

The most current information on how Payroll professionals can avoid legal and procedural pitfalls, in a fast-read format, twice a month.

KEEP UP TO DATE **on** PAYROLL™

June 1, 2021

IRS FORMS & REGS ALERT

The IRS is taking another look at many of the documents you use regularly, including tax forms. We'll keep you posted on any changes, such as new ways to report.

■ WAGES PAID TO WORKERS ON FAMILY, MEDICAL LEAVE

Item: Form 8994, *Employer Credit for Paid Family and Medical Leave*.

Background: This form is used by employers to claim the general business credit for providing paid family and medical leave to employees.

Comments due: 7/6/21.

Cite: *Federal Register*, 5/4/21.

■ COMPLYING WITH IRA REPORTING RULES

Item: Form 5498, *IRA Contribution Information*.

Background: Trustees and issuers report contributions to, and the fair market value of, an individual retirement arrangement (IRA) using this form. Then the IRS verifies compliance with reporting rules.

Comments due: 7/6/21.

Cite: *Federal Register*, 5/7/21.

Go to www.gpo.gov/fdsys for copies of the forms.

IRS already making changes affecting year-end: Here's help

■ Contribution limits, taxable income & more

You know the early bird catches the worm when it comes to year-end prep. The IRS has recently released some important updates you'll need to know for the fourth quarter of this year and beyond.

The earlier you start preparing for these changes in Payroll, the smoother your year-end will be overall.

Latest numbers and regs

Here's a rundown of three key changes the agency's made that'll impact you.

1. **Contribution limits for health savings accounts (HSAs).** The IRS has released the maximum contribution limit for HSAs when employees are participating in a high-deductible

health plan (HDHP). For employees with individual coverage, the HSA contribution limit will be \$3,650 in 2022. Employees with family coverage will be able to contribute a maximum of \$7,300 to an HSA next year.

For 2022, an HDHP is a health plan with an annual deductible of at least \$1,400 (self-only) or \$2,800 (family) and out-of-pocket expenses of \$7,050 (self-only) or \$14,100 (family).

2. **Taxing dependent care benefits.** As part of IRS tax relief during COVID-19, employers can amend cafeteria plans to allow carryover amounts or an extended time period for claims. This includes benefits from qualified dependent care assistance

(Please see Year-end ... on Page 2)

IRS: New tax credit for offering COVID vaccine leave

Another tax credit is available for certain employers that provide workers with paid sick and family leave for COVID-19 vaccination.

The credit is part of the employer relief contained in the American Rescue Plan Act (ARPA).

Eligibility details

Any employer with fewer than 500 employees is eligible to claim the tax credit when workers take paid leave to receive a coronavirus vaccine or recover from the vaccine's effects.

Per the IRS, the tax credit can be applied toward the employer's share

of Medicare tax for paid leave wages workers receive from April 1, 2021, through Sept. 30, 2021. The credit is also fully refundable.

Employers can claim the tax credit on their quarterly Form 941. Or, as with other tax credits created under the ARPA, employers can opt to reduce their quarterly employment taxes due by the anticipated amount of the tax credit to take advantage of it immediately.

As another option, employers can file Form 7200 to request an advance on the tax credit.

More info: bit.ly/vaccineleave623

Employer relied on opinion letter and lost big in court: Avoid its mistake

■ ACTUAL LANGUAGE IN LAW MATTERS MORE THAN ITS INTERPRETATION

Opinion letters from agencies like the Dept. of Labor provide employers with helpful guidance. But beware, they aren't the be-all and end-all for wage and hour law.

Relying too heavily on opinion letters can be a big mistake, as one employer learned after a recent lawsuit involving unpaid rest breaks.

No explanation for exemption

In *Pilmenstein v. Devereux Cleo Wallace*, an employee sued her employer because she didn't receive compensated rest breaks during her shifts, as the state required for workers in her industry.

The employer's defense was that it was exempt from this requirement, based on its interpretation of the language in two opinion letters from the state department of labor.

However, a district court ruled in favor of the employee. And its decision held up on appeal. Though the opinion letters seemed to imply that the employer was exempt from the rule, the letters contained no clear rationale for this conclusion.

