

CYPEN & CYPEN

NEWSLETTER

for

September 14, 2017

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Never Forget September 11, 2001
and
Always Remember May 2, 2011

1. HURRICANE IRMA: As you know, parts of Florida were devastated this week by Hurricane Irma. Many of you sent well wishes, and we want to let you know how much we appreciate your concern. Furthermore, all of us weathered the storm, but, life must go on.

Therefore, despite being without internet service, our IT people have devised a way for us to produce a newsletter. To those who have also been affected by this terrible storm, we wish you health and Godspeed. And, to our very special first responders, thank you, and be safe.

2. IRS GIVES TAX RELIEF TO VICTIMS OF HURRICANE IRMA; LIKE HARVEY, EXTENSION FILERS HAVE UNTIL JANUARY 31 TO FILE; ADDITIONAL RELIEF PLANNED: Hurricane Irma victims in parts of Florida and elsewhere have until January 31, 2018, to file certain individual and business tax returns and make certain tax payments, the Internal Revenue Service announced. The relief parallels that granted last month to victims of Hurricane Harvey. This includes an additional filing extension for taxpayers with valid extensions that run out on October 16, and businesses with extensions that run out on September 15. This has been a devastating storm

for the Southeastern part of the country, and the IRS will move quickly to provide tax relief for victims, just as we did following Hurricane Harvey, said IRS Commissioner John Koskinen. The IRS will continue to closely monitor the storm's aftermath, and we anticipate providing additional relief for other affected areas in the near future. The IRS is offering this relief to any area designated by the Federal Emergency Management Agency (FEMA), as qualifying for individual assistance. Parts of Florida, Puerto Rico and the Virgin Islands are currently eligible, but taxpayers in localities added later to the disaster area, including those in other states, will automatically receive the same filing and payment relief. The current list of eligible localities is always available on the disaster relief page on IRS.gov. The tax relief postpones various tax filing and payment deadlines that occurred starting on September 4, 2017 in Florida and September 5, 2017 in Puerto Rico and the Virgin Islands. As a result, affected individuals and businesses will have until January 31, 2018, to file returns and pay any taxes that were originally due during this period. This includes the September 15, 2017 and January 16, 2018 deadlines for making quarterly estimated tax payments. For individual tax filers, it also includes 2016 income tax returns that received a tax-filing extension until October 16, 2017. The IRS noted, however, that because tax payments related to these 2016 returns were originally due on April 18, 2017, those payments are not eligible for this relief. A variety of business tax deadlines are also affected including the October 31 deadline for quarterly payroll and excise tax returns. Businesses with extensions also have the additional time including, among others, calendar-year partnerships whose 2016 extensions run out on September 15, 2017 and calendar-year tax-exempt organizations whose 2016 extensions run out on November 15, 2017. The disaster relief page has details on other returns, payments and tax-related actions qualifying for the additional time. In addition, the IRS is waiving late-deposit penalties for federal payroll and excise tax deposits normally due during the first 15 days of the disaster period. Check out the disaster relief page for the time periods that apply to each jurisdiction. The IRS automatically provides filing and penalty relief to any taxpayer with an IRS address of record located in the disaster area. Thus, taxpayers need not contact the IRS to get this relief. However, if an affected taxpayer receives a late filing or late payment penalty notice from the IRS that has an original or extended filing, payment or deposit due date falling within the postponement period, the

taxpayer should call the number on the notice to have the penalty abated. In addition, the IRS will work with any taxpayer who lives outside the disaster area but whose records necessary to meet a deadline occurring during the postponement period are located in the affected area. Taxpayers qualifying for relief who live outside the disaster area need to contact the IRS at 866-562-5227. This also includes workers assisting the relief activities who are affiliated with a recognized government or philanthropic organization. Individuals and businesses who suffered uninsured or unreimbursed disaster-related losses can choose to claim them on either the return for the year the loss occurred (in this instance, the 2017 return normally filed next year), or the return for the prior year (2016). The tax relief is part of a coordinated federal response to the damage caused by severe storms and flooding and is based on local damage assessments by FEMA. For information on disaster recovery, visit [disasterassistance.gov](https://www.disasterassistance.gov). For information on government-wide efforts related to Hurricane Irma, visit www.USA.gov/hurricane-irma.

