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## INTRODUCING

## RESTAURANT365

### SPECIALIZED SOFTWARE FOR RESTAURANTS

For over 40 years myself and Kallas Company have provided accounting, tax and payroll services exclusively to independent restaurant owners.

So, naturally we are highly attuned to any improvements in software or procedures that will make the job less costly, easier or more efficient.

For years, I have looked at the all-inclusive accounting systems used by the giant franchises like McDonalds and Burger King that are automated from the POS to the final financial statements and wondered why something can't be developed similarly for independent restaurant owners.

The technology was not advanced enough or products were available but were generic and had to be "worked around" to make it work right. In addition, no company provided an all-inclusive solution that integrated the POS, banking, bill paying, ordering, inventory control, analytical reports, daily prime cost, recipe management and payroll all in one accounting platform.

Just in the last 2 years Kallas has tested bill paying software, OCR (optical character recognition) technology, many inventory control applications, outside cloud accounting software and more. Our experience with accounting for restaurants along with our expertise in restaurant operations allows us to really drill down to what works and what doesn't.

Some of the companies and software we have reviewed do offer some savings and/or efficiencies and others do not. Most if not all software being offered, are add-on applications that only perform certain portions of what you need so you end up piecing many applications together to finally get what you want. And usually when you do that you get incompatibilities, work-arounds, special programming and other problems which require extra time or technical expertise to fix.

Now, finally, we have found one product that puts all the pieces together in a seamless way with enhancements you can add as needed.

After much study, meetings and comparative analysis, we were so

## Restaurant365

**"Designed Exclusively for Restaurants."**

Helping restaurants grow is our passion. Experience the only fully-integrated Restaurant software with powerful management features that communicate with all of the other systems you need; accounting, reporting, vendors, inventory and more. We've built a platform that is easy to use, manages multiple-locations, works from anywhere and can be seamlessly integrated to your POS, Payroll, Vendors and Banking."

impressed with Restaurant365 software that we have become a partner/associate and reseller.

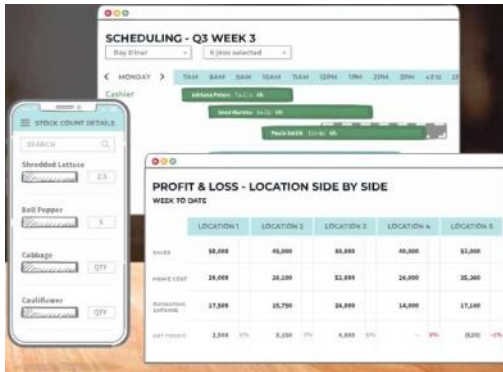
Restaurant365 is a full accounting program built especially for large single location or multi-location chains. It ties your POS system, your payroll system, your banking, inventory control, bill paying, financial analytics and government reporting into one robust platform.

The basic system gives you connectivity with your bank, POS and payroll and can generate excellent daily, weekly and monthly analytical reports that will allow you and your managers to manage better.

You can seamlessly add on modules for bill paying and a very robust ordering and perpetual inventory control system that will allow you to fine-tune food cost just like the major franchises like McDonalds do.

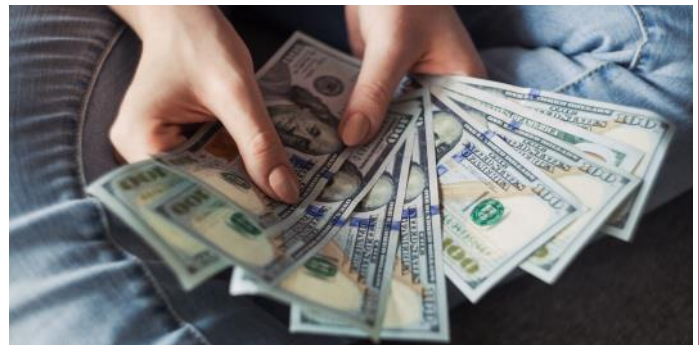
Restaurant365 eliminates multiple Excel reports, duplication and busy work you or your staff currently perform.

Financial reporting for multi-location chains is automatic with almost any side-by-side comparative reports you can think of available to you on your phone or personal computer.



Kallas wants to bring Restaurant365 to our clients as an option.

Kallas will continue supporting QuickBooks and our other accounting products but if you are interested in a bill paying feature or a robust inventory ordering and control system, call George and we can discuss whether you are a candidate for an upgrade to Restaurant365.



## GENEROUS TAX CREDITS MAY BE AVAILABLE

The WOTC (Work Opportunity Tax Credit) can be used to reduce your taxes.

It is a Federal credit calculated off your payroll and is based on you hiring certain hard to employ target groups.

