Lewis & Knopf CPAs, PC

November 7, 2017

Dear Client:

It is time again to prepare for year-end payroll processing – specifically – the preparation of Forms W-2 and 1099.

Forms W-2 and Forms 1099-MISC must be filed by January 31, 2018 with the Social Security Administration or IRS, respectively whether they are being e-filed or paper filed. Copies also must be provided to employees and payees by January 31. Extensions of time to file Form W-2 with the SSA are no longer automatic. You may request one 30-day extension to file Form W-2 by submitting a complete application on Form 8809, including a detailed explanation of why you need additional time and signed under penalties of perjury. The IRS will only grant the extension in extraordinary circumstances.

To assist you in the preparation of these forms, we offer the following information:

- Shareholders owning a 2% or more interest (directly or indirectly) in an S corporation must include life, health, accident and disability insurance premiums paid on their behalf in their compensation. Note that payments of insurance premiums made pursuant to a plan providing accident and health coverage treated as compensation by a 2% shareholder are exempt from employment taxes. Similar payments to partners or LLC members are to be reported as guaranteed payments.

- Guaranteed payments are payments of compensation paid to partners and LLC members without regard to the income of the partnership or LLC. Such payments should be reported on Schedule K-1 and not on Form W-2.

- Payments made to employees to reimburse health insurance premiums or other medical expenses (medical reimbursement arrangements) must be treated as compensation and included in the employees' Form W-2 subject to withholding taxes and employment taxes unless the plan is a permitted benefit under a qualified small employer health reimbursement arrangement (QSEHRA). These new QSEHRAs allow eligible employers to pay or reimburse medical care expenses of eligible employees after the employees provide proof of health care coverage. The maximum reimbursement for an eligible employee under a QSEHRA is $4,950 ($10,000 if it also provides reimbursements for family members. Please contact us if you have any questions regarding these new plans. .

- All employers that provide health care benefits to its employees must report certain information to their employees using either Form 1095-B or Form 1095-C by January 31. Large employers must use Form 1095-C. A large employer is an employer that employed on average at least 50 full-time employees on business days during the preceding calendar year. If you are a large employer utilizing a third party payroll agent, be sure to contact your payroll agent to see if they will prepare Form 1095-C. Small employers who provide self-insured coverage must also use Form 1095-B; if you are such an employer and Lewis-Knopf, PC prepares your W-2s, contact your Lewis & Knopf, PC team member immediately. Note that all related businesses that are under common control or part of an affiliated group are treated as one employer for purposes of determining whether an employer is a large employer for these reporting purposes.

5206 Gateway Centre | Suite 100 | Flint, MI 48507 | 810-238-4617 | 877-244-1787 | 810-238-5083 fax

10299 E Grand River Road | Suite M | Brighton, MI 48116 | 810-225-1808 | 810-225-1847 fax

1100 Torrey Road | Suite 400 | Fenton, MI 48430 | 810-629-1500 | 810-629-7441 fax

www.lewis-knopf.com

- **All accrued expenses (i.e., interest, rent, auto mileage for non-company owned vehicles, etc.)** payable to shareholders owning (directly or indirectly through attribution) more than 50% of the value of a C corporation must be paid before December 31, 2017 to be an allowable deduction for 2017. Also all accrued expenses payable to any shareholder in an S corporation or personal service corporation, partner, or LLC member must also be paid before December 31, 2017 to be an allowable deduction for 2017

- Employers and controlled groups of employers that filed more than 250 W-2s for 2016 will need to report the cost of employer provided health insurance on the 2017 Forms W-2.

In addition, we have enclosed some additional materials for your guidance including:

- A guide of common information returns required to be issued. Generally, information needed for filing Form 1099 is the recipient's name, address, and tax identification number.

- A checklist of common taxable compensation adjustments. The checklist can be used to identify those adjustments that should be reported with regular payroll before the end of the year. If taxable compensation adjustments are reported without wages, you as the employer may be liable for the employee portion of taxes.

