

# Quarterly Self-Audit Instructions

## Introduction

Florida Statute 440 requires that an employer submit a copy of their quarterly tax forms to their insurance carrier at the end of each quarter. We have converted the Quarterly Self-Audit Report to a self-calculating form to make it easier for you to report your quarterly payroll figures.

Before you start completing your Quarterly Self-Audit Report, please gather your payroll information for the quarter in front of you. You will want the following reports:

1. RT-6 State of Florida Department of Revenue quarterly tax form (this used to be called the UCT-6 before the State changed Unemployment to Re-employment). This report will give you the total gross wages for the quarter and list the gross wages for each individual.
2. 941 Employer's Quarterly Federal Tax Return. This will also show not only the gross wages, but the tips for the quarter. Tips are excluded from payroll for workers' compensation purposes. Please note that if the total gross wages on this return is higher than the RT-6 form, then you had pre-tax earnings that will have to be added to the RT-6 gross payroll figures.
3. Overtime report, to exclude the extra portion of overtime from payroll. If you use QuickBooks, please run the Workers' Compensation Report. Otherwise, please have your payroll records in front of you.

Once you have these items handy, you are ready to complete the Quarterly Self-Audit Report. We have separated the form into different sections to make it easier for you. It will also help you catch any mistakes to ensure the help accuracy of your report. When the report is complete, we ask that you save the report on your computer and then e-mail the file back to us along with a copy of your RT-6 tax form, and your 941 tax return if you had tips or pre-tax earnings. This will save you time and money in supplies. It will also save us time and money by allowing us to import the report's data directly into our system. If the report does not work on your computer, we will be happy to complete it for you and send you a copy for your records.

We have listed instructions for each section and field for your reference. This should answer many of your questions. If you still have questions, please call or e-mail us.



**Work Comp Associates, Inc.**

*Florida's Premier Source for Workers' Compensation Coverage & Information*

# Quarterly Self-Audit Instructions

## Section 1: Owner/Officer Information

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Owners and officers of a company are treated differently from the rest of the employees. For this reason, we will ask for their information separately. If you have made any changes to your owners/officers, please list the details in the remarks box.

### Name

These are individuals who are owners, officers or members of your company. If you are a limited or general partnership, limited liability company, or corporation, you are required to file an annual report with the Florida Division of Corporations. Only those listed with the Division of Corporations will be considered owners, officers or members of your company. If you are a sole proprietorship or partnership, the owners as filed with the IRS will be listed.

An Annual Report must be filed each year with the Division of Corporations between 1/1 and 4/30. If you have any changes to your corporation, mid-year, an amendment must be filed with the Division of Corporations. If you do make changes, we must request that your workers' compensation policy be updated to reflect those changes. Please contact us within 30 days of making a change, the sooner, the better, so we can send you the forms to update your policy.

### Title

This is the title as listed with the Florida Division of Corporations. If you change the title for any individuals, please contact us within 30 days of making a change, the sooner, the better, so we can send you the forms to update your policy.

### Incl/Excl

Florida Statute has different rules for those employers in the construction industry and those in non-construction industries. There are also different rules for each type of company. Please see the table below for details.

#### Construction

<u>Type of Owner/Officer</u>	<u>Automatic Status</u>	<u>Voluntary Status</u>
Sole Proprietor	Included	no other option
Partner	Included	no other option
LLC Member	Included	with >= 10% ownership, Can file exemption, max. 3
Corp Officer	Included	with >= 10% ownership, Can file exemption, max. 3

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## Non-Construction

<u>Type of Owner/Officer</u>	<u>Automatic Status</u>	<u>Voluntary Status</u>
Sole Proprietor	Excluded	Can file to be included
Partner	Excluded	Can file to be included
LLC Member	Included	Can file exemption
Corp Officer	Included	Can file exemption

Non-Construction exemptions filed prior to 1/1/2013 do not expire. All other exemptions must be renewed every two years. An owner/officer's pay and draws will be included for any time they are not exempt. Along with the rate filing each year, the State of Florida sets the amounts to be used for each type of owner/officer.

### Code

This is the classification code for the owner/officer. If the owner/officer is in the construction industry and performing multiple duties, you can document the payroll records to use different codes when they apply. Any time spent in the office and/or meeting with customers would fall under the code that they perform most of the time.

If the owner/officer is in a non-construction industry and performs multiple duties, their pay would fall under the highest-rated code.

### Gross Wages

This is the gross wages as reported on your RT-6 Employer's Quarterly Re-employment Tax form. If they are not listed on the RT-6 tax form, please enter "0".