If you hire a person who belongs to one of the following groups, you can obtain the credit:

TARGET GROUPS	MAXIMUM TAX CREDIT	AGE REQUIREMENT
Designated Community Resident	\$2,400	18-39
Ex-Felon	\$2,400	NONE
Food Stamp Recipient	\$2,400	18-39
Summer Youth	\$1,200	16-17
Supplemental Security Income (SSI Recipient)	\$2,400	NONE
Long Term Family Assistance Recipient	\$9,000	NONE
Service Connected Disabled Veteran	\$4,800	NONE
Vocational Rehabilitation Referral	\$2,400	NONE

The credit, although generous, requires a substantial amount of pre-hiring certification and follow-up.

If you are interested in starting a hiring process that includes WOTC application processing. Contact Julie at Kallas and she will send you a package of procedures.

## LOOKING AT NEW COMPUTER APPS FOR YOUR RESTAURANT?

CONSULT WITH KALLAS BEFORE COMMITTING. WE CAN HELP YOU.

Over the last few months, Kallas has worked with multiple clients looking to upgrade their technology. You may have seen marketing for new programs and applications for restaurant bill paying, invoice processing, inventory control, labor scheduling and more.

We have knowledge of and experience with many different restaurant applications. Some are helpful. Some are not. We can advise you of advantages and disadvantages for each

and if something you are considering is a good fit for you.

If you are considering buying or instituting any new technology products such as a POS system, inventory control software, scheduling and labor control software, or any other technology that directly impacts your bottom line - please reach out to us first!

Often times, we are informed after a change has already been made and we could have saved the client a lot of grief, wasted time and aggravation.

## YEAR END IS FAST APPROACHING

We know December may be a busy month for you but January and December are also the biggest months for your accounting and tax deadlines so it is best to try to be organized and prepared.

### JANUARY 1ST REMINDERS

#### NEW MINIMUM WAGE

**New minimum wage.** . . . . . \$9.65 per hour

**New tipped minimum** . . . . \$3.67  
(employee must be making at least \$5.98 per hour in tips)

Sub minimum for **minor employees** . . . \$8.20

Kallas Auto Payroll Service will make the necessary changes on your payroll when they become effective.

#### NEW OVERTIME RULES

The basic change that takes effect is that employees, even if their jobs can be considered as managers, administrative or executive are required to be paid overtime unless they earn at least \$684 per week. That is the equivalent of a \$35,568 annual salary.

If that person's primary function is non-manual work directly related to the management or operations of a department or subset of the business and the employee's primary duty includes the exercise of discretion and independent judgement then he or she is still exempt from over-time.

#### PAID SICK LEAVE

The new Paid Sick Leave rules have gone into effect for Michigan employers with 50 or more employees. If you have any questions regarding this, call Julie at Kallas.

### EARLY DECEMBER TO DO LIST

- Ask your employees to review the information on their check stubs before year end. Especially social security numbers, name spelling and addresses. An incorrect social security number can cause several hundred dollars in penalties for each instance plus rejection of your W-2's.

### DECEMBER TO DO LIST

- Give us any missing or corrected employee information. That includes addresses, names, social security numbers.
- Give us any information on bonuses, taxable fringe benefits, auto reimbursements, health insurance premiums or any other information that will be needed to produce W-2's.
- If you are a large tipping establishment, give us any information we request regarding completion of the Annual Return of Tip Income and Allocated Tips.
- Give us federal ID numbers, addresses and amounts for any 1099 Miscellaneous forms you want us to prepare. *Please note that penalties for late 1099's have gone up.*
- If you purchased a business and have not given us legal documents or start up costs, we will need them at this point.
- Any new construction or purchases of major equipment that we have not received during the year are due now.

### JANUARY TO DO LIST

- Send us your New Unemployment Rate form.
- Send us your Personal Property Tax form from the city or local jurisdiction.
- Turn in all of your 2019 bookkeeping before January 20th! Any accounting work for January through November 2019, received after January 20, will be billed at a premium due to it being late.
- If you are liable under Obamacare (ACA) to provide health insurance to your full time employees you should have your waivers signed and submit a list to Kallas. 1095-C's are due January 31.
- Hand out W-2's. *Reminder: all Kallas fees need to be up to date to receive W-2's.*
- Hand out 1095-C forms if required
- You should receive your 2019 Tax Organizer for your personal Income Tax. Complete the information, sign and return to Kallas. If you need an appointment, call Nick or Jacob.

# WARNING - MISCLASSIFYING EMPLOYEES CAN BE COSTLY

## AM I EMPLOYING A CONTRACTOR OR AN EMPLOYEE?

Several states including Michigan are looking for new revenue streams. And, of course, politicians are always looking for new villains they can demonize with impunity.

So why not go after employers who use contractors for certain jobs.

Contractor versus employee status is a grey area with plenty of definitions and interpretations. In some industries it is a common practice to employ contractors. Contractors give employers flexibility to get certain jobs done without hiring a full-time employee.