- Instructions and worksheets that explain the three valuation methods available to calculate the taxable income portion of an employer-provided vehicle that should be included in compensation. The three methods available are the (1) Lease Valuation Rule, (2) Cents-Per-Mile Valuation Rule and, (3) Commuting Valuation Rule. Please select the valuation method(s) that pertain(s) to your business on an employee-by-employee basis.

- A comparison of requirements for various retirement plans types for 2017 (Appendix 1A)

The material discussed in this letter is meant to provide general information and should not be acted on without obtaining professional advice appropriately tailored to your individual needs. Any tax information contained in this letter is not intended or written to be used by you for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.

Please take a moment to review these tips, guides, and checklists. If you have any questions regarding this information, please call your L & K team member contact at 810-238-4617 or toll free 877-244-1787.

Sincerely,

Lewis & Knopf, PC
Certified Public Accountants

Lewis & Knopf
CPAs, PC

Guide to Information Returns Required [1]

Form	Title	What to Report	Amounts to Report	Due Date to IRS	Due Date to Recipient
1098	Mortgage Interest Statement	Mortgage interest (including points) you received in the course of your trade or business from individuals and reimbursements of overpaid interest.	$600 or more	February 28	(To Payer/ Borrower) January 31
1095-C 1095-B	Employer Provided Health Insurance	Information regarding insurance coverage offered or not offered to employees	All information	February 28*	January 31
1099-DIV	Dividends and Distributions	Distributions, such as dividends capital gain distributions, or nontaxable distributions, that were paid on stock, and liquidation distributions. S corporations should only use this form if distributions are made out of accumulated earnings and profits that arose in C corporation tax years.	$10 or more, except $600 or more for liquidations	February 28 *	January 31
1099-INT	Interest Income	Interest Income.	$10 or more ($600 or more in some cases)	February 28 *	January 31
1099-MISC	Miscellaneous Income	Rent or royalty payments; prizes and awards that are not for services, such as winnings on TV or radio shows.	$600 or more, except $10 or more for royalties	January 31	January 31
	(Also, use this form to report the occurrence of direct sales of $5,000 or more of consumer goods for resale)	Payments for services performed for a trade or business by people not treated as its employees. Examples: fees to subcontractors or directors, and golden parachute payments. Payments to a corporation need not be reported but payments to an individual, partnership, LLC, and estate should be reported.	$600 or more		
		Gross proceeds and fees paid to attorneys (even if paid to a corporation).	All amounts		
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	Distributions from retirement or profit-sharing plans, any IRA, insurance contracts, and IRA recharacterizations.	$10 or more	February 28 *	January 31
1099-S	Proceeds From Real Estate Transactions	Gross proceeds from the sale or exchange of real estate.	Generally, $600 or more	February 28 *	January 31

* The due date is April 2, if filed electronically.

(1) This guide is a partial list of information returns required– refer to the instructions for Forms 1099, 1098, 5498, and W-2G for a complete guide to information returns required.

