



WILL THE NEW OVERTIME RULE AFFECT YOU OR YOUR COMPANY?

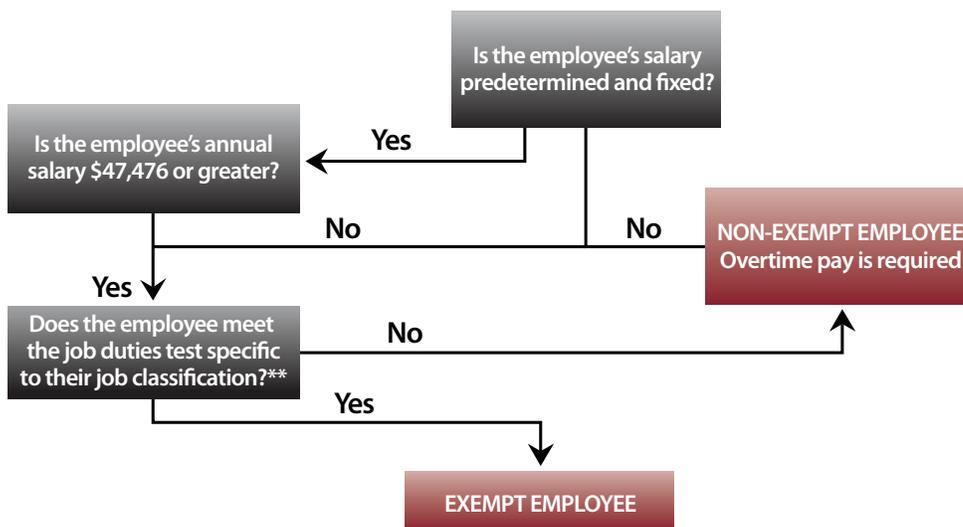
It's Effective December 1, 2016

The Fair Labor Standards Act (FLSA) was created in 1938 to establish the maximum amount of hours in a regular workweek (currently 40 hours). Under the act, hourly workers and certain salaried workers must be paid 1 ½ times their hourly rate when they work over 40 hours in a week. Under the new overtime rule, some employees previously exempt from overtime must now be paid overtime. It is extremely important to know whether an employee is exempt or non-exempt. The following information will help you to determine your employees' status and overtime requirements.

Under the Department of Labor's final ruling, overtime must still be paid for any hours worked over 40 hours for non-exempt employees. **The biggest alteration will be the salary requirement for exempt workers. In order to remain exempt from overtime, an employee must be paid a minimum salary annually of \$47,476 (\$913 per week), regardless of their class of employment.**

In order for an employee to be classified as "exempt," there are three "tests" that must be met: the salary basis test, the job duties test and salary level test. Under the new rules, both the salary basis test and the job duties tests have remained consistent. However, the floor for the salary level test has been more than doubled to the new minimum annual salary of \$47,476.

While there are exceptions to the rule, the following chart can be used to determine if an employee will be exempt under the new rules.



Important Dates

Extended Tax Return Due Dates:

September 15, 2016

Corporations
Partnerships
S Corporations

October 17, 2016

Individuals

Upcoming Estimated Tax Payment Due Dates:

September 15, 2016

January 17, 2017

Need to Check on the Status of your Refund?

Visit:
www.irs.gov/refunds

Summer Office Hours (June 1 – August 31)