As the appeals court said, the opinion letters were simply "interpretations" of existing regs, and the language in the actual law was clear that paid rest breaks were required. The employer's now on the hook for back wages.

This case serves as a reminder not to rely solely on opinion letters when paying employees. Closely review the actual terms of the regs first.

Cite: *Pilmenstein v. Devereux Cleo Wallace*, No. 19CA2051, Colorado Court of Appeals, Division VI, 4/29/21.

Year-end ...

(continued from Page 1)

programs. In Notice 2021-26, the IRS said that any carryover amounts or amounts used during extended claim periods for dependent care assistance that would've been excluded from employees' income during the previous tax year will remain excluded from income for tax years 2021 and 2022.

Also, exclusion limits for those tax years don't have to be reduced.

3. **Premium tax credit.** Rev. Proc. 2021-23 updates the percentage table the IRS uses to determine if someone's eligible for a premium tax credit with temporary percentages implemented by the American Rescue Plan Act.

Note: These changes don't affect the required contribution percentage used to determine if an individual is eligible for employer-sponsored minimum essential health coverage in 2021. This figure remains 9.83%.

More info: [irs.gov/pub/irs-drop/rp-21-25.pdf](https://www.irs.gov/pub/irs-drop/rp-21-25.pdf), [irs.gov/pub/irs-drop/n-21-26.pdf](https://www.irs.gov/pub/irs-drop/n-21-26.pdf), [irs.gov/pub/irs-drop/rp-21-23.pdf](https://www.irs.gov/pub/irs-drop/rp-21-23.pdf)

SHARPEN YOUR JUDGMENT

This feature provides a framework for decision making that helps keep you and your company out of trouble. It describes a recent legal conflict and lets you judge the outcome.

■ IS EMPLOYER ON THE HOOK FOR INCORRECT PAYSTUBS?

Payroll Manager Pat Gray was trying to decide between two types of pasta at the supermarket when she overheard a word she knew well: "paystub."

A voice bellowed into a cellphone from the next aisle over: "Yeah, they totally had the wrong rate on a bunch of my paystubs, so I didn't get all of my overtime pay."

Wrong rate, right pay?

"Work gave me two checks each pay period: one for regular pay and one for OT, but the OT one didn't have my full rate. They've been cheating me for weeks now."

The angry voice continued, "The same thing's happened to a few of my buddies. We're in court for it now. We're trying to get our money back – and get the company to pay a big penalty for giving us inaccurate paystubs."

"But the company's saying the stubs had the wages we were actually paid on them. So even with the mistakes, they don't have to give us any extra money for penalties. We'll see about that, though. All this hassle to get paid what I'm owed!"

"Glad I'm not dealing with that situation," Pat thought as she went back to her shopping, placing her pasta of choice in the cart.

The employees who didn't receive the correct OT pay moved forward with a class action lawsuit against their company, asking for back pay and penalties for inaccurate wage statements. Did their claims about their paystubs stand?

■ Make your decision, then please turn to Page 6 for the court's ruling.

From:  **KEEP UP TO DATE** ON **PAYROLL**

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New job responsibilities? Court case is reminder to reassess exempt status

■ WORKER CLAIMED EMPLOYER'S VIOLATIONS WERE 'WILLFUL'

When an employee's job responsibilities shift, perhaps as part of a company reorganization, it's important to ask: Does that person's exempt or nonexempt status in the payroll system need to change?

One New York company had to defend itself in a Fair Labor Standards Act (FLSA) lawsuit because a worker claimed he should have been paid overtime after he stepped into a new job.

The employee had worked for Hover-Davis as a quality engineer exempt from overtime for over a decade. No problem there.

But in 2012, when the company asked him to switch to a repair organization technician position, it still classified him as exempt.

He worked 45 to 50 hours per week without receiving overtime pay, while the other technicians, who were consistently classified as nonexempt, earned time-and-a-half.

The company returned him to his original position as a quality engineer in 2016, but two years later, he lost his job altogether when his position

at the company was eliminated. The employee hadn't forgotten about those four years of not being paid overtime, and he sued.

More facts needed

The case reached the Second Circuit Court of Appeals, which affirmed the lower court's decision.

