

From time to time, *Bookkeeping Tips* may bring you special offers from our partners that we think will be of interest to you.

5 practical tips on paying part-time employees

Our goal as the national association of bookkeepers is to raise bookkeepers' professional status. One way we do this is by keeping members up to date and offering helpful on-the-job guidance in our monthly technical letter, [The General Ledger](#). Here is just one example of the many practical tips you get in each issue.

- 1. Withhold FICA on part-timers (and retirees).** Even if someone who works for you part-time also has a full-time job where they have had 100% of their FICA withheld for the year, you must withhold the full amount of FICA from their pay. These individuals can obtain a refund of any overpaid FICA on their 1040. Similarly, if a retiree receiving Social Security benefits works for you, say, one day a week, you must withhold FICA.
- 2. Former employees who return as "independent contractors" are probably employees.** If they do the same job they did before they left, especially in the same tax year, they are employees. IRS target: Individuals who receive a W-2 and 1099 from the same employer for the same year.
- 3. Length of employment does not determine worker status.** Even employees who work for only part of one day are still employees, and all employment taxes apply.
- 4. Giving part-timers benefits is optional.** Generally, you do not have to pay part-time or summer help for holidays and need not include temps and part-timers in health, pension and other benefits. But to exclude them, have a written plan stating which benefits are not available to these workers.
- 5. Defining "part-time" v. "full-time" employees.** Federal law requires that you pay the overtime rate for each hour worked over 40 hours in the workweek, and governs the number of hours that children can work. But company policy determines whether you will pay overtime after 30 or 35 hours or any other number of hours fewer than 40.

It's also a good idea to see if your state may have special laws.

You get practical information like this in each issue of [The General Ledger](#), yours free as a member. [Join now](#) and get the [August, 2008](#) issue.

Discover:

- When the IRS decides your independent contractor is an employee—an easy way to slash penalties and avoid paying any interest.
- How you will soon be able to correct 941 errors in minutes, and do it when you find them instead of waiting until the end of the quarter.
- Is your company or client *almost* insured? This handy chart tells you.
- Professional Readings for Bookkeepers: We scan dozens of top accounting, tax and business publications, select the most useful items and condense each one into a practical nugget you can use on the job.
- IRS spells out how to withhold FIT on supplemental wages—it's easy.

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- Know when to take, or refuse, a prompt-payment discount
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Plus: A special section on what is—and is not—overtime pay, and how to compute it.

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- 9 ways to prevent bad-check losses
- 5 ways to protect company bank accounts and other cash
- 12 policies that prevent fraud
- 15 signs that employees are stealing
- And more

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