3. PART-TIME FIREFIGHTERS AND THE 207(k) EXEMPTION: The burning question on www.firelawblog.com: Our fire department recently hired its first full-time firefighters to supplement our volunteers and part-time personnel. Historically we paid our part-time personnel overtime after 40 hours a week. Our new full-time personnel have been designated as being subject to the 207(k) partial exemption, and we have established a 28-day work period. In other words we pay the full-timers overtime only after they have worked 212 hours in a 28-day work period. Can we apply the 207(k) exemption to our part time firefighters and use the same 28-day work period?

Answer: The FLSA does not draw a distinction between full and part-time employees. To the FLSA there are only employees. How many hours your employees work and what you call them (career, full-time, day-time, seasonal, per diem, part-time, volunteers, etc.) is up to you. The FLSA just requires that you pay employees minimum wage and overtime after they work 40 hours in a workweek. As you point out, the FLSA has a partial exemption for personnel engaged in fire protection activities that allows a public agency to extend the hours to 53 per week, or 212 hours in 28 days before overtime is required. The 207(k) exemption is not limited to full-time personnel. It can be applied to any employee engaged in fire protection activities. Keep in mind, the FLSA is not the only consideration when it comes to changing the way you pay you

employees. There may be state law issues that govern whether you can change the way you have been paying your part-time personnel. There may even be contractual considerations that need to be addressed. That is why you need to consult with local legal counsel to ensure all of the issues are considered.

4. OPTIONS FOR CHANGING THE RETIREMENT SYSTEM FOR

FEDERAL CIVILIAN WORKERS: The federal government employs about 2.7 million civilian workers—1.8 percent of the U.S. workforce. Like many employers, the federal government compensates its employees with salaries, wages, and other benefits that are paid as they are earned, as well as deferred compensation in the form of retirement benefits. Lawmakers have expressed interest in examining the current structure of retirement benefits to ensure that the government provides adequate compensation to attract and retain skilled employees while not paying more than needed to accomplish that goal. Therefore, this report analyzes several potential changes to the federal retirement system and their impact on the federal budget over 75 years. See the complete copy of the report at <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports>.

5. NEW OFFICE ADDRESS: Please note that Cypen & Cypen has a new office address: Cypen & Cypen, 975 Arthur Godfrey Road, Suite 500, Miami Beach, Florida 33140. All other contact information remains the same.

6. TODAY IN HISTORY: On this day, plus three (+3), in 2001, two hijacked aircrafts crashed into the World Trade Center in New York City, while a third smashes into The Pentagon in Arlington County, Virginia, and a fourth into a field near Shanksville, Pennsylvania, in a series of coordinated suicide attacks by 19 members of al-Qaeda. A total of 2,996 people are killed.

7. KEEP THOSE CARDS AND LETTERS COMING: Several readers regularly supply us with suggestions or tips for newsletter items. Please feel free to send us or point us to matters you think would be of interest to our readers. Subject to editorial discretion, we may print them. Rest assured that we will not publish any names as referring sources.

8. PLEASE SHARE OUR NEWSLETTER: Our newsletter readership is not limited to the number of people who choose to enter a free subscription. Many pension board administrators provide hard copies in their meeting agenda. Other administrators forward the newsletter electronically to trustees. In any event, please tell those you feel may be interested that they can subscribe to their own free copy of the newsletter at <http://www.cypen.com/subscribe.htm>.

9. REMEMBER, YOU CAN NEVER OUTLIVE YOUR DEFINED RETIREMENT BENEFIT.