Monday – Thursday
8:00 am – 5:00 pm

Friday
8:00 am – 2:00 pm

**The following chart describes the standards under the job duties test per job classification.

Standard Duties	
Executive	<ul style="list-style-type: none"> The employee's "primary duty" must be managing the enterprise, or managing a customarily recognized department or subdivision of the enterprise (and managing 2 full-time employees as well). <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> The employee has authority over hiring, firing, promoting, or the advancement of other employees; or their suggestions & recommendations carry weight.
Administrative	<ul style="list-style-type: none"> The employee's "primary duty" must include the exercise of discretion and independent judgment with respect to matters of significance. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> The primary duty must be office or non-manual work directly related to the management or general business operations of the employer or employer's customers.
Professional Note: Salary level test does not apply to doctors, lawyers, or teachers	<ul style="list-style-type: none"> The employee's "primary duty" must be to primarily perform work that either requires advanced knowledge in a field of science or learning or that requires invention, imagination, originality or talent in a recognized field of artistic or creative endeavor. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> The work is intellectual in character and requires the consistent exercise of discretion and judgment.
Computer	<ul style="list-style-type: none"> The employee must be a computer systems analyst, computer programmer, software engineer, or other similarly skilled worker in the computer field. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> The employee's "primary duty" consists of application of systems, analysis techniques, & procedures; or design, development, testing of, creation and modification of computer systems; or computer programming.
Outside Sales Note: Salary basis test and salary level tests do not apply	<ul style="list-style-type: none"> The employee's "primary duty" must be making sales or obtaining orders or contracts. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> The employee must be customarily and regularly engaged away from the employer's place of business.

In order to become compliant with the new ruling, effective December 1, 2016, please call our offices to consult with your accountant regarding how these changes could affect you and your business.

For more information on the Overtime Final Rule, see www.dol.gov/overtime.

NOW IS THE TIME TO START PLANNING FOR 2016!

Tax planning shouldn't be just a year-end activity. A tremendous number of variables affect your overall tax liability for the year. Starting to look at these variables early in the year can give you more opportunities to reduce your 2016 tax bill.

In recent years, planning early has been a challenge because there were a lot of expired tax breaks where it was uncertain whether they'd be extended for the year. The Protecting Americans from Tax Hikes Act of 2015 extended a wide variety of tax breaks through 2016, or, in some cases, later. It also made many tax breaks permanent.

To get started on your 2016 tax planning, contact our office. We can discuss strategies you should be implementing now and throughout the year to minimize your tax liability.

<u>2016 Key Planning Figures</u>	
Social Security Wage Limit	\$ 118,500
<u>Employee Elective Deferrals</u>	
401(k), 403(b), 457 (Catch-up \$ 6,000)	\$ 18,000
SIMPLE (Catch-up \$ 3,000)	\$ 12,500
IRA Contribution Limit (Catch-up \$ 1,000)	\$ 5,500
Standard Mileage Rate for Business Purposes	.54¢
Qualified Section 179 Deduction (Threshold \$2,000,000)	\$ 500,000

BEWARE: IRS TAX SCAMS

An aggressive and sophisticated series of scams specifically targeting taxpayers have emerged recently. Scammers call claiming to be employees of the IRS, tell their victims they owe back taxes to the IRS, and threaten arrest and utilize other scare tactics. E-mails are being utilized to trick taxpayers into thinking they are receiving official communication from the IRS or other tax agencies. Phishing schemes are also being utilized to gain personal and confidential information.

We take our clients' security and privacy very seriously. As such, we'd like to remind you of the following:

Note that the IRS will **never**:

1. Call to demand payments, nor will they call about taxes owed without first sending a written correspondence.
2. Initiate taxpayer communications through email.
3. Demand payments without giving you the opportunity to question or appeal.
4. Require you to use a specific payment method for payments.
5. Ask for credit or debit card numbers over the phone.
6. Threaten to send local police or other law enforcement to have you arrested.

If you receive any suspicious telephone calls, e-mails, or other communications, do the following immediately:

1. Do not give out any personal information.
2. File a complaint with the Federal Trade Commission (FTC) at: identitytheft.gov
3. Contact one of the 3 major credit bureaus and place a "fraud alert" on your credit cards.
4. Contact your financial institutions.
5. If you believe your Social Security Number has been compromised, contact the IRS Identity Theft Resolution.

Please do not hesitate to call our offices for any questions or concerns regarding correspondence you receive!



Congratulations BONNIE RESSLER!

We are all delighted yet disheartened to announce Bonnie Ressler's retirement on May 31, 2016. Bonnie retired after 25 years serving as a member of our firm's payroll and bookkeeping team. Bonnie's hard work, commitment, and friendly spirit has left a mark with both her co-workers and clients alike.

While she will be greatly missed, we celebrate Bonnie's career and congratulate her on her achievements and wish her many years of enjoyment, R&R, and time with family and friends!

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Please do not hesitate to contact your tax advisor at Smoker, Smith & Associates if you have any questions concerning any of the topics covered in this newsletter.