The bottom line: The company won, but if the employee had acted sooner, the situation might have been much more costly.

Under the FLSA, there's a two-year statute of limitations. The employee still could have proceeded given that the three-year window for "willful" violations was still open.

However, a mere allegation of willfulness wasn't enough, the Second Circuit said on April 27, 2021. If he had provided more facts, though, the case could have ended differently.

Avoid the mess

Remember, when someone's job duties change, his or her status as overtime exempt may be impacted.

The longer you wait to start paying any overtime due, the more messy the situation becomes.

More info: bit.ly/overtime623

IRS: Why Form 7200 for Q2 is being rejected for now

No employers should file Form 7200 for the second quarter of 2021 until the IRS publishes a revised version of the form – and as of the May 6, 2021, IRS Payroll Industry Call, that hadn't happened yet.

The form will be rejected, warned the IRS, because you can't claim an advance credit for a prior quarter and you can't use an earlier version of the form for the second quarter of 2021.

In March 2020, IRS published the first version of Form 7200 to account for advance payment of COVID-19 credits. That was used in the second,

third and fourth quarters of 2020. In January 2021, IRS issued another version, for use in Q1 of 2021.

More laws, more revisions

During the May meeting, the IRS explained: As Congress keeps passing laws creating or modifying payroll tax credits, the form needs to be updated. The latest law? The American Rescue Plan Act, passed in March 2021.

The revised Form 7200 is expected soon. We'll keep you posted.

More info: irs.gov/pub/irs-pdf/i7200.pdf

NEWS YOU CAN USE

■ OLD LOCK-IN LETTERS, NEW W-4: CALCULATING TAXES

The IRS is reminding employers how to handle lock-in letters issued before Form W-4 was redesigned for tax year 2020.

Lock-in letters won't be reissued solely because of the new W-4, so employers will have to use the computational bridge entries found in the 2021 Publication 15-T.

The computational bridge allows you to use the same procedures and data fields found on the 2020 W-4 to calculate the correct tax deductions with info included on a W-4 from 2019 or earlier.

More info: irs.gov/pub/irs-pdf/p1693.pdf

■ FINAL RULE ON INDEPENDENT CONTRACTORS CANCELED

Heads up: The Dept. of Labor (DOL) has withdrawn its final rule on determining whether workers are independent contractors.

The rule would've established an "economic realities" test with five different factors for employers to consider when classifying workers.

Originally, the rule was delayed, but the DOL has decided to scrap it altogether. A different rule may be proposed down the line. We'll keep you posted.

More info: bit.ly/dolic623

■ DOL: LATEST CYBERSECURITY INFO FOR RETIREMENT PLANS

There's important new guidance from the Dept. of Labor (DOL) about boosting cybersecurity for retirement plans.

The DOL has released info for plan sponsors about how to hire reputable service providers and implement best security practices. It's also published tips you can pass along to employees about keeping their data safe when reviewing their retirement plans online.

More info: bit.ly/cybersecurity623

TEST YOUR KNOWLEDGE

■ Natural disaster plan: Are you prepared for the worst?

Hurricane season is coming, so the IRS wants to make sure employers are ready. Even if you aren't in an area that's plagued by hurricanes, a natural disaster can strike at any time.

Earthquakes, wildfires, severe storms, tornadoes and floods can all cause severe disruptions in business.

Are you prepared in case the worst happens? Answer *True* or *False* to test your disaster preparedness.

1. Videos can be used as proof to claim insurance losses or tax benefits after a disaster.
2. It's important to ask your payroll service provider if it has a fiduciary bond in place in case a natural disaster strikes.
3. Records lost or destroyed in a natural disaster can't be recreated.
4. Business taxpayers in disaster areas must reach out to the IRS to take advantage of any tax relief.

ANSWERS

Answers to the quiz:

1. *True*. Current videos or pictures of business equipment can help employers compile lists of lost and destroyed property.
2. *True*. A fiduciary bond can protect employers if the disaster causes the payroll service provider to default on tax obligations.
3. *False*. The IRS has a specific procedure employers can follow to reconstruct records for tax purposes if they're destroyed in a disaster. To minimize losses and avoid this hassle, be sure to store important documents in waterproof containers and keep backup copies off site if possible.
4. *False*. The IRS will automatically identify taxpayers in designated disaster areas and provide them with tax payment and filing relief.

