

Banking & Tax FAQs



Is the local JA Area required to generate W-2 forms for JA student company employees? Students must report earnings of \$600 or more on their income tax return, which will result in the local JA Area generating a W-2 for each student. Earned income less than \$600 does not need to be reported.

What if the students retain company profits? If company profits are issued to the individual company employees in amounts greater than \$600, the local JA Area must generate a 1099 for each recipient.

What is the recommended process for distributing company profits? After paying all operating expenses and company investors, the volunteer and/or teacher should work with students so they may determine what to do with the remaining profits. Students may choose to compensate themselves, make a charitable contribution, or do a combination of the two.

Do JA companies need to collect sales tax? JA companies must follow state-mandated laws regarding sales tax and should collect it on the goods they sell.

How is sales tax reported? JA companies need to report sales tax to the JA Area and provide a check representing the sales tax collected. This amount is then reported to the state board of equalization as a part of the JA Area audit.