



The Scoop

Tax Update

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Minimum Wage Update

Status Report on Minimum Wage

The Fair Minimum Wage Act of 2007 would increase the federal hourly minimum wage rate to:

- \$5.85, effective 60 days after the date of enactment
- \$6.55, effective 12 months after the date of enactment
- \$7.25, effective 24 months after the date of enactment

The bill would also specify an hourly minimum wage rate for the Northern Mariana Islands of \$3.55, effective 60 days after the date of enactment. This rate would be increased by \$0.50 an hour every six months until the federal minimum wage rate is reached.

The main stumbling block now seems to be President Bush's opposition to the tax offsets in the Senate version and his reluctance to approve a supplemental appropriations bill containing a date for bringing the US troops home from Iraq.

Maryland's 'Wal-Mart Bill' Struck Down

The US Court of Appeals for the Fourth Circuit affirmed a lower federal court ruling that struck down Maryland's Fair Share Health Care Fund Act as being preempted by the federal Employee Retirement Income Security Act of 1974.

Immigration Reform Looms Large

Representatives from the Department of Homeland Security's US Citizenship and Immigration Services and immigration and Customs Enforcement offered updates on the continuing development of the Basic Pilot Program for employment authorization verification and worksite enforcement initiatives. Gerri Ratliff, Chief of USCIS' Verification Division, said that 15,000 employers now use the Basic Pilot, up from 10,000 just a few months ago. This may be a result of the publicity about a possible requirement to use the program under proposed immigration reform bills, as well as new state laws encouraging or mandating use of the program, Ratliff noted.

The latest innovation in the Basic Pilot is the "Photo Tool" pilot. Ratliff said this program is designed to ensure that employers are relying on documents that actually pertain to the employee who provided them. Under the pilot, if an employer submits information for a non-citizen that includes an employment authorization form or a resident alien card, USCIS will send the employer over the Internet a digital image of the photo on record with USCIS for that person so the employer can compare it with the document submitted by the employee as part of the Form I-9 process.

The big question for USCIS and employers, however, is whether electronic verification of employees will become mandated as part of a comprehensive immigration reform effort. Ratliff said that ramping up the Basic Pilot to become an Electronic Employee Verification System used by all employers will involve a host of issues

IRS Waives Estimated Tax Penalty for US Citizens and Residents Living and Working Abroad

The IRS has issued a notice waiving penalties for underpayment of estimated tax by US Citizens and residents living abroad for calendar year 2006.

The Tax Increase Prevention and Reconciliation Act of 2005 enacted on May 17, 2006, changed the maximum amount of foreign earned income and housing costs that may be excluded from gross income under IRC §911. It also provided that the tax applicable to income not covered by the foreign earned income exclusion will now be calculated as though the exclusion had not been elected.



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News from other states



North Dakota

If the federal minimum wage is increased, the state minimum wage will increase to \$5.85 an hour from \$5.15 an hour, effective on the same effective date as the federal increase. The state minimum wage would increase again to \$6.55 an hour, effective a year later, and then to \$7.25 an hour, effective two years later

South Dakota

If the federal minimum wage is increased, the state minimum wage will increase to \$5.85 an hour from \$5.15 an hour, effective on the same effective date as the federal increase or 7-1-07, whichever is later. The state minimum wage would increase again to \$6.55 an hour, effective a year later, and then to \$7.25 an hour, effective two years later

Texas

Effective 7-1-07, employers must file quarterly unemployment insurance reports by magnetic media or electronically if they have 10 or more employees in any one calendar quarter. An agent that reports on behalf of multiple employers and has to file reports on a cumulative total of 10 or more employees in any one calendar quarter must also file magnetically or electronically. Employers may file quarterly UI reports by using the Internet, file upload, and magnetic media. Visit the Texas Workforce Commission Web site at www.twc.state.tx.us/ui/tax/c3.html for more information.

Utah

Effective 4-30-07, magnetic media or electronic reporting is required for an authorized employer representative that files quarterly unemployment insurance reports on behalf of 100 or more employers during any calendar quarter. Employers with 250 or more employees must submit UI wage information by magnetic media or electronically. For more information regarding online quarterly reports and payments, visit the Department of Workforce Services' Web site at <http://jobs.utah.gov/ui/employer.asp>.

Virginia

Effective 7-1-07, employers with 100 or more employees and payroll processing firms with 50 or more clients must remit child support payments by electronic funds transfer (EFT). The Division of Child Support Enforcement offers a free program called "Virginia \$4Kids" that allows payments to be made through the Internet.

