

01/03/2012

2012 Social Security Wage Base Information

The Social Security wage base for 2012 is \$110,100.

The Temporary Payroll Tax Cut Continuation Act of 2011 temporarily extends the two percentage point payroll tax cut for employees, continuing the reduction of their Social Security tax withholding rate from 6.2 percent to 4.2 percent of wages paid through Feb. 29, 2012. This reduced Social Security withholding will have no effect on employees' future Social Security benefits.

Beginning March 1, 2012, employers will withhold Social Security taxes (6.2 %) from employee's wages up to \$110,100 and withhold the Medicare tax (1.45%) on all wages.

08/11/2010

FTB 3730 – Online Buying or Selling—Know Your Tax Obligation

The Internet Tax Freedom Act prohibits the taxing of access to the Internet. However, the Act does not apply to tax on income from online sales and/or sales or use tax on purchases made online.

UC Merced collects sales tax on its online sales as prescribed by the State of California, Board of Equalization (BOE). If you are selling items online and are not set up to collect sales or use tax, please contact the IT department and/or Tax Services at tax@ucmerced.edu.

If you are selling online, you may be subject to Unrelated Business Activities (UBA) that is subject to Unrelated Business Income Tax (UBIT). Please contact the Tax Services Office at tax@ucmerced.edu for further question on UBA and UBIT.

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The fifth circuit court uses the following 6 factors to determine if a worker is an employee or independent contractor.

1. Degree of control. If the company exercises a **significant** level of control over some but not all its worker's schedules and their ability to perform their different jobs, then the worker is an employee.
2. Opportunity for profit or loss. If the company not the workers is liable for any losses caused the workers, the workers had no opportunity to profit or loss and therefore the worker is an employee.
3. Investment in the facilities. If the company not the workers paid for all the tools and equipment necessary for the workers to perform their job, the workers are employees.
4. Permanency of working relationship. Is there a continuing relationship between the workers and the company? If so, the worker is an employee.

5. Skill required. The degree of skills needed to perform a job is a weak measure in determining if a worker is an employee or a contractor but plays a minor role nonetheless. If a non-skilled worker can work alongside a skilled worker and be trained to do a certain job, the worker is an employee.
6. Whether workers were in business for themselves. Does the worker offer similar services to the general public or operate their own business? If not, the worker is an employee.

Both of university's tuition reduction plans were nondiscriminatory when considered together.

PLR 201029003: IRS has privately ruled that a university's two tuition plans, taken together, did not discriminate in favor of highly compensated employees. As a result, tuition benefits to the university's employees for education below the graduate level at eh university or at another educational institution were excludable from the employee's gross income under Code Sec. 117(d)(1).