More info: bit.ly/disaster623

COMPLIANCE CHECK

See where other companies went wrong – and avoid their mistakes

This feature highlights violations of federal and state laws. You can find out how other employers got off track – and help keep your company in compliance.

Roofing company owes \$758K for OT violations

Employer: Saddleback Roofing Inc., Orange, CA.

Business: Roofing company.

Law broken: Overtime provisions of the Fair Labor Standards Act.

Type of violation: Workers weren't paid for traveling between job sites. In addition, some employees were paid flat salaries regardless of how many hours they worked in a workweek. Other employees were paid for overtime hours in cash at straight-time rates.

Penalty: Saddleback Roofing paid \$616,651 in back wages to 341 workers, and it'll also have to pay an additional \$141,515 in penalties.

Government office: Dept. of Labor, Wage and Hour Division, West Covina, CA, office.

Mail carrier fails to deliver correct wages to workers

Employer: Mercado Santiago Inc., Middleburg, FL.

Business: Private mail carrier.

Law broken: McNamara-O'Hara Service Contract Act.

Type of violation: Workers weren't paid for all the hours they worked, so they received less than the prevailing wage required under the law. The mail carrier also didn't pay for employees' health and welfare benefits or keep accurate payroll and time records.

Penalty: Mercado Santiago paid \$219,166 in back wages to 16 employees.

Government office: Dept of Labor,

Wage and Hour Division, Orlando, FL, office.

Payroll errors prove costly for sheriff's department

Employer: Hancock County Sheriff's Department, Sneedville, TN.

Business: Sheriff's department.

Law broken: Overtime provisions of the Fair Labor Standards Act.

Type of violation: Employees didn't receive the required comp time or overtime pay when they worked more than 40 hours in a workweek due to payroll processing errors.

Penalty: Sixty-five workers received \$47,252 in back wages.

Government office: Dept. of Labor, Wage and Hour Division, Nashville, TN, office.

Multiple labor laws were violated on federal project

Employer: Wood Environmental and Infrastructure Solutions, Kellogg, ID.

Business: Federal contractor.

Laws broken: Davis-Bacon and Related Acts, Contract Work Hours and Safety Standards Act, Copeland Act, Fair Labor Standards Act.

Type of violation: Subcontractors working for the contractor on a federal project in Idaho failed to pay workers the required prevailing wages and fringe benefits in various ways. Employees were wrongly classified and they also weren't paid for all their hours worked. Additionally, the subcontractors didn't reimburse workers for their lodging or travel expenses.

Penalty: The contractor paid \$91,116 in back wages to 79 employees.

Government office: Dept. of Labor, Wage and Hour Division, San Francisco District Office.

Our readers come from a broad range of companies and organizations, both large and small. In this regular feature, three of them share success stories you may be able to adapt to your unique situation.

1 Worked with IT to improve data security for confidential info

Our IT department tended to get the bulk of the responsibility for protecting our company's confidential data, including the info we worked with every day in Payroll.

However, new threats to security were arising every day, especially during the coronavirus pandemic. We couldn't just keep passing the buck to IT for keeping our data safe.

I knew that taking a more proactive approach to protecting our data was

the best bet to ensure data security was top notch. And that started with reaching out to IT on a regular basis.

Sharing knowledge

Whenever I heard about a new scam that was targeting employees, I would go directly to IT and ask them if they knew about it.

If so, I'd follow up by asking about the steps they were taking for prevention. And if not, I encouraged

them to put the appropriate safeguards in place to protect our info.

Creating a more collaborative partnership with IT has been a great strategy for improving our security. IT's less stressed because they know they aren't in it alone. It's everyone's job to keep our confidential info safe.

(Adapted from "Working With Agencies on Data Security," presented at the 2021 American Payroll Association Virtual Capital Summit)

2 Successfully trained everyone on system changes

Our Finance team had undergone major changes and upgrades to our system. But we had many people using that system globally. And training them all would be a giant undertaking.