### Overtime

You always pay workers' compensation premium on an individual's straight rate of pay and any excess wages are excluded from payroll. First, you will choose which form of overtime you wish to enter:

1. Premium Overtime – if you use QuickBooks and run the Workers' Compensation Report
2. Gross Overtime – if you use any other method of recording overtime where you record a total of the employees' overtime

Either way that you report the overtime, the overtime pay should be included in the gross wages.

# Quarterly Self-Audit Instructions

## Section 2: Employee Information

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For workers' compensation purposes, employees include those on your payroll, casual labor and uninsured subcontractors. In other words, it covers anyone performing work for you. Please go to the related links for the Florida Statute 440 definition of an employee for workers' compensation purposes in detail. When you are completing this report, this page is to report the earnings for those individuals working for you and reported on your RT-6 Employer's Quarterly Re-employment Tax form. Your owners/officers are reported in Section 1 and your casual labor and uninsured subcontractors are reported in sections that follow.

If you have questions as to who should be an employee, please see the related links section. The Internal Revenue Service (IRS) and Florida Department of Revenue (DOR) both have areas on their websites to help determine who is an employee versus who is an independent contractor.

If you need to make any changes to this page, please give us the details in the remarks box.

### Code

Each business has what is called a governing code. This is the code that best describes your business. In most cases, this is the code that contains the highest number of employees and amount of payroll. For example, a plumbing company's governing code would be 5183 Plumbing NOC & Drivers. You may have employees that are not involved in the main operations of the business, but are essential to successfully running your operation. Most businesses have positions to support the main operations of the business, such as a delivery person, an outside salesperson or an office administrator. These employees are usually not exposed to the same hazards as your other employees. For this reason, standard exception codes have been created which can be used in addition to the governing code. Standard exception codes are:

<u>Code</u>	<u>Description</u>
7380	Chauffeurs, Drivers, and their helpers– these are employees who perform duties in connection with a vehicle, such as who perform deliveries for you. This includes garage employees and employees using a bicycle instead of a vehicle.
8742	Salespersons or Collectors – Outside – these are employees who perform duties away you're your location, such as outside sales or estimating. If they also deliver the merchandise they sell, they would be fall under the drivers classification.
8810	Clerical Office Employees – these are employees who perform office work, such as answering the phone, bookkeeping, handling correspondence, computer composition, drafting and sales by phone. They do not meet with customers. Picking up office supplies, going to the bank and post office are included in their duties as long as they are incidental and related to their office duties.

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8871 Clerical Telecommuter Employees - these are employees who perform the same office work as listed above from their home in a clerical work area, separate from your location.

The governing code for your business determines whether or not you can use the standard exception codes. If your governing code lists “& Drivers” such as in the 5183 Plumbing NOC & Drivers classification example, then the drivers would be included in code 5183. If it says “& Clerical”, the clerical would be included in the governing classification.

In a non-construction industry, if an employee performs multiple duties, they would fall under the highest-rated code. Please look at your policy or call our office to see what the highest-rated code would be. In the construction industry, if an employee performs multiple duties, you can document their payroll records and pay different rates for different codes when they apply, as long as the codes allow it. You must be able to show the documented payroll records to the auditor at the end of the year. If your payroll records are not documented, all of the employee’s pay would fall under the highest-rated code, just as in a non-construction industry.

If you have miscellaneous employees at your business, who do not seem to fall under the governing code or one of the standard exceptions, they would be included under your governing code.

## Description

This is the short description for the code. The full description can be sent to you for your review so you can become better acquainted with what it includes.

## # of Emp.

This is the average number of employees in the code for the quarter. We understand that your employee counts may vary throughout the quarter.

## Gross Wages

This is the gross wages as reported on your RT-6 Employer’s Quarterly Re-employment Tax form for each code. You do not need to list each employee, just total their gross wages for each code. Please do not leave this field blank. If you had no wages for a code, please enter “0”.

## Overtime

You always pay workers’ compensation premium on an individual’s straight rate of pay and any excess wages are excluded from payroll. First, you will choose which form of overtime you wish to enter:

1. Premium Overtime – if you use QuickBooks and run the Workers’ Compensation Report
2. Gross Overtime – if you use any other method of recording overtime where you record a total of the employees’ overtime

Either way that you report the overtime, the overtime pay should be included in the gross wages.