Checklist of Common Taxable Payroll Adjustments	
Item	Applicable?
Reimbursed medical expenses	
Flat rate auto allowances (not substantiated mileage or per diem).	
Business expense – unsubstantiated or in excess of government approved allowances.	
Group-term life insurance coverage over $50,000 on an employee.	
Group-term life insurance coverage over $2,000 on a dependent.	
Disability pay – taxable portion.	
Taxable portion of reimbursed employee moving expenses.	
Personal use of company vehicle. See attached worksheets to value this benefit.	
Cash achievement awards.	
Compensation bonuses.	
Commissions.	
Employer-paid dues and fees for employee's membership in a country club, athletic club, or social club. If there is a business connection that is substantiated, then the business portion is not considered a taxable payroll adjustment.	
Dependent care assistance over$5,000 ($2,500 for employees married and filing separately).	
Reimbursed employee (not employer) employment agency fees.	
Tips reported to the employer by the employee.	
Life, health, accident, and disability insurance premiums paid for S corporation shareholder-employees with interest of more than 2%. Note that payments of insurance premiums made pursuant to a plan providing accident and health coverage treated as compensation by a 2% shareholder-employee are not subject to employment taxes but are subject to federal income tax withholding. Similar payments to partners or LLC members are reported as guaranteed payments.	
Meals or lodging furnished for the convenience of the employer, and qualified transportation fringe benefits paid for S corporation shareholder-employees with interests of greater than 2%. Similar payments to partners are reported as guaranteed payments.	
Personal use of business aircraft or of business-paid commercial aircraft.	
Cash Christmas bonus.	
Wages paid to an employee performing work outside normal duties (casual labor).	
Cash gifts to employees.	
Retirement inducements.	
Employees' taxes paid by the employer.	
Pretax employee contributions to a Section401 (k) or a SIMPLE retirement account (for employment tax purposes but not for federal income tax withholding purposes).	
Loans with below-market interest (for employment tax purposes but not for federal income tax withholdings purposes).	
Severance or dismissal pay.	
Season tickets to entertainment or sporting events for personal use.	
Uniform allowances for uniforms that are (a) not required as a condition of employment or (b) street wearable.	
Qualified educational assistance that is over $5,250, unless such assistance qualifies as a job-related working condition fringe benefit.	
Employer-provided coverage under a long-term care insurance contract if provided through a cafeteria plan or is reimbursed under a flexible spending account.	
Check the pension box on Form W-2 if employee is covered by a employer sponsored retirement plan for the year.	

Accounting for the adjustments for fringe benefits:

Once the items of employee fringe benefits have been identified, you must choose a method to account for them. The following are methods generally used to account for fringe benefits:

Method 1: Gross up the fringe benefits to cover payroll taxes and add the grossed-up amount to the Form W-2

Method 2: Treat the fringe benefit amount as gross pay and withhold the corresponding payroll taxes from the employee's last paycheck.

Method 3: Have the employee reimburse the company for the amount of the fringe benefit.

Valuing Personal Use of Employer-provided Business Auto

The use of an employer-provided vehicle by an employee for business is referred to as a working condition fringe benefit and is excluded from the employee's income. The balance of the value of the auto's use, to the extent not reimbursed by the employee, is considered personal use and, as such, is a taxable fringe benefit to the employee. The employee must include in income the fair market value (FMV) of the fringe benefit, reduced by:

1. the amount, if any, reimbursed by the employee to the employer, and
2. the portion attributed to use in the employer's business.

The regulations offer three "special valuation rules" to determine the FMV of the fringe benefit. The selection of a special valuation method is made by the employer, and the value of the fringe benefit that is taxable as compensation is subject to FICA and FUTA taxes and must be included in the employee's W-2.

Generally, the **AUTOMOBILE LEASE VALUATION** method is used because the **VEHICLE CENTS-PER-MILE VALUATION** method can be used only for autos when FMV does not exceed $15,900 for a passenger automobile and $17,800 for a truck or van. The **COMMUTING VALUATION** method is available only when commuting is the sole personal use and it is required for noncompensatory reasons (e.g., proximity to major customer or 24-hour on-call).