Of course, there were some key employees who used our system more than others. They needed to understand the changes right away. So, we traveled and met with those key people for training to give them that in-person, human element.

Then it came time to train everyone else – which was more of a challenge.

We needed training to be consistent and clear for all these users.

Using the web

We decided our best approach was to use online learning and training.

First, we loaded all our information onto a "social site," so people could ask questions and interact. Next, we hosted frequent online training sessions to accommodate everyone's schedules and "open mic" sessions, where we let people call in for an hour at a time if they had specific problems

they wanted to discuss. We also recorded these training sessions and created manuals for later use.

The combination of all these tactics – paired with our team's willingness to help users whenever needed – worked great to get everyone up to speed.

(Lynn Belletti, director of A/P and T&E Processing, BNY Mellon, Pittsburgh)

**REAL
PROBLEMS
REAL
SOLUTIONS**

3 Burnout: A little time off can go a long way for employees

In the age of COVID-19, a lot of people are struggling both at home and at work. I've had employees express that they're overwhelmed.

It's a natural problem everyone is dealing with. But it suddenly became a serious concern when, out of the blue, one of my employees told me she was so stressed out she wanted to quit.

I was shocked when instead of asking for a workload adjustment or time off, this employee was so burned out she wanted to throw in the towel.

It forced me to realize burnout is a huge problem – and worse, employees weren't letting me know until they reached their breaking point.

Reconsider for a week

I sat down with the employee and discussed everything that led up to her wanting to leave. She was overwhelmed. I told her I understood and insisted she take a week off before quitting, just to be sure. Reluctantly, she agreed – and when she returned,

she decided to stay after all.

This employee had been going full speed for far too long and felt like there was no other option. But a solid week to relax showed her that things weren't as dire as she thought. She came back refreshed.

Now, when an employee comes to me with any burnout concerns, I insist on a week off first. It almost always does the trick.

(Frances Nelson, HR manager, Justin Brands Inc., Fort Worth, TX)

Emergency savings accounts growing more popular: What to consider

■ BENEFITS OF HELPING WORKERS SAVE MONEY VIA PAYROLL DEDUCTIONS

Financial stress is unfortunately common for employees, so more employers are stepping up to help by offering emergency savings accounts funded by payroll deductions.

As the COVID-19 pandemic continues, many workers have had trouble saving money for a rainy day.

Recent research shows that 37% of U.S. households couldn't come up with \$400 for an emergency expense if necessary, and 52% of mid-income households don't have the funds on hand to cover their expenses for the next three months.

Worrying about money can hurt employees' productivity at work. Allowing them to contribute a portion of their pay to an emergency savings account right off the bat makes saving more convenient, which can help alleviate their financial concerns.

Employees are interested in this benefit, too – 71% of people surveyed by AARP said they'd likely participate in a rainy-day savings program funded

by payroll deductions if their employer offered them the option.

Emergency savings accounts also keep employees from seeking loans or early distributions from their existing retirement savings, which can save Payroll a lot of hassle.

Overview for employers

Right now, employers have two options for setting up emergency savings accounts for workers. They can create accounts directly within their existing 401(k) plans where employees can make contributions or they can allow workers to make contributions to an account at an outside bank or financial institution.

Any employee contributions to emergency savings accounts must be taxed beforehand. Employers are also allowed to make matching contributions to workers' accounts. In addition, contributions over a certain level can be put toward other investments – e.g., a 401(k).

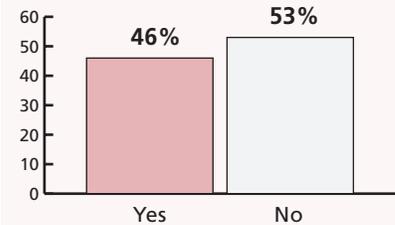
Before offering this option to employees, it's important to decide whether the accounts will be managed within your plan or out of plan. Also

WHAT PAYROLL PROS TOLD US

Electronic child support orders

Are you using OCSE's e-IWO process?

Note: Percentages don't equal 100% due to rounding.



Source: Poll, 2021 American Payroll Association Virtual Capital Summit

Electronic Income Withholding for Support Orders (e-IWOs) can streamline employee child support deductions. They can be sent as PDFs or directly to your payroll system.

