

Vaughn Tribble, CPA

Daniel Ayala, CPA

Douglas Tribble, CPA

Tribble & Ayala
Certified Public Accountants, Inc.

571 Stanislaus Ave, Ste A
P.O. Box 400
Angels Camp, CA 95222
(209) 736-4631
Fax (209) 736-0207

2686 McKenzie Ave
P.O. Box 1020
Arnold, CA 95223
(209) 795-2311
Fax (209) 795-4730

December 1, 2009

Dear Bookkeeping Client:

**YOU MAY BE REQUIRED TO REGISTER WITH THE STATE BOARD OF EQUALIZATION
EVEN THOUGH YOU ARE A SERVICE BASED BUSINESS**

The California State Board of Equalization wants to collect sales tax on items purchased out of state without paying California sales tax. These may be purchases made in another state, online, ordered over the phone or from a catalog. The State Board is targeting businesses that have at least \$100,000 gross receipts. Income tax returns for 2007 are being used to determine the amount of your business gross receipts. If you meet the criteria you will be getting a letter from the State Board telling you they are creating a sales tax account for you and will be mailing you a form to report purchases that are subject to *Use Tax* for 2007, 2008 and 2009. Forms will be due April 15, 2010. At this time we don't know what information the form will be requesting. If you have received a letter and have questions you can call us or contact the State Board of Equalization at (916) 322-0852.

LOOK OUT FOR SCAMS & FRAUD

In recent months we have seen examples of e-mails and postal service mail from companies or individuals trying to get your money, access or infect your computer or get personal information. Please be on the lookout for these hoaxes and scams. Here are three examples of what we have seen recently:

- An official looking envelope from "Business Filings Division" telling you to remit \$235.00 immediately to file your "Statement of Information" and avoid penalties and fines. The "Statement of Information" is an annual form for a corporation which has a \$20 or \$25 filing fee. The actual form comes from the office of the California Secretary of State and would have the seal of the State of California.
- An e-mail from Quickbooks Online "Quickbooks Update Center" telling you that the Intuit database was illegally accessed and to protect yourself you must log in and upgrade today. The hint that this e-mail was not legitimate was the bad grammar and misspelled words. A phone call to Quickbooks verified that this e-mail was not from them and was a scam.
- The IRS reports that e-mails claiming to come from the IRS have been circulating in large numbers. The IRS does not send unsolicited e-mails to taxpayers about their accounts. Type this web address into your browser to learn more about these IRS e-mail scams:

<http://www.irs.gov/newsroom/article/0,,id=213862,00.html?portlet=6>

Protect your personal information. Never click on a link in a suspicious email. Don't forward any suspicious emails.

HEALTH SAVINGS ACCOUNT CONTRIBUTIONS ARE SUBJECT TO STATE TAXES

Both employer contributions and employee contributions to a health savings account are subject to all State of California payroll taxes but are exempt from Federal payroll tax. Please notify us if you are paying into a health savings account for your employees.

REMINDERS ON FINAL PAYCHECKS

If, within the normal pay period, you terminate an employee or lay him/her off with no specific return date, all wages and accrued vacation earned but unpaid are due and payable immediately. It is not acceptable to ask or require an employee to wait until the next regular payday for his/her final wages. The California Labor Code requires that employees receive all earned and unpaid wages at the time of discharge from employment or the employer may be assessed waiting time penalties.

You may not withhold a final paycheck. For example, it is illegal to withhold a final paycheck to induce the former employee to:

- Return tools, uniforms, pagers, laptops, computers, keys or any other item belonging to the employer
- Pay back money that may be owed to the employer, or
- Turn in expense reimbursement forms

Voluntarily Quit: More Than 72 Hours Notice: All wages and accrued vacation earned but unpaid for an employee who quits with more than 72 hours notice are due and payable on the last day of work.

Voluntarily Quit: Fewer Than 72 Hours Notice: All wages and accrued vacation earned but unpaid for an employee who quits with fewer than 72 hours of notice are due and payable not later than 72 hours after notice is given. An employee who gives fewer than 72 hours notice is entitled to receive his/her final wage payment by mail if he/she so requests and designates a mailing address. When this occurs, the date of mailing is considered the date of payment for purposes of the 72-hour requirement.

STANDARD MILEAGE RATE

The IRS standard mileage rate for business miles driven in 2009 was **55 cents per mile**. The rate for 2010 has not yet been announced. Please remember when reimbursing employees for the business use of their private vehicle it is an optional reimbursement rate, not mandatory. It is the maximum deductible amount you can pay your employee. If circumstances warrant you may consider a company policy that pays less than the IRS rate.

2010 PAYROLL TAX RATES

SDI RATE REMAINS AT 1.1% FOR 2010: The SDI rate for 2010 is unchanged at 1.1% but the wage limit went up to \$93,316. SDI withholding includes SDI (State Disability Insurance) and PFL (Paid Family Leave).

SUI & ETT RATES FOR 2010: EDD determines SUI rates annually. For 2010 rates will range from 1.5% to 6.2% on wages to \$7,000 for each employee. New employers' rate is 3.4% for up to three years. EDD will mail notices with your 2010 rate on December 31, 2009. ETT (Employment Training Tax) remains .1%.

FUTA RATES FOR 2010: There is no word yet if the FUTA rate will remain at .8% on wages to \$7,000 for 2010. The IRS should be notifying employers by the end of the year.

PAYROLL DEDUCTIONS: The **Social Security wage limit does not increase for 2010. It stays the same as 2009 at \$106,800.** FICA rate remains the same (see chart below). If you do payroll on your own computer, be sure to get your payroll update for the new 2010 tax tables. If you do your payroll by hand, use the new tables in the **2010 Circular E (IRS Publication 15)** and **2010 California Payroll Tax Guide**. **Quickbooks payroll requires users to set their new SUI rate each year. Please check the setting for your SUI rate and change for 2010 if necessary.**

2010 Payroll Tax Rates

SDI	1.1%	(X .011) on wages to \$93,316 (Max \$1,026.48)
Social Security	6.2%	(X .062) on wages to \$106,800 (Max \$6,621.60)
Medicare	1.45%	(X .0145) on all wages – no limit
	Note:	(6.2% Soc. Sec. + 1.45% Medicare = 7.65% FICA)
SUI	Varies	On wages to \$7,000- EDD will mail 2010 rate on 12/31/09
ETT	.1%	(X .001) on wages to \$7,000 (not all employers pay ETT)
FUTA (2009 Rate)	.8%	(X .008) on wages to \$7,000 (certain requirements for .8% rate)

COMMUNICATING BY E-MAIL

If you find it easier to communicate by e-mail here are staff e-mail addresses. Please e-mail us so we can get you in our address books.

conniepitta@sbcglobal.net

monicatribble@sbcglobal.net

nancyschley@sbcglobal.net Secretary

debmcgee@sonic.net

ericksonlj@sbcglobal.net

mkovacs@sonic.net

gregcundari@sbcglobal.net

Best wishes for a happy holiday season and a prosperous 2010
from the Tribble & Ayala staff,
Connie Pitta, Linda Erickson, Marcia Kovacs, Monica Tribble,
Greg Cundari, Debbie McGee and Nancy Schley