



# 2009 Payroll Updates

From your friends at Pritchard Osborne

## Illinois Electronic Tax Payments

Effective June 30, 2009, you will no longer be able to make IL electronic tax payments via EFTPS. However, electronic payments can still be made via TaxNet. We would be happy to assist you with TaxNet registration.

## Form W-4

Employees who have had a change in filing status or exemptions should complete new federal and state W-4 forms. We have the 2009 W-4s available, should you need copies.

## Transportation Plans

If you have adopted a tax-free transportation plan, the limit for qualified parking is \$230 per month in 2009. The limit for transit and vanpooling expenses is \$120 per month in 2009.

## Social Security Wage Base

The Social Security and Medicare contribution rates of 6.2% and 1.45% respectively, will remain the same for 2009. However, the wage base upon which Social Security taxes are paid has increased to \$106,800.

## Retirement Plans

The limit for the withholding on 401(k) and 457 plans will increase to \$16,500 for 2009. Please call us for details on the other limits, such as catch-up contributions for those individuals who are at least 50 years of age.

## Unemployment Wage Base

Beginning January 1, 2009, the amount of wages paid to each employee, on which an employer must pay unemployment contributions, will rise to \$12,500 for Missouri and \$12,300 for Illinois.

## Form IL-W-3

Effective for the calendar year 2008, you are no longer required to file Form IL-W-3 Annual Withholding Income Tax Return.

## Minimum Wage

The Missouri minimum wage rate will increase to \$7.05 on January 1, 2009. Since the Federal minimum wage rate will increase to \$7.25 on July 24, 2009, the MO minimum wage will also increase at that time. The Illinois minimum wage rate for employees 18 years of age and over will increase to \$8.00 on July 1, 2009.

## Mileage Rate

If you are reimbursing your employees on a cents-per-mile basis for business travel, the rate for 2009 is 55¢ per mile. The standard mileage rate for use of an automobile for medical or moving purposes is 24¢ per mile for 2009.

## Work Opportunity Tax Credit

The Work Opportunity Tax Credit is a federal hiring incentive that provides a tax credit of up to \$2,400 per employee when an employer hires residents of Montgomery County, IL (a rural renewal community). The new hires have to be between the ages of 18 and 39. Forms 8850 and ETA-9061 must be completed and postmarked within 28 days of the new hire's start date. Contact us for additional information about this tax credit as well as the forms to be completed.

## Bicycle Commuting Fringe Benefits

A new bicycle commuting fringe benefit has been added to Code Section 132(f) as part of the emergency economic stabilization legislation. The new law allows employers to reimburse employees on a tax-free basis for certain bicycle commuting expenses incurred after December 31, 2008. The maximum annual benefit is \$20 times the number of months during the calendar year in which the employee regularly uses a bicycle for a substantial portion of the travel between the employee's residence and place of employment.