Each issue of KUDP contains an exclusive survey to give Payroll pros insight into what their peers nationwide are thinking and doing.

consider whether employees must sign up to participate in the program or if you'll set up auto-enrollment.

Since these accounts are usually offered through third-party vendors, it's key to do research to find one that best meets your needs and the needs of your employees.

More info: bit.ly/savings623

SHARPEN YOUR JUDGMENT – THE DECISION

(see case on Page 2)

While the employees' claims about their incorrect overtime pay stood, a court ruled their claims regarding their inaccurate paystubs would likely not move forward.

The employees said the company should pay them additional penalties for providing them with inaccurate wage statements, as was required under state law.

However, the company responded that the statements were accurate and followed the law because they listed the amount the employees were actually paid, even if it wasn't the amount they should've earned.

The court said this argument was valid and aligned with the outcome of other recent, similar cases. The paystubs did list the amount of pay the workers actually received each pay period. So technically, the statements followed the letter of the law.

That didn't mean the employer wasn't liable to pay the employees any back overtime wages owed, said the court.

The workers' claims for back pay will move forward as a class action lawsuit against the employer. And although the employer most likely won't be paying any penalties for providing incorrect wage statements, it'll still be on the hook for unpaid overtime and additional related penalties.

Analysis: Reviewing paystubs

This employer was able to find a loophole in the law when it came to wage statements. Most companies in this situation won't end up in the same boat.

So it's important to double-check that workers' paystubs accurately state the correct rates for employees each pay period. This is especially crucial when workers have varying pay rates, including shift differentials and premium pay. Spending a few extra minutes now to make sure there are no issues can save thousands of hours – and thousands of dollars – down the line.

Cite: *Moreno v. Capital Building Maintenance & Cleaning Services Inc.*, No. 19-cv-07087-DMR, U.S. D.C., N.D. California, 5/5/21. Note: Dramatized for effect.

Industry news you can use

■ Fireworks will get there on time, thanks to exemption for drivers

Drivers transporting devices for **pyrotechnics** companies will likely be exempt from certain requirements during the Independence Day holiday.

The American Pyrotechnics Association has asked the Federal Motor Carrier Safety Administration to renew its exemption to the 14-hour rule that allows off-duty time and sleeper berth time for drivers to be excluded from calculations. It's also requested an exemption from using electronic logging devices.

Once enacted, the exemptions will apply from June 28 to July 8 each year from 2021 to 2025.

More info: bit.ly/pyrotechnics623

■ NLRB cancels proposed rule impacting student workers

The National Labor Relations Board (NLRB) recently withdrew a proposed rule that said paid student workers at **private colleges and universities** weren't considered

employees under the National Labor Relations Act.

For now, that means participants in work-study programs, teaching assistants and research assistants are legally considered employees.

More info: bit.ly/students623

■ Casinos played games with tip pools and landed in court

Two separate state court cases may change the way **casinos** handle tip pooling for employees. In Kansas' *James v. Boyd Gaming Corp.* and Missouri's *Lockett v. Pinnacle Entertainment*, employees brought lawsuits against their employers for allowing workers who performed both supervisory duties and tipped employee duties to share in tip pools. Employees also didn't receive proper notice of the casinos' tip policies.

These actions violated the Fair Labor Standards Act, so the courts are allowing the cases to proceed.

More info: bit.ly/kscasino623, bit.ly/mocasino623

Answers to readers' most pressing Payroll questions

Whether you're a longtime Payroll person or new to the profession, no doubt you occasionally face situations that leave you scratching your head. Here, we answer common dilemmas:

What should we consider with biometric timekeeping system?

Q: We're thinking of switching over to a biometric timekeeping system soon. What factors should we be looking at?

A: Data privacy is a hot topic for employers looking to use biometrics for timekeeping. Several states have specific laws governing the use of workers' biometric info, such as fingerprint and handprint scans. In Illinois, for example, employers must obtain written consent from workers before

collecting biometric data for any reason, and there are also strict rules for storing and protecting data. Even in states where written consent isn't required, it's a good idea to make sure employees agree in writing to using your biometric system. It's also critical to ask any vendor you're considering about how they plan to keep employees' unique biometric identifiers private and safe. And you should work with HR to develop a biometric policy to add to your company handbook and distribute it to employees.

