

# Notice

November 2015



Utah State  
Tax Commission

## New Annual Reconciliation Requirements

***Employers must file electronically with the Tax Commission by January 31.***

Utah led the country this past tax season as the first state to identify hackers who filed fraudulent income tax returns. Thieves and fraudsters made off with fake refunds before victims had a chance to file their returns. Upon discovery, the Tax Commission immediately stopped all income tax refund processing. The resulting cleanup was time consuming and costly.

### Requirements

In response, the Utah Legislature passed legislation mandating the Tax Commission to electronically compare a filer's income tax return with the employer's withholding reports. This measure further protects citizens by checking return accuracy and refund validity.

As part of this legislation, employers **must annually electronically file their Utah annual withholding reconciliations (Form TC-941R) and associated W-2s & 1099Rs by January 31**. This means employers must electronically file their 2015 Utah annual withholding reconciliation forms and associated W-2s & 1099Rs by January 31, 2016. Employers may begin filing on January 1, 2016.

### Penalties

Employers who do not **electronically** file by **January 31** are subject to the following penalties:

- Filing 15 days after due date — **\$30 per W-2 and 1099R** (up to \$75,000 per year)
- Filing 31 days after due date — **\$60 per W-2 and 1099R** (up to \$200,000 per year)
- Filing after June 1 — **\$100 per W-2 and 1099R** (up to \$500,000 per year)
- Filing TC-941R after January 31 — **\$50**

The legislation also prohibits the Tax Commission from issuing income tax refunds before March 1 unless both the employer and employee have filed all required returns and forms. Your failure to electronically file by January 31 may cause refund delays for your employees.

### Employer Resources

- Get more information at [tax.utah.gov](http://tax.utah.gov).
- Register for free training at [tax.utah.gov/training/withholding-changes](http://tax.utah.gov/training/withholding-changes).
- See the following Tax Commission publications:
  - Pub 14, *Withholding Tax Guide* — withholding instructions.
  - Pub 32, *Online Filing and Paying of Withholding and Mineral Production Taxes* — electronic filing instructions.