AUTOMOBILE LEASE VALUATION

1. Determine the auto's FMV when the auto is first made available to an employee for personal use. FMV is the amount that would be paid for the car in an arm's length purchase.
2. Establish the lease value by selecting the dollar range in the first column of the Annual Lease Value Table in which the automobile's FMV falls. (See Appendix 6O for the Annual Lease Value Table.) The annual lease value of the automobile is the corresponding amount in the second column.
3. The annual lease value, the prorated annual lease value, or the daily lease value, whichever is applicable, is prorated between business and personal use of the auto unless the employer elects to use the total value inclusion method. The allocation is done on a mileage basis. A worksheet that can be used to calculate compensation using the annual lease value method is at Appendix 6P.
4. FMV is redetermined at January 1 (or the beginning of special accounting period) of fifth full calendar tax year based on the FMV at that time.
5. FMV is redetermined if the vehicle is transferred to another employee.
6. If an employer provides fuel, the fuel must be valued separately and added to the value of the auto itself. Fuel provided in kind by the employer is valued either at FMV or at 5.5¢ per mile. The FMV of fuel, the cost of which is reimbursed by or charged to an employer, is generally the amount of the actual reimbursement or the amount charged, provided the purchase of the fuel is at arm's length.
7. Once adopted, the use of the automobile lease value method must continue for that car, except that the commuting valuation rule may be used for any period if the auto qualifies.

VEHICLE CENTS-PER-MILE VALUATION

1. Standard mileage rate times the number of personal miles is used to determine fringe benefit value of the personal use. See Appendix 6Q for the standard mileage rates for the last five years.
2. Cannot use if value of car exceeds $15,900 for a passenger automobile and $17,800 for a truck or van when first made available to any employee.
3. The auto must be either (i) regularly used in employer's business, or (ii) driven at least 10,000 miles per year, primarily by employees.
4. The standard rate includes maintenance, insurance, and fuel provided by employer. The rate can be reduced by 5.5¢ per mile if employer does not provide fuel.
5. Once adopted, method must continue to be used as long as the vehicle qualifies, except the commuting valuation rule can be used for any period if the auto qualifies.

COMMUTING VALUATION

1. Value of each round-trip commute can be deemed to be $3 per day per employee (or $1.50 per one-way commute if certain conditions are met).
2. The vehicle must be owned or leased by the employer.
3. Commute in the vehicle must be required for bona fide noncompensatory reasons.
4. The employer must maintain and enforce a written policy against other personal use.
5. Auto must be provided to employee for use in business. For this purpose, the term employee does not include any director; 1% or more shareholder; board- or shareholder-appointed, confirmed, or elected officer of the worker whose compensation equals or exceeds $105,000; or worker whose compensation exceeds $215,000.

Appendix 6O

Annual Lease Value (ALV) Table for Employer-provided Autos

(See section 603)

This table can be used to value the personal use of employer-provided autos.[a] Multiply the table value by the personal-use percentage (based on allocation of personal and business miles driven) when the ALV method is selected by the employer to value the fringe benefit. The product of the personal-use percentage, the portion of the year the auto was provided to the employee, and the ALV (based on the FMV of the auto) must be included in the employee's gross income as wages subject to FICA. Employers can elect to not withhold FIT.

The auto's FMV when first provided to the employee is used to determine the ALV for each of the first four full calendar years of use by an employee. In the fifth full calendar year the auto is used, the FMV is redetermined and a new ALV is calculated, which is then used for the second four-year period.

Automobile Fair Market Value	Annual Lease Value[b]
$0 to 999	$ 600
1,000 to 1,999	850
2,000 to 2,999	1,100
3,000 to 3,999	1,350
4,000 to 4,999	1,600
5,000 to 5,999	1,850
6,000 to 6,999	2,100
7,000 to 7,999	2,350
8,000 to 8,999	2,600
9,000 to 9,999	2,850
10,000 to 10,999	3,100
11,000 to 11,999	3,350
12,000 to 12,999	3,600
13,000 to 13,999	3,850
14,000 to 14,999	4,100
15,000 to 15,999	4,350
16,000 to 16,999	4,600
17,000 to 17,999	4,850
18,000 to 18,999	5,100
19,000 to 19,999	5,350
20,000 to 20,999	5,600
21,000 to 21,999	5,850

