

Bookkeeping Tips

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 on-the-job guidance in our monthly technical letter, *The General Ledger* (www.aipb.org/general_ledger.html). Here are some of the practical tips you can expect in every 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 come back to work for you are most likely employees—not independent contractors.** If they do the same job they did before they left, especially in the same tax year, they are employees.
- 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 wage and hour law restricts only the number of hours worked in the workweek, when overtime must be paid (for each hour worked over 40 hours in the workweek), and the number of hours that children can work. Otherwise, company policy defines part- v. full-time employees.

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The American Institute of Professional Bookkeepers (AIPB), is the national association for bookkeepers, currently with 30,000 active members

AIPB was founded in 1987 for the following purposes:

- To recognize bookkeepers as accounting professionals
- To make sure that each member has the latest bookkeeping, accounting and tax information
- To answer members' everyday bookkeeping and accounting questions on the telephone at no charge.
- To provide bookkeepers with low-cost continuing professional education.
- To return the membership fees of any bookkeeper who is dissatisfied with the benefits of membership