Michigan politicians are already on TV and in the newspapers calling it “wage theft” or “payroll fraud” a new area they are going to clamp down on “for the citizens of Michigan”. And in the process, demonizing the helpless businessman who may have been using contractors for years.

California has already passed a law restricting the definition of contractors to force employers to make them employees. The contractors are not happy about the change. The employers are not happy about the change. The general public does not care. So the only beneficiaries of the change are the bureaucrats who administrate the changes and the politicians who think this is going to generate new revenue. (Many experts think the new

revenue will be minimal if not a net negative.)

Be aware of the difference between an employee and a contractor.

In the restaurant business, a contractor is a plumber, a repairman, someone who comes in and does one job and leaves. A consultant can be a contractor or an outside service. Someone who works for others and advertises his or her services is a contractor. Someone who brings his own tools to a job is usually a contractor.

In the restaurant business, the definition of employee includes: doormen, short-term employees, employees on a probationary period, office persons, delivery people (unless

it is an outside delivery service), someone who works for you on an irregular basis. If you control a person's job

description, they are probably an employee.

If you misclassify a person as a contractor and the state claims they are an employee and you lose, the tax cost can be very high including unemployment taxes, workers comp insurance, payroll taxes, penalties and interest as well as possible legal and accounting fees. In addition, the state can go back three years.

In very egregious cases, you could even get jail time. If you are not sure if a worker is a contractor or not, call our office for clarification.



Factors	Employee	Independent Contractor
Control	Company dictates how, when, and where work is performed and provides the tools and materials to complete the task.	Independent contractor determines how the task is completed based on agreed-upon scope or statement of work.
Exclusivity	Employees generally work exclusively for the company.	Independent contractor may service several companies at once.
Training & Supervision	Employees are trained and supervised by the company & its personnel.	Independent contractor consult with company personnel on work product but are not instructed on how tasks are completed.
Compensation	Employees are paid a salary or hourly wage.	Independent contractor are paid a contract fee, often project-specific.
Benefits	Employees are eligible for employment benefits, unemployment, and workers' compensation	Independent contractor are not eligible for benefits that the company affords its employees.



# ACA STILL AROUND

YOU DIDN'T OFFER HEALTH INSURANCE? HERE IS YOUR \$100,000 PENALTY

REMINDER UPDATE ON WHAT YOU NEED TO DO

The IRS has not forgotten about Obamacare (ACA).

The IRS is sending letters to restaurants and proposing penalties in the tens of thousands of dollars unless you can prove that you complied with the rules.

There are 2 types of notices.

1) One is called a **5699 Letter** stating that according to the number of W-2's filed for your establishment, you may be liable to file information returns and provide health insurance to your full-time employees. Currently the IRS is auditing 2016 and 2017.

If you get such a letter you must respond within 30 days or face penalties.

If you respond that, based on the proper calculations, you are under 50 employees or if you have some other reason for non-filing you should be okay.

If you respond that you had more than 50 employees or you do not respond at all you could be in a world of hurt. Penalties can be up to \$540 for each non-filed form. In addition, you may still be liable for not offering health insurance which is a whole separate penalty.

2) The second letter you may receive is **Letter 226-J**. This letter proposes a penalty if you filed properly but 1 or more of your full-time employees received health insurance coverage through the government sponsored Exchange. Some of these penalties can exceed \$100,000.

To defeat this penalty, you must show that you offered minimum coverage to your full-time employees and their dependents. This needs to be done each year in January. Kallas can give

you a list of your full-time people and provide you with the proper waiver form for your employee to waive out of your coverage.

**So for 2020, to be in compliance:**

- Have Kallas determine if you are over 50 employees. (Commonly owned restaurants must be all included as one.)
- Obtain a legitimate health insurance offer you can present to full-time employees and the terms for an

employee to join. If the IRS finds that your insurance plan is either non affordable or of minimum value, the penalty is \$3,750 per full time employee.

- Obtain a signed waiver from any full-time employees who do not want to join. Waivers can be obtained from Kallas.
- Important: Keep a copy of the waivers for possible audit later.
- Kallas will request information from you to file the proper paperwork. This is due in January of each year.
- Pass out 1095C forms to full time employees along with their W-2's.

*Make sure all full time employees sign the "IRS approved" waiver.*

*The IRS is auditing and without the waiver, you could face an enormous penalty.*

## ACA TIMELINE:

**By November 15, 2019:** You will receive a Service Agreement regarding ACA. A 2018 fee chart will be included. You must sign and return the form for Kallas to perform the calculations necessary for 2019 to determine if you have 50 or more employees. You must also sign the agreement if you would like to consult with Kallas regarding the best way to meet your obligations at the lowest cost.

