Internet site includes information on disaster situations, including specific major disaster notices – www.irs.gov/newsroom/tax-relief-in-disaster-situations.

Editor's Note: This article was written by the American Payroll Association (APA). For more information on APA, go to www.americanpayroll.org. APA

IRS urges taxpayers to **Get Ready**

Taxpayers should take steps now for 2019 tax filing season.

There are important changes that employees need to know for the 2019 filing season. The IRS began issuing "Get Ready" communications and outreach messages last fall to help taxpayers take action and file their tax returns timely and accurately this year.

IRS.gov/getready provides information about issues and actions employees can take to be ready to file their 2018 tax return and avoid tax surprises. In addition to news releases issued through the end of the year, IRS developed a new Publication 5307, Tax Reform Basics for Individuals and Families. It's available on IRS.gov/getready to help taxpayers learn about how tax reform may affect their tax return.

In addition to lowering the tax rates, some of the changes in the law that affect individual taxpayers include:

- increasing the standard deduction,
- suspending personal exemptions,
- increasing the child tax credit,
- adding a new credit for other dependents and
- limiting or discontinuing certain deductions.

The Get Ready campaign covered several key areas in addition to tax reform that affect different taxpayer groups. Some taxpayers must renew an expiring Individual Taxpayer Identification Number. And, taxpayers using a tax software product for the first time will need their adjusted gross income from their 2017 tax return to validate an electronically filed tax return.

Taxpayers may receive a smaller refund - or even owe an unexpected tax bill – when they file their 2018 tax return next year, especially if they did not adjust their withholding this year after the withholding tables changed. Employees should perform a paycheck checkup to ensure they have the right amount of tax withheld each year. For more information on making estimated or additional tax payments, visit the Pay As You Go, So You Won't Owe webpage. IRS.gov/getready and Publication 5307 have more information about how tax reform may affect employees and their families so they can "Get Ready" to file their tax returns. IRS

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