

We Are The Z-Team!

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PER DIEM: TAKE IT NOW OR TAKE IT LATER?

Per diem is a complex issue and many do not fully understand it. Per diem is a convenient way for drivers to simplify their tax deduction strategy for meals and incidental expenses incurred while working away from home. In order to be eligible to deduct travel expenses, you must be away overnight. For many business purposes, overnight travel expenses can be deducted from your gross income (to reduce your income taxes) when you file your tax return each year. But as a convenience, the IRS has created special rules for transportation workers which allow the per diem tax deduction to be optionally taken at the time the worker is paid, instead of waiting until they file their tax return. It is a simpler way of deducting expenses (and paying lower taxes) instead of having to keep all your receipts and itemizing them on your tax return. The IRS has established a fixed amount for truck driver per diem at \$59/day. This amount is **NOT** added to your regular pay. But through the tax rules, it can be excluded from your taxable income on payday.



So what can this mean in terms of your paycheck and taxes? When you claim the per diem tax deduction on your paycheck, the per diem amount is exempt from federal withholding as well as FICA (Social Security) and Medicare taxes. Here is an example: you are out five nights, request the per diem tax deduction on your paycheck for all five nights (\$295.00 total exemption), and your total regular wages are \$1000/week. In this case you will only be taxed on \$705 (\$1000-\$295). With fewer taxes withheld, your net pay is larger.

Your taxed wages are reported on your W-2 form and the per diem amounts you excluded from your taxable income each payday is not included! If you take per diem tax deductions on your paycheck, then you get the tax savings on payday and cannot claim these same travel expenses again on your tax return. The only way to claim these expenses on your tax return is to not take the per diem tax deduction on your regular paycheck.

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Per Diem Takaways

- Per Diem is a convenient way to simplify travel related tax deductions.
- You can have the deduction made in your paycheck OR deduct the expenses from your tax return, but not both!
- Both methods have advantages and drawbacks.
- Consult your tax preparer or financial planner for professional advice!

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PER DIEM IS A CONVENIENCE

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There are however, two drawbacks to consider when taking the tax deduction on payday. The first being your future Social Security benefits, which will be based on your taxed earnings. Since per diem is deducted from wages before being taxed on payday, your annual social security earnings (FICA) amount is lower. For example, a driver earns \$50,000 a year and does not take per diem. His FICA amount is \$50,000. But if instead he takes the per diem tax deduction on payday for a whole year (5 days x \$59 x 52 weeks= \$15,340) his FICA amount is now only \$34,660. The other negative is when applying for a loan or line of credit. The lender will look at your annual earnings (as reported on your W2 or tax return) and this may influence their opinion of your ability to make payments.

There are ways to combat these negatives. If you are saving each week on your paycheck by paying less taxes, you can invest that savings into an IRA or automatically in the company sponsored 401(K) plan, which will, in most cases, help with your retirement income. The other negative regarding lending institutions can be blunted by showing a pay stub or a print out of your earnings (ask Gina in the Payroll Department for more information).

So the answer to the question of taking it now or taking it later isask your tax adviser! Each individual's tax situation is unique and only a qualified tax professional should assist you in your final decision. And remember all data is required to be reported to the IRS!



[Editor's note: this article was inspired by another article written by Craig Sorenson for Truckmaster Logistics Systems.]

FEBRUARY BIRTHDAYS

Chuck Mosher — Feb 3
 Dennis Gill — Feb 4
 Mike Burdge — Feb 4
 Lynn Sheffer — Feb 5
 Kevin Bowes — Feb 7
 Scott Immel — Feb 7
 Dennis Weaver — Feb 11
 Carl Heffner — Feb 14
 Steve Detra — Feb 17
 Clyde Swartz — Feb 19
 Tanner Zimmerman — Feb 21
 Don Hassinger — Feb 22
 Geoff Hosband — Feb 27

ZTL BY THE NUMBERS- 2014

- Miles Driven — 17,272,829
- Fuel Gallons — 2,927,496
- Long distance calls made and received — 76,524
- Total minutes on those calls — 141,024
- New trucks — 16
- New Trailers — 17
- Loads hauled — 24,301
- Life of a drive tire — 325,0000 miles
- Trucks through wash bay — 2,416
- Current Customers — 172

A NEW YEAR AND A NEW YOU TO MATCH

It's only a few weeks into the new year and still not too late to make a few *easy-to-keep* New Year's resolutions to improve your health. Start fresh by making small changes. Here are a few helpful tips without going overboard.

Drink Water. Cut back on sugary drinks and keep coffee to a minimum.

Swap out one bad meal a day for a healthy one. This will save calories and money.

Get up and move. Go for a walk when you can, every little bit counts.

Get enough sleep. Sleeping well makes it easier to cope with stress, concentrate, and think positively.

GET A CHECK UP — WITH “THE FUEL DOCTOR”

The Fuel Doctor told us this true story. “The other day I had a patient in my office who was complaining about his lousy fuel mileage. I checked this patient's records and what I saw was truly astonishing! Over a 200 mile stretch he used his Jake brake over 600 times — all while driving over 50 MPH. What was he doing? You probably already know: he was tailgating the vehicles in front of him. Accelerating— then using the Jake to slow down—then accelerating and decelerating again using the Jake. Much of the benefit of the fuel spent moving forward was negated a few seconds later when he had to brake. We all see four-wheelers do this too. Whenever they are following too closely, their brake lights come on and off all the time! One easy way to improve your MPG's is ***don't tailgate***. Give yourself and your vehicle plenty of space and time. By doing so you use your brakes less often and improve your MPG's.”

[Do you have a question of your own for the Fuel Doctor? Or some good advice on fuel economy to pass along? Please send your questions and suggestions to newsletter@ztlinc.com.]

Protect Yourself!

Follow the three point rule when entering or exiting your vehicle: keep three of your four limbs in contact with the vehicle at all times.

Face your vehicle when entering or exiting.

Get and keep a firm grip on rails and handles.

SO UNPOPULAR, WE'RE ASKING AGAIN

We've had little feedback from our last survey question, so we are asking again in this issue: Would you and your family attend a company picnic in late July or early August?

Tell us if you prefer an amusement park setting (like Del Grosso's), a state park (like Little Buffalo), or something at the ZTL facility. Put your thoughts in the suggestion box, text a message to 267-225-5782, or e-mail your ideas to newsletter@ztlinc.com.

We are listening, so let your voice be heard!

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NEWS BRIEFS

Chocking wheels is a must at DAMCO in Camp Hill. And don't forget to remove the chocks before starting to leave!

The automated fuel system sometimes indicates the Love's truck stop on PA-283 is located in Londonderry. Look for it off the Middletown / Hummelstown exit.

Dates to remember

Spring Safety Meetings: April 11th and April 18th
10th Annual Kids Fun Fest: Saturday June 6th
Employee Appreciation Week: August 24th through 28th

When you pay an unloading fee — including fees paid after hours — please send a message or call Dispatch to let us know the amount as soon as possible. Please call during normal business hours (07:30-20:00 Eastern). Any delays can cause us to lose the reimbursement due ZTL.

Together we can make it better!

QUOTES OF THE MONTH

“Ability is what you're capable of doing. Motivation determines what you do. Attitude determines how well you do it.”
— Lou Holtz

“Life is like a roll of toilet paper: it runs out faster at the end!”
— Andy Rooney