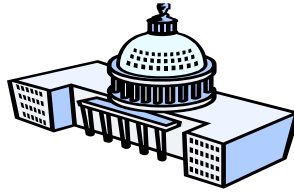


**WEST VALLEY CHAPTER  
MONTHLY  
TAX CORNER**



SEPTEMBER  
2003

**WEST VALLEY CHAPTER  
MONTHLY  
TAX CORNER**

THE PURPOSE OF THIS UPDATE IS TO PROVIDE YOU WITH  
TAX NEWS AND UPDATES FROM

THE STATE AND FEDERAL  
LEGISLATIVE BRANCHES  
OBTAINED FROM VARIOUS  
APA PUBLICATIONS & WEBSITES



The following states have announced tax changes:

**NEVADA:**

First, the state business tax - currently \$100 per employee per year - will be repealed and replaced with a new gross payroll tax on Oct. 1. The new quarterly tax will be based on gross payroll after deductions for employer provided health insurance at a rate of .7%. (Effective July 1, 2004 the rate will decrease to .65%. Employers will be required to pay the new "modified business tax" on a calendar quarter basis. The return will bill due within 30 days if the end of the calendar quarter. The tax department is developing forms and procedures for the new payroll tax and will post information on it's Web site at <http://tax.state.nv.us> as soon as it is available.

Second, effective July 22, the amount of the business license fee paid to the Department of Taxation increased to \$100 from \$25 and must now be paid Annually.

**NEW YORK:**

Beginning with tax year 2003, for any employee who either was a resident of or worked in New York State for any part of the year, the amount of wages that must be reported in box 16 (State wages, tips, etc.) of federal Form *W-2, Wage and Tax Statement*, must be the same as the amount of federal wages reported in box 1 (Wages, tips, other compensation) for federal income tax purposes.

The city of Yonkers applies the rules for box 16 to box 18 (Local wages, tips, etc.). However, the city of New York did *not* adopt these changes. For a part year New York City resident, the employer must report in box 18 only the amount of the federal wages for the period that the employee was a city resident:

*New York City*

- Full year resident: box 18 = box 1
- Part year resident: box 18 = box 1 for period of residency (box 1 wages earned while a resident go into box 18)
- Full-year nonresident: box 18 = 0

Regardless of the time the employee works or lives in New York, New York State wages on the *W-2* must equal federal wages. The employee will 'split' the wages when filing the part year resident income tax return. Usually this is not a problem for employees when they receive *W-2*'s for other states.

**CONNECTICUT:**

Effective 10/1/03, an employer must report an independent contractor as a new hire if the expected value of the contract is at least \$5000 for the calendar year following its effective date.

**MINNESOTA:**

Effective 8/01/03, an employer that has 50 or more (currently 250 or more) employees to report for a calendar quarter must file the quarterly unemployment insurance wage detail report by electronic transmission in a format prescribed by the state Economic Security Commission. Reports filed by any other means will be returned and *considered not to have been filed and penalties may be imposed.*

**RHODE ISLAND:**

Employers can now file their withholding returns and make payments online at [www.ri.gov/taxation](http://www.ri.gov/taxation).

**Additional Information:**

New York W-2 Wage Reporting - **(HANDOUT)**

Also included for your information is a copy of the September 19, 2003 edition of Payroll Currently and the September issue of Inside Washington. **(HANDOUT)**

SSA/IRS Reporter Newsletter for Fall of 2003 - **(HANDOUT)**

1. **SSA to eliminate Magnetic media by 2006.**
2. **SSA Web Sits is now at [Social security.gov](http://Social security.gov)**

APA Seminar: Preparing for Year End 2004 **(HANDOUT)**

1. Phoenix - Oct. 16
2. Course Outline
3. Registration Form

**APA has just made it easier than ever to have your voice heard in Washington (HANDOUT)**

**VoteNet - Lobbying Tool**

APA's website now includes a Congressional database to help you identify your lawmakers. This unique feature will help keep you informed on key federal legislative issues. It will also give you ideas on how to write your legislators and inform them on key payroll-related topics.

**Well that's all for this month. Looking forward to our next meeting on October 21, 2003.**

**Sheryl A. McIntosh  
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Chapter Officer  
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