Automobile Fair Market Value	Annual Lease Value
22,000 to 22,999	6,100
23,000 to 23,999	6,350
24,000 to 24,999	6,600
25,000 to 25,999	6,850
26,000 to 27,999	7,250
28,000 to 29,999	7,750
30,000 to 31,999	8,250
32,000 to 33,999	8,750
34,000 to 35,999	9,250
36,000 to 37,999	9,750
38,000 to 39,999	10,250
40,000 to 41,999	10,750
42,000 to 43,999	11,250
44,000 to 45,999	11,750
46,000 to 47,999	12,250
48,000 to 49,999	12,750
50,000 to 51,999	13,250
52,000 to 53,999	13,750
54,000 to 55,999	14,250
56,000 to 57,999	14,750
58,000 to 59,999	15,250 [c]

Notes:

[a] Table may be found in Reg. 1.61-21(d)(2)(iii).

[b] Plus FMV of gas provided by the employer (see paragraph 603.4).

[c] For autos having a FMV in excess of $59,999, the ALV is equal to (.25 × the FMV of the automobile) + $500.

© 2017 Thomson Reuters/PPC. All rights reserved.

END OF DOCUMENT -

© 2017 Thomson Reuters/Tax & Accounting. All Rights Reserved.

APPENDIX 6P

Fringe Benefit Compensation Value for Employer-provided Auto

Instructions: This worksheet can be used to calculate the amount to be included in an employee's income due to personal use of an employer-provided automobile. See sections 603 and 604.

Covered Period: ________________ to ________________

Company: ________________________________

Employee: ________________________________

Auto Description: ________________________________ Date Acquired: ____________

Annual Lease Value Method

1. FMV (e.g., per NADA book) as of auto acquisition date or as of January 1 (or the beginning of a special accounting period; see section 505) following the end of a deemed four-year lease term		$ ________
2. IRS annual lease value factor for line 1 (see Appendix 6O)		$ ________
3. Prorate to cover period less than 12 months (if applicable)		× ________ %
4. Annual lease value for 20____ (line 2 × line 3)		$ ________
5. Personal-use percentage:		
a. ____/____/____ to ____/____/____ personal miles[a]	________	
b. ____/____/____ to ____/____/____ total miles[a]	________	
(1) Ratio (5a ÷ 5b)		× ________ %
6. Annual personal-use value (line 4 × line 5)		$ ________
7. Plus: Additional amount for company-provided gas used personally:		
a. Total personal miles per above	________	
b. Less mileage when gas paid for personally	(________)	
c. Total personal miles on company-provided gas	________	
	× 5.5¢/mi.[b]	
d. Additional value for company-provided gas		$ ________
8. Total additional compensation for 20____ (line 6 + line 7d)		$ ________

Cents-per-mile Method [available *only if* FMV of vehicle is less than $15,900 (for 2017) for passenger automobiles and $17,800 (for 2017) for trucks or vans when first made available to any employee]

1. Personal mileage (____/____/____ to ____/____/____)[a] ________ × 53.5 cents per mile for 2017	$ ________
2. Less employee provided fuel: ________ miles at 5.5 cents per mile[c]	(________)
3. Standard mileage rate method additional compensation for 20____ (line 1 − line 2)	$ ________

Notes:

[a] Taxpayers who do *not* adopt the special accounting period must measure mileage for the calendar year (i.e., January–December). IRS Ann. 85-113 allows employers to adopt any 12-month period that ends between October 31 and December 31. See section 505 for further discussion.

[b] FMV can be used instead of 5.5 cents per mile. The 5.5 cents per mile can only be used if the fuel is provided in kind. See paragraph 603.4 for information on how to value fuel when the cost is reimbursed by or charged to an employer.

[c] If any personal miles are driven outside the U.S., Canada, or Mexico and the fuel is provided by the employer in kind, or is reimbursed by or charged to the employer, the FMV of the fuel should be additional compensation. See paragraph 604.11 for additional information.

