

Mergers and Acquisitions Forum

2021 Course Outline

Introduction to Mergers and Acquisitions

- Positioning Payroll
 - Importance
 - Payroll Responsibilities
- Terms and Definitions
 - Common Terms
 - Acquisition
 - Asset Purchase
 - Divestiture
 - Predecessor
 - Predecessor Employer
 - Reorganization
 - Spin off
 - Statutory Merger or Consolidation
 - Stock Purchase
 - Comparison Chart

Social Security and Medicare Taxes

- Overview of FICA Taxation
 - Social Security
 - Medicare
 - Reporting
 - Form 941
 - Form 941, Schedule D
 - Form W-2
 - Ceasing to pay wages
- Common Paymasters and Agents
 - Common Paymaster
 - Who is considered related?
 - What is a common paymaster?
 - What is concurrent employment?
 - Pay Agent
- FICA Options According to Merger/ Acquisition Type
 - Asset Purchase
 - Multiple successors
 - Single successor
 - Asset Acquisition
 - Standard procedure
 - Alternate procedure – Revenue Procedure 2004-53
 - Statutory Merger or Consolidation
 - Form 941
 - Form W-2s
 - Federal wage base (social security, Medicare and FUTA) credits
 - Stock Purchase

- Schedule D (Form 941)
 - Schedule D Overview
 - Revenue Procedures 62-60 and 2004-53
 - When to file Schedule D
 - How to file Schedule D
 - Completing Schedule D (Form 941)
 - Your Business Information
 - Tax Year of Discrepancies
 - Type of Submission
 - Part 1: Background Questions
 - Part 2: Tell about the discrepancies
 - Part 3
- Schedule R (Form 941)

Withholding and Reporting

- Taxation Overview
 - Income Tax
 - Federal Income Tax (FIT)
 - State Income Tax (SIT)
 - Local Income Tax (LIT)
 - Reporting
 - Form 941
 - Form W-2
 - Ceasing to pay wages
- Tax Withholding and Reporting Options According to Merger/ Acquisition Type
 - Asset Purchase
 - Asset Acquisition
 - Standard procedure
 - Alternate procedure – Revenue Procedure 2004-53
 - Statutory Merger or Consolidation
 - Stock Purchase

Unemployment Taxes

- Federal Unemployment Tax
 - FUTA Requirements and Reporting
 - Coverage Tests
 - Options under a Statutory Merger or Consolidation
 - Federal wage base credits
 - Options under a Stock Purchase
 - Options under an Asset Purchase
- State Unemployment Taxes
 - SUI Overview
 - Withholding unemployment contributions

- State Unemployment Tax (SUTA) “Dumping”
 - State enforcement
- Employees Working in More Than One State
 - Rules to consider
 - Taxable wages
- Experience Rating Systems
 - Reserve ratio
 - Benefit ratio
 - Benefit wage ratio
 - Payroll decline or payroll variation (stabilization)
- Transfers
 - Transfer of SUI experience rating
 - Qualifying periods for tax rates based on experience
 - Transfer of experience
 - Successor’s rate determination
 - Impact of SUI wage base credit
 - Potential savings for an organization
 - Wage transfer between states
- State Requirements and Reporting
 - Voluntary contributions
 - Timeliness of requests
 - Joint accounts
 - Combined state filing, separate federal filings cause problems
 - IRS response
 - Inactive accounts
 - Analysis of rate notices of successor/predecessor
- Strategic Planning and Implementation Issues
 - Stock purchase
 - Statutory merger or consolidation
 - Asset purchase
 - Total acquisition
 - Management agreements
 - Reorganization of existing entities
- State disability Insurance (SDI)
- States with a workers’ compensation payroll tax

Mergers and Acquisitions Forum *Cont'd*

More Payroll Issues Impacted by a Merger or Acquisition

- Wage Attachments
 - Child Support
 - Federal or State Tax Levy
 - Creditor Garnishment
- Wage & Hour Issues and Cafeteria Plans
- New Hire Reporting
- Form I-9
 - Statutory merger or consolidation
 - Stock purchase
 - Asset purchase
- Form 1099 Series Reporting
 - Standard procedure
 - Alternate procedure - Revenue Procedure 99-50
- Record Retention Requirements According to Type
 - Asset purchase
 - Stock purchase and statutory merger or consolidation
- Federal Record Retention Requirements
 - OSHA documents
 - IRS/SSA/FUTA documents
 - FLSA documents
 - FMLA documents
 - IRCA documents
 - Supplemental documents
- State Record Retention Requirements
 - State unemployment records
 - Wage and hour records
 - Stock purchase
 - Statutory merger or consolidation

Preparing for a Merger or Acquisition

- Building an Acquisition Committee
 - Transition Coordinator
 - Payroll and Payroll Taxes
 - Human Resources and Benefits
 - Information Systems
 - Financial Accounting
- Due Diligence
 - Taxes
 - Timeliness of tax returns

- Accuracy
- Timeliness of tax payments
- Review of general ledger payroll liabilities
- Outstanding tax issues
- Exempt/Nonexempt Classification
- Miscellaneous Income and Benefits
 - Company-provided airplane
 - Company-provided automobiles
 - Employee loans
 - Golden parachutes
 - Stock options
 - Nonqualified deferred compensation
 - Restricted stock
- Planning the Merger or Acquisition
 - Changing Payroll Frequencies, Workweek, and Check Dates
 - Effective date
 - Payroll frequency of predecessor/successor
 - Tips to successfully change pay periods/frequency
 - Initial pay period ending under successor
 - Changing workweeks
 - Initial check date under successor
 - Paying employees with payroll cards
 - Outsourcing
 - Reduction in Workforce
 - WARN Act issues for a reduction in workforce
 - California notice requirements for mass layoffs
 - COVID-19 Impact
 - Organizing the Work
 - Automating the interface of data
 - Acquisition time line
 - Manual input of data
 - Staffing requirements for short-term and long-term
 - Develop an acquisition package for new unit(s)
- New payroll, HR and accounting procedures
- New employee benefits
- Gathering Information from the Predecessor
 - Merger & Acquisition Payroll Transition Checklist
 - Personnel and Payroll Information
 - Stock purchase and merger or acquisition
 - Asset purchase
 - Miscellaneous Information
 - Locations
 - Contacts for payroll, HR, and IT
 - Federal, state, and local withholding EINs
 - Local tax rates
 - SUI identification numbers and tax rates
 - State workers' compensation tax rates
 - Wages for FICA, FUTA and SUI/SDI
 - 401(k) and other deferred compensation deductions
 - Union vs non-union employees
 - Manuals or employee handbooks associated with HR policies and procedures
 - Types of earnings and deductions
 - Vacation, sick, PTO balances
 - Software applications and platforms
 - List of third-party administrators
 - List of interfaces to payroll system
- Payroll Tax Checklists
 - Stock Purchase Payroll Tax Checklist
 - Merger or Consolidation Payroll Tax Checklist
 - Asset Purchase Payroll Tax Checklist