# Quarterly Self-Audit Instructions

## Tips

This is the amount of their tips that are claimed on your 941 Employer's Quarterly Federal Tax Return. The total of their tips should match line 5b Taxable social security tips on your 941. Service charges are not considered tips as they are not freely given and not reported on your 941 as tips.

# Quarterly Self-Audit Instructions

## Section 3: Tax Forms

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This page will check your data entry to make sure that the numbers you entered match your tax forms.

The report totals up the gross wages for your owners/officers and your employees. Please enter in the Total Florida Wages Paid from your RT-6 tax form. If the two numbers do not match, please go back to sections 1 and 2 to make corrections so the two figures match.

The report totals up your total tips received by your employees. From your 941 tax return, please enter the amount found on line 5b "Taxable social security tips". These two numbers should match. If they do not, please go back to make a correction. If your owners/officers received tips, please add their tips to the employees' tips.

# Quarterly Self-Audit Instructions

## Section 4: Casual Labor

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Casual Labor are other individuals who performed labor, normally within your scope of operations, for a short period of time, such as a day or a week, and were not reported on your RT-6. These individuals are considered employees for workers' compensation insurance purposes. Please go to the related links for the Florida Statute 440 definition of an employee for workers' compensation purposes.

If you did not have individuals paid as casual labor for the quarter, next to the question "Did you have casual laborers during the quarter?" check the "No" box. If you did, check the "Yes" box. If you had more than three individuals, check the "See Attached List" box. If they all worked under the same code, type in the code. If they worked under multiple codes, type "9999" for the code to signify multiple codes. Then, please list the total pay to them in the "Labor Pay" box.

If you had three or less individuals paid as casual labor, please type in their name, their code for the work they performed and the amount they were paid. If you do not know the code, please call our office.

# Quarterly Self-Audit Instructions

## Section 5: Uninsured Subcontractors

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A subcontractor is a company that you pay to perform labor or services, which are not normally within your scope of operations. You may have a subcontractor within your scope of operations if you used them to perform excess work to ensure a project is completed on time.

Ideally, you will not have any uninsured subcontractors. We recommend that you obtain proof of workers' compensation insurance coverage from all subcontractors prior to their performing work for you. We recommend that you verify their coverage on the State of Florida's Proof of coverage database at that time and prior to issuing any checks to them to ensure that coverage remains in place. Please see the related links to access the Proof of Coverage database.

If you wish to use a corporation or LLC subcontractor that does not have any employees, you must obtain the following items to request that their pay be removed from your audit:

1. Copy of exemptions for all officers/members, and
2. Notarized affidavit that the exempt officers/members are the **only** individuals performing the work and have **no** employees, and
3. Signed letter from you confirming who performed the work, and
4. Not pay them in excess of \$50,000 annually

If you are in a non-construction industry, an uninsured subcontractor may qualify as independent contractor if they meet certain criteria. Please go to the related links Florida Statute 440 Employee definition (15) (d) to read the criteria for when an "Employee" does not include"

If you did not have any uninsured subcontractors for the quarter, next to the question "Did you have casual laborers during the quarter?" check the "No" box. If you did, check the "Yes" box. If you had more than three uninsured subcontractors, check the "See Attached List" box. If they all worked under the same code, type in the code. If they worked under multiple codes, type "9999" for the code to signify multiple codes. Then, please list the total pay to them in the "Total Invoice" box. If they provided itemized bills listing the material portion of their bill, please list the total of the materials paid in the "Materials" box.

If you had three or less uninsured subcontractors, please type in their company name, their code for the work they performed, the total they were paid for the quarter and the materials portion of their invoices. If you do not know the code, please call our office. Again, we encourage you to use only insured subcontractors to protect your workers' compensation policy against claims from individuals working for subcontractors.

# Quarterly Self-Audit Instructions

## Workers' Compensation Quarterly Self-Audit Report

Please review the information on the report to ensure that it is correct. If it is not, please page back to make the necessary changes. If it is correct, please type your name and date at the bottom of the report. Then, hit the "Save" button.

Please save the form on your computer for your records. Then, please create an e-mail back to us at [Mail@WorkCompAssociates.com](mailto:Mail@WorkCompAssociates.com) and attach the form you saved, your RT-6 tax form, and your 941 tax form if you had tips.

If the form does not work properly on your computer, such as if you have a Mac, please click the "Print Blank Form Only" button to print the form and complete it manually. Then, please e-mail, fax or mail it back to us along with copies of your tax forms.

If you have questions, please call us at 1-844-WCA-FLWC or e-mail us. Thank you very much for your time and attention to this report and your business.