ANDERSON & WHITNEY

A Professional Corporation of
Certified Public Accountants

January 2025

2025 PAYROLL AND 1099 LETTER

To assist you in preparing year-end payroll reports, information returns, and to prepare for 2023 requirements, the following information is presented in a simplified format. For additional information, refer to Circular E, (Pub. 15, *Employer's Tax Guide*), or Circular A, (Pub. 51, *Agricultural Employers' Tax Guide*). These documents are available at www.irs.gov.

Additionally, all returns reporting business income require an affirmative or negative answer as to having filed appropriate 1099s. The failure to file necessary forms (or file late) and/or failure to furnish correct payee statements draws a penalty of up to $310 per information return and $630 per return or statement for intentional disregard to file.

Please call if we may assist you in any way.

Have a fabulous New Year!

Anderson & Whitney, P.C.

Year-end Wage Reporting and Tax Filing – 2024

New this year: Any taxpayer having 10 or more information returns must e-file (1099s plus W-2s)

Form	To	Due Date	Additional Information
W-2 – Wage and Tax Statement* Includes wages, commissions, bonuses, etc.	All Employees	January 31, 2025	• Instructions: http://www.irs.gov/pub/irs-pdf/iw2w3.pdf • To file online: http://www.socialsecurity.gov/employer/
Employer/employee paid Health insurance reporting required for large employers (>50 FTE) optional for small employers			
W-3 – Transmittal of Wage and Tax Statements*	Social Security Administration	January 31, 2025 **File online or mail to**: Social Security Admin Data Operations Center Wilkes-Barre, PA 18769-0001	• To file online: http://www.socialsecurity.gov/employer/ • See Pub 15, Circular E for other delivery options
DR 1093 – Transmittal of State W-2's	Colorado Department of Revenue	January 31, 2025 **File online or mail to**: Colorado Dept of Revenue Denver, CO 80261-0009	• To file online: https://www.colorado.gov/revenueonline/
940 – Federal Unemployment Tax Return*	IRS	January 31, 2025	• Form: http://www.irs.gov/pub/irs-pdf/f940.pdf

***For additional information, refer to Circular E, (Pub. 15, *Employer's Tax Guide*) http://www.irs.gov/publications/p15/, or Circular A, (Pub. 51, *Agricultural Employers' Tax Guide*, https://www.irs.gov/publications/p51/**

1099-MISC and Other Information Returns

- Distribute the following forms to payees by January 31, 2025
- Include your phone number on all 1099's, to avoid penalties.
- Send to IRS with Transmittal Form 1096 by the following dates:
- For Form 1096 with Forms 1097, 1098, 1099, 5498, 3921, 3922, or W2-G, file by February 28, 2024
- For Form 1096 with Form 1099-NEC, file by January 31, 2025
- See instructions for mailing address: http://www.irs.gov/pub/irs-pdf/f1096.pdf

FORM NUMBER	TITLE	KINDS OF TRANSACTIONS TO REPORT	AMOUNTS TO REPORT
1099-MISC http://www.irs.gov/pub/irs-pdf/f1099msc.pdf	Statement for Recipients of Miscellaneous Income	Rents; royalties, prizes, and awards not for services 1099-MISC types of payments made to corporations do not have to be reported, ***with the exception of attorneys***.	$10 or more in Royalties $600 or more in rents, services, prizes, etc. Any fishing boat proceeds Gross proceeds of $600 or more paid to any attorney $5000 direct sales of consumer products to a buyer for resale
1099-NEC https://www.irs.gov/pub/irs-pdf/f1099nec.pdf		Box 1 (Formerly box 7 on 1099 MISC): director's fees; professional fees to attorneys, accountants, consultants, and other professionals; payments to cleaning services, coffee services, plant services, movers, plumbers, carpenters, etc.; payments to independent contractors of commissions, fees, or any other type of remuneration. Only payments made in the course of a trade or business have to be reported. Personal payments to an attorney for preparation of a will or to an accountant for preparation of a personal tax return are examples of payments that do not require a 1099.	$600 or more
1099-DIV	Statement for Recipients of Dividends and Distributions	Dividends paid on corporate stock. Liquidating dividends paid on corporate stock.	$10 or more $600 or more
Others: 1099-Int, 1099-S, 1099-R etc. See instructions for more http://www.irs.gov/pub/irs-pdf/i1099gi.pdf			
[1]The $600 limits above are per payee, not per type of payment. That is, if you pay someone $200 interest, $300 in dividends, and $100 of commissions, you will have to file a separate 1099 for each type of payment since the aggregate totals $600.			

