



THE POWER OF BEING UNDERSTOOD

PAYROLL AND EMPLOYMENT TAX

Improve compliance and maximize tax savings

Have you been involved in a merger or acquisition and are unsure how your payroll and employment taxes are affected?

If you engage independent contractors, are you confident that you correctly report payments for service?

Are you receiving notices from taxing authorities or been the target of IRS or state audits?

Do you have employees with complex multistate, international or seasonal payroll requirements?

Are you operating businesses as separate legal entities or considering restructuring?

Whether your business is expanding, downsizing, seeking to reduce administrative costs or looking to mitigate payroll and employment tax exposure, there are tax-related impacts from these business activities. By fully understanding payroll and employment taxes, you can take steps that may improve your compliance and maximize tax savings.

RSM state and local tax professionals keep abreast of state legislation, case law and payroll best practices. Our experience and knowledge can assist in both your domestic and international payroll and employment tax needs, including:

- Taxability of fringe benefits
- Audits
- Notice resolutions
- Penalty abatements
- Interim payroll processing
- International shadow and split payroll
- Payroll filing consolidation
- Mergers and acquisition support
- Refund analysis

Payroll and employment tax review

We understand that compliance with multijurisdictional regulations requires complex expertise that can be overwhelming for employers. Failure to maintain compliance and execution of payroll can leave many employers with potential exposure that can be financially and administratively burdensome.

RSM's payroll and employment tax review covers all aspects of the payroll discipline, from wage and hour laws to annual wage and tax statement (Form W-2) filings. Our team will review your payroll processes and procedures, end-to-end, ensuring full deposit and return filing compliance with federal and state agencies. We may identify potential employment and payroll tax exposures within your organization and provide best practices and options to mitigate risk.

At the end of our review, we will provide you with transparent procedures and an exposure analysis that will help you make more informed decisions with respect to the potential impact of payroll and employment taxes on your operations.

Multistate and nonresident employee compliance

When your workers must cross jurisdictional borders, additional policies and regulations come into play. Our knowledgeable state and local tax professionals can streamline the administration of your employment tax reporting. We can help you develop policies and procedures that make it easier to manage multistate and nonresident employee tax compliance.

Certain state employment tax obligations may be triggered if employees are considered multistate workers due to telecommuting or interstate status. Your obligation to withhold and report payroll transactions varies by jurisdiction and can be based on as little as a one-day presence within a jurisdiction. Our employment tax team has the experience and resources to provide guidance on these tax obligations.

An increase in general business travel has created complex and often confusing payroll tax issues for state nonresident withholding requirements. RSM's employment tax professionals understand these withholding requirements and work with you to reduce compliance risks and minimize your exposure.

Should you have prior unresolved exposure to state employment tax, RSM can help you manage your compliance. We assess the specific facts pertaining to your operations and determine whether a Voluntary Disclosure Agreement (VDA) can help. Through a VDA, you agree to proactively disclose your prior practices to the tax authority in exchange for a reduced penalty and employment tax liability. RSM will analyze the terms of the VDA and provide formal guidance and expertise as to whether you are eligible to participate and take advantage of such a disclosure.

Worker classification assistance

Worker classification is a complex area that combines both federal and state regulations. In recent years, the IRS and many states dramatically increased their focus on the misclassification of employees as independent contractors.

Our tax professionals perform comprehensive worker classification risk assessments to analyze internal processes, procedures and controls related to independent contractors, detail findings, including any risks and exposures, and provide recommendations to resolve risk. In addition, our employment tax professionals can manage and guide your business through a federal or state worker classification audit.

Audit defense and employment tax controversy

Employment tax audits have increased in the past several years in response to federal and state agencies seeking revenue-producing avenues. When facing an active employment tax audit, you want someone on your side who understands the role of the auditor and knows how the process unfolds. RSM professionals can help you understand your rights as an employer and confirm that the auditor's assessments are accurate.

We outline potential safe harbors, negotiate with the auditor to reduce assessments and argue potential discrepancies on your behalf. Utilizing prior audit experience, case law and a collaborative team, we strive to provide quality results that contribute to your company's bottom line.

Corporate transaction support

Corporate transactions—acquisitions, mergers, restructuring and entity conversions—create significant challenges for any payroll department, including:

- Employer successor treatment
- Employment tax refund review
- State unemployment experience transfers
- Compliance and reporting with federal, state and local jurisdictions
- Integration of payroll systems
- Coordination of filings and deposits
- Due diligence

We work with you to identify and resolve any employment tax risks, exposures and issues associated with a transaction.

At RSM, we believe in the power of collaboration, strong methodologies and deep, proven experience. We understand the complexities of the employment tax discipline and will work with your team to help improve your overall employment tax strategy.

+1 800 274 3978

www.rsmus.com

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. Internal Revenue Service rules require us to inform you that this communication may be deemed a solicitation to provide tax services. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed. RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International. RSM® and the RSM logo are registered trademarks of RSM International Association. *The power of being understood®* is a registered trademark of RSM US LLP.