**By December 15, 2019:** Kallas will notify you of your filing obligations for 2019 and 2020. Kallas will need company group health insurance information along with a list of full-time employees who have signed waivers.

**By January 1, 2020:** If you are over the 50 full time threshold, you should start compliance for 2020 by obtaining a legitimate health insurance offering to your full time employees and their dependents and obtaining waivers for those who opt out.

**By January 31, 2020:** Form 1095 C will be prepared and mailed to you for distribution to full time employees along with W-2's

**By February 28, 2020:** Form 1094 C and copies of forms 1095 C are due to the IRS. Kallas performs this function for you. Nothing you have to do.

**By March 25, 2020:** Kallas billings for the above services will go out.

The employer's requirements for Obamacare is still a significant administrative cost to businesses. Many firms are charging thousands of dollars to administrate Obamacare compliance. Kallas has systems in place to advise you and, based on what we have seen in the marketplace, we are still the lowest priced company producing the required paperwork.



# 2019 HOLIDAY SCHEDULE

*Our office will be closed on:*

November 28 & 29 for Thanksgiving.

December 25 for Christmas.

January 1 for New Year's Day.

PAYROLL FAX : 313-962-7113  
 PAYROLL FAX 2 : 313-394-1905  
 PAYROLL E-MAIL: payroll@kallascompany.com

We offer a COURIER SERVICE or Next Day UPS or PICKUP if you do not want to rely on the regular mail during the holidays. There will be an additional charge for these services.

If you need to change your payday due to the holidays; please let us know when calling in your payroll.

*Fax lines and email are working 24/7.*

*Don't wait to fax or email your payroll!*

*While the phones will be off, some employees may come in the office to process faxed and e-mailed payrolls.*

Clients using "My Go" anywhere-anytime payroll and the Paperless Paycard service will see no delay in payroll due to the holiday.



## Calendar for December 2019, January, February 2020

### December 8

- Deadline for any missing or incorrect employee W-2 information, year end bonuses, taxable fringe benefits, auto reimbursements, and health insurance premiums. Inform us if you want W-2s sent any special way.

### December 15

- Corp: Taxes due for September fiscal year.
- ACA: Kallas will notify you of your filing obligations for 2019 and 2020.
- Estimated Taxes due for fiscal year ending April, June, September or December.
- Payroll: If you are a monthly depositor, your Federal coupon and taxes should be paid on-line.

### December 20

- Michigan Sales, Use and MBT estimates due.

### December 25

- Kallas closed for Christmas.

### January 1

- Kallas closed for New Year.
- New Minimum Wage goes into effect  
 minimum wage. . . . . \$9.65 per hour  
 tipped minimum. . . . . \$3.67  
 minor employees. . . . . \$8.20
- New Overtime Rules goes into effect
- Paid Sick Leave rules have gone into effect.
- ACA: If you are over the 50 full time threshold, you should start compliance for 2020 by obtaining a legitimate health insurance offering to your full time

employees and their dependents and obtaining waivers for those who opt out.

- You should receive your personal property tax statement from the city. Mail this statement to Kallas immediately.

### January 5

- For those of you who are required to file under the 8% tip law, have your final year-end sales to us by today.

### January 10

- W-2's will be mailed from our office starting today.

### January 15

- Individuals: Final installment of your 2019 estimated tax due.
- Corp: Taxes due for October fiscal year.
- Corp: Estimated Taxes due for corporations with fiscal year ending January, May, July or October.
- Payroll: Your Federal coupon and taxes should be paid.

### January 22

- Michigan Sales, Use and MBT estimates due.

### January 25

- UIA form 1020 due for 4th Quarter.

### January 31

- Furnish Forms 1098, 1099, and W-2G to recipients.
- Furnish Form W-2 to employees who worked for you during 2019.
- Furnish Form 1095-C to employees who received health insurance through your business.

- Deposit any FUTA tax owed through December 2019.

- File Forms 940, 941, 943, 944 and/or 945 if you did not deposit all taxes when due.

### February 1

- File Form 632 (L-4175), Personal Property Statement to city of business.

### February 12

- Kallas Restaurant Accounting closes the books for all calendar clients. Any 2019 bookkeeping material submitted after this date requires a billable work order.

### February 15

- Furnish Forms 1099-B, 1099-S and certain Forms 1099-MISC to recipients.

- Corp: Taxes due for November fiscal year.

- Corp: Estimated Taxes due for corporations with fiscal year ending February, June, August or November.

- Payroll: Your Federal coupon and taxes should be paid.

### February 20

- Michigan Sales, Use and MBT estimates due.

### February 28

- File information returns, including Forms 1098, 1099 and W-2G.
- File Form W-3 with Copy A of all Forms W-2 issued for 2019.
- File Form 8027 Tip Reporting if you are a large food or beverage establishment.