Additional Information for 2025

Mileage Reimbursement (subject to changes by IRS)	70¢ per mile for business miles driven 21¢ per mile for medical or moving purposes 14¢ per mile driven in service of charitable organizations	
Minimum Wage	Federal Colorado	$7.25 per hour $14.81 per hour ($11.79 per hour for tipped employees)
Household Employees For more information visit: http://www.irs.gov/pub/irs-pdf/p15.pdf	Federal Income Tax Withholding- Exempt, but withhold if both the employer and employee agree. FICA (Social Security and Medicare)- Wages of $2,800 or more paid in 2025 to an employee for domestic services performed in a private home are subject to FICA taxes. • Household workers under 18 are exempt from FICA taxes and coverage unless their principal occupation is household employment.	

	FUTA (Federal Unemployment Tax) and SUTA (State Unemployment Tax)- Taxable if the employer paid total cash wages of $1,500 or more in any quarter in the current or preceding calendar year. **W-2's are required.**
Taxable Wage Base for OASDI	Chargeable wage limit $176,100 at rate of 6.2% https://www.ssa.gov/oact/cola/cbb.html
Medicare	No limit at rate of 1.45%
Additional Medicare Tax	.9% for wages over $200,000-Single, $250,000 Married filing jointly, $125,000 Married filing separately
Federal Unemployment	Chargeable wage limit $7,000 @ 0.6% or $42 per employee
Colorado Unemployment	Chargeable wage limit $27,200 per employee, each business individually rated by the state

New for Colorado in 2025

Colorado Secure Savings Program For more information visit: https://coloradosecuresavings.com/	Starting January 1, 2023 all registered businesses must enroll in a state-run retirement savings plan if they do not already have a qualified retirement plan in place. The mandate covers: • All registered Colorado businesses. • Been in business for 2 or more years. • Have at least five W-2 employees who have worked for a minimum of 180 days. • Do not currently offer a qualified retirement plan.
Unemployment Compensation For more information visit: https://leg.colorado.gov/bills/sb22-234	Colorado has passed bill SB22-234 that now "Requires an employer to provide an employee with certain information about unemployment compensation upon the employee's separation from employment". The Department of Labor has provided a form that employers may use for that purpose and can be found here: https://cdle.colorado.gov/sites/cdle/files/documents/Employer-Separation-Form-22-234-fillable.pdf
FAMLI (Paid Family and Medical Leave Insurance) For more information visit: https://famli.colorado.gov/	Colorado voters passed prop 118 in 2020 that established FAMLI. Starting January 1, 2023 employers and employees are responsible for funding the program through withholdings from wages. This will give workers access to twelve weeks of paid leave for medical reasons. FAMLI benefits officially became available on January 1, 2024. Covered Colorado workers may receive up to twelve weeks of leave per year. See link for benefits details. https://famli.colorado.gov/individuals-and-families/my-famli • The premium is set to 0.9% of employee's wages with .45% paid by the employer and .45% paid by the employee. • Employers with nine or fewer employees do not have to contribute to the program. Employers are only required to remit the employee's share of .45%. • Employers must post a notice to inform workers. • Employers who offer their own paid leave program may apply for exemption.