Appendix 6Q

Business Standard Mileage Rate and FMV Ceiling—Vehicle Cents-per-mile Valuation Rule

(See section 604)

This table can be used to value the personal use of employer-provided vehicles under the vehicle cents-per-mile valuation rule. Apply the business standard mileage rate (i.e., the vehicle cents-per-mile rate) to personal miles independent of business miles.

However, this table cannot be used if the vehicle's FMV when first made available to any employee of the employer for personal use causes the recovery deductions allowable under IRC Sec. 280F(a)(1) to be limited for an automobile first placed service in that calendar year. (This is often referred to as the FMV ceiling.)

Tax Year	Standard Mileage Rate	FMV of Passenger Automobile May Not Exceed	FMV of Truck or Van May Not Exceed [a]
2017	$.535	$15,900	$17,800
2016	$.54	$15,900	$17,700
2015	$.575	$16,000	$17,500
2014	$.56	$16,000	$17,300
2013	$.565	$16,000	$17,000

Notes:

[a] For this purpose, trucks and vans are passenger automobiles built on a truck chassis, including minivans and SUVs that are built on a truck chassis.

© 2017 Thomson Reuters/PPC. All rights reserved.

END OF DOCUMENT -

© 2017 Thomson Reuters/Tax & Accounting. All Rights Reserved.

Appendix 1A

2017 Comparison of Plan Features

(See section 104)

Feature	Profit-sharing	401(k)	Defined Benefit Plan	SIMPLE IRA	SEP
Restrictions on adopting?	Generally, none.	Generally, none.	Generally, none.	Available only to employers with 100 or fewer employees earning $5,000 in previous year.	Generally, none.
Can employer maintain other qualified plans?	Yes, but may require aggregation with other plan(s) for testing and limits.	Same as profit-sharing plan.	Same as profit-sharing plan.	No.	Yes, unless Form 5305-SEP is used to adopt the plan (see section 1502).
Minimum age/service requirement? (See section 303.)	Age 21, up to two years of service may be imposed.	Age 21. No more than one year of service may be required for employee deferrals.	Age 21, up to two years of service may be imposed.	All employees earning $5,000 in any two prior years and expected to receive $5,000 or more in current year must be covered.	Age 21, any service in last three out of five years, and compensation of $600 or more in current year.
Vesting? (See section 311.)	Graduated or cliff vesting allowed if eligibility is one year. 100% immediate vesting after two years if eligibility more than one year.	For employer contributions, same as profit-sharing plan. Employee contributions are 100% vested.	Graduated or cliff vesting allowed if eligibility is one year. 100% immediate vesting after two years if eligibility more than one year.	100% immediate vesting.	100% immediate vesting.
Annual employer contributions required?	No. Discretionary, unless set forth in plan or required by the top-heavy rules.	No, same as profit-sharing plan.	Yes, unless plan is overfunded.	Yes, but can limit to matching contributions.	No, same as profit-sharing plan.
Employer contribution deduction limit? (See section 702.)	Maximum 25% of all eligible employees' compensation.	Generally, same as profit-sharing plan. Elective deferrals do not count toward deduction limit.	Maximum annual benefit accrual of $215,000 for 2017.	100% match of deferrals up to 3% of compensation or 2% nonelective contribution (maximum $5,300 for nonelective match).	Same as profit-sharing plan (see section 1504).
Limit on compensation?	$270,000 for 2017.	Same as profit-sharing plan.	Formula based on average compensation; no year may exceed $270,000 (for 2017) in the average.	Compensation cap of $270,000 for only employer 2% nonelective contribution.	Same as profit-sharing plan.

