



This Month:

- Outsourcing Payroll? Payroll Taxes are Still YOUR Responsibility!
- IRS Unveils its Latest Online Tool: "Tax Withholding Estimator"
 - To Lease or Not to Lease

Outsourcing Payroll? Payroll Taxes are Still YOUR Responsibility!

Padgett has long encouraged clients to use reputable vendors, particularly when it comes to payroll. However, did you know that YOU are ultimately responsible for the payment of withheld taxes, even if you use a payroll service provider? Although outsourcing payroll to a third party can help ensure that filing deadlines and deposit requirements are met and greatly streamline business operations, it's your ultimate responsibility to pay these taxes, even if the failure to pay is entirely due to the payroll service provider's negligence or fraud.

Best Business Practices:

- Don't change the address on file with the IRS to that of the payroll service provider. Changing the address may prevent your being informed a problem in time to do anything about it.
- Ask the payroll service provider if they have a fiduciary bond. This could protect you in the event of default. Padgett Payroll offers this.
- Ensure that your service provider is using the Electronic Federal Tax Payment System (EFTPS) as Padgett Payroll does. Payment history is tracked and can be viewed on-line, allowing you to easily confirm payments. A red flag should go up the first time a payroll service provider misses or makes a late payment. Once you have an EFTPS account, you'll also be able to make tax payments that your payroll service provider typically doesn't make for you (e.g., estimated tax payments).
- If you're not using Padgett Payroll Service as your outsourced provider, ensure that your provider is listed as having passed the IRS Assurance Testing System (ATS) and/or Business Acceptance Testing (BATS) requirements.

Outsourcing your complete payroll needs can save you time, help you run your business better, and protect you from payroll tax penalties. We suggest you consider a payroll service, such as Padgett Payroll Services, that's designed specifically for small businesses like yours. For additional information, please contact our office for an appointment. We will be happy to discuss your options.

IRS Unveils its Latest Online Tool: "Tax Withholding Estimator"

With only four months to go in the 2019 tax year, it may be worthwhile to perform a quick "paycheck checkup". This is even more important following the recent changes to the tax law for 2018 and beyond. Checking your current withholding can help determine if you need to make changes before year-end to more closely match your expected tax obligations, which may protect against having too little tax withheld and facing an unexpected tax bill or penalty at tax time. You may discover that you are over withholding and prefer to have less tax withheld up front and receive more in your paychecks.

The IRS has unveiled its latest online tool, the "Tax Withholding Estimator" to help with this process. The estimator, which replaces the "Withholding Calculator", has been expanded to assist not only W-2 workers, but also retirees, self-employed individuals, and other taxpayers in determining how much income tax should be withheld from wages and pension payments. This tool also makes it easier to enter wages and withholding for each job held by you and your spouse. Some other features include:

- plain language to improve user comprehension,
- mobile friendly design,
- enhanced tips and links on various tax credit and deductions; and
- an automatic calculation of the taxable portion of Social Security benefits.

Take a few minutes to perform a paycheck checkup! The new estimator is available on the IRS website.

To Lease or Not to Lease

With auto lease prices becoming increasingly attractive, many individuals are wondering if it is indeed advantageous to go that route. The decision to lease or buy a vehicle depends on the terms of the lease as well as the particular circumstances of the individual.

Leasing may be advantageous if you trade cars every few years and borrow the money to do so. Since leasing provides more car for less money, this may be the way to go if you want a high-priced vehicle. Leasing also can provide a business owner with more cash flow since monthly lease payments on comparable cars are generally about one-third less than loan payments.

You probably want to consider purchasing the car if you intend to keep it for a long period of time or plan to drive more than 15,000 miles per year. Most lease contracts include a hefty additional charge for every mile driven over the limit. Also, purchasing a vehicle can generate a larger initial write off if the car is not subject to "Luxury Auto" rules for depreciation.

After making a decision to lease, be sure to negotiate the purchase price that the leasing company uses to calculate the lease payments and read the lease contract carefully to avoid hidden costs and penalties. Finally, comparison-shop to get the best deal available.



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PADGETT BUSINESS SERVICES® is dedicated to meeting the compliance, profit financial government reporting and payroll needs of businesses with fewer than 20 employees in the retail or service sector of the economy. This publication suggests general business concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter. **AMERICA'S FIRM FOR SMALL BUSINESS TAX NEEDS**