Feature	Profit-sharing	401(k)	Defined Benefit Plan	SIMPLE IRA	SEP
Employee deferrals allowed?	No.	Yes. Employee deferrals limited to $18,000 ($24,000 if age 50 or older).	No [unless using a hybrid DB(k) Plan].	Yes. Employee deferrals limited to lesser of 100% of compensation or $12,500 ($15,500 if age 50 or older).	Only under SARSEPs (adopted prior to 1997) limited to $18,000 ($24,000 if age 50 or older). [a]
Individual employee deferral limit?	N/A	$18,000 salary deferral under IRC Sec. 402(g).	N/A	$12,500 salary deferral limit under IRC Sec. 408(p).	For SARSEPs adopted prior to 1997, same as 401(k) plan.
Annual addition limit of IRC Sec. 415 apply?	Yes. 100% of compensation, up to $54,000 per participant.	Yes, same as profit-sharing plan.	Amount needed to fund employee's benefit accrual.	No, however there is an effective limit of $12,500 plus the employer match or contribution.	Yes, same as profit-sharing plan.
Catch up contributions allowed for age 50 or older (in addition to all other limits)?	N/A	$6,000	N/A	$3,000	$6,000 under SARSEPs (adopted prior to 1997).
Top-heavy rules apply? (See section 801.)	Yes.	Yes.	Yes.	No.	Yes.
Nondiscrimination rules apply? (See section 501.)	Yes.	Yes. Special rules apply to employee deferrals.	Yes.	No.	No.
Permitted disparity allowed?	Yes.	Yes.	Yes.	No.	Yes, but only with nonmodel SEP.
Minimum coverage rules apply? (See section 402.)	Yes.	Yes.	Yes. In addition, must satisfy minimum participation rules.	No, but all eligible employees must be allowed to participate.	No, but all eligible employees must be allowed to participate.
Participant loans allowed?	Yes, if specified in plan document. Subject to IRS limitations.	Yes, same as profit-sharing plan.	Yes, but from pooled assets, not individually directed.	No.	No.
Rollovers to other plans allowed?	Yes, to another eligible retirement plan.	Yes, same as profit-sharing plan.	Yes, same as profit-sharing plan.	Yes, to SIMPLE IRAs or, after two years, to eligible retirement plan.	Yes, to eligible retirement plan.
Annual report (Form 5500) required?	Yes, unless one-participant/$250,000 exception is met. [b]	Yes, same as profit-sharing plan.	Yes, including actuarial signed schedule.	No.	Generally no, unless the plan fails to meet the filing exception for SEPs.

Feature	Profit-sharing	401(k)	Defined Benefit Plan	SIMPLE IRA	SEP
Deadline for adopting plan?	By year-end.	*Non-safe harbor plan*: by year-end. However, must be before any employees defer compensation (i.e., only future compensation may be deferred). *Safe harbor plan: Existing 401(k) plan*—by December 1. *Profit-sharing plan without a 401(k) feature*—no later than October 1.	By year-end.	Between January 1 and October 1. If previous SIMPLE IRA plan maintained, new plan can only be effective on January 1. New employers coming into existence must establish as soon as administratively feasible and can be effective between October 1 and December 31.	By employer's tax return due date, including extensions.
Deadline for making plan contributions?	Employer's tax return due date, including extensions.	*Salary deferrals*: as soon as reasonably segregated (see section 1117). *Employer contributions*: by tax return due date, including extensions.	Subject to minimum funding rules. Must be funded by 8½ months after plan's year-end.	*Salary deferrals*: as soon as reasonably segregated (see section 1117). *Employer contributions*: by tax return due date, including extensions.	Employer's tax return due date, including extensions.

Notes:

[a] SARSEPs cannot be adopted after 1996. SARSEPs adopted prior to 1997 may continue to operate under previous laws, and new employees hired after 1997 may participate in such existing plans.

[b] Form 5500-EZ need not be filed for a one-participant plan that has $250,000 or less in assets at the end of the plan year beginning after 2006. An employer that has multiple plans that, in the aggregate, have $250,000 or less in assets at the end of the plan year beginning after 2006 also need not file Form 5500-EZ.

© 2017 Thomson Reuters/PPC. All rights reserved.

END OF DOCUMENT -

© 2017 Thomson Reuters/Tax & Accounting. All Rights Reserved.