More info: bit.ly/biometrics623

Send questions to jweiss@HRMorning.com. Because of the volume of mail we receive, we regret we can't answer all submissions.

WHERE TO GET HELP

RECENT CHANGES TO FEDERAL FORMS AND PUBLICATIONS

This list of forms and instructions, and other publications contains Payroll-related updates.

- Instructions for Form 944-X (SP), *Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund (Spanish Version)*. Revised February 2021. Posted 4/28/21 by IRS.
- Instructions for Form 941-X, *Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund*. Revised April 2021. Posted 5/4/21 by IRS.
- Instructions for Form 943-X (PR), *Adjusted Employer's ANNUAL Federal Tax Return for Agricultural Employees or Claim for Refund (Puerto Rico Version)*. Revised February 2021. Posted 5/5/21 by IRS.
- Instructions and Form 7200, *Advance Payment of Employer Credits Due to COVID-19*. Revised April 2021. Posted 5/13/21 by IRS.
- Instructions and Form 7200 (SP), *Advance Payment of Employer Credits Due to COVID-19 (Spanish Version)*. Revised April 2021. Posted 5/13/21 by IRS.
- Pub. 1239, *Specifications for Electronic Filing of Form 8027*. Revised October 2020. Posted 5/13/21 by IRS.

More info: Find links by going to www.keeptodateonpayroll.com/forms-and-publications-623

The Purpose of *Keep Up to Date on Payroll*

Keep Up to Date on Payroll helps Payroll practitioners stay current with all the changing laws and regs.

The quick-read, easy-to-understand format gets right to the point, so you don't have to waste any time.

Keep Up to Date on Payroll provides timely information about new laws and regs, and gives you a heads up about coming changes – so you have plenty of time to prepare.

State law and reg changes Payroll needs to know

Don't see your state here? You can find additional state and local items online – it's included with your subscription. Check out our interactive map, too. Log on today!

CALIFORNIA

- **PAID SICK LEAVE:** Due to SB 95, any employers with more than 25 workers are now required to provide employees with up to 80 hours of supplemental COVID-19 paid sick leave, which can be used to receive a vaccine or recover from its side effects. Leave must be granted on an employee's request, and employers must list it separately from other forms of paid leave on paystubs or wage statements. The bill is effective from Jan. 1, 2021, through Sept. 30, 2021. **More info:** bit.ly/cacovid623

ILLINOIS

- **SICK LEAVE:** HB 158 updates the Employee Sick Leave Act to allow workers to use their sick leave benefits to help family members with "personal care." Personal care is defined as any activity that's necessary to make sure the person's basic medical, hygiene, nutritional and safety needs are met if the person can't do so independently. This also includes transporting the family member to medical appointments and supporting the person if they're ill and receiving inpatient care or home health care. **More info:** bit.ly/ilsick623

MARYLAND

- **MINIMUM WAGE:** The minimum wage in Montgomery County is set to increase on July 1, 2021. Large employers (51 employees or more) will have to pay workers at least \$15 per hour, up from \$14. Mid-size employers (11-50 employees) must pay \$14 per hour, up from \$13.25. Those with 10 or fewer employees must pay \$13.50 per

hour, up from \$13. **More info:** bit.ly/mdminwage623

MASSACHUSETTS

- **UNEMPLOYMENT TAXES:** Get ready: Unemployment taxes have risen significantly for employers in the first quarter of 2021. The solvency rate has gone from 0.58% at the end of 2020 to 9.23%, effective retroactive to Jan. 1, 2021. Because of the increase, employers will now have until June 1, 2021, to pay their tax balances. **More info:** bit.ly/massui623

NEW MEXICO

- **WITHHOLDING:** The state taxation and revenue department is currently redesigning its Combined Reporting System. Starting July 1, 2021, employers will report and pay all business taxes separately with different forms instead of using the same system. Draft forms are available for review online at tax.newmexico.gov. The current self-service portal will also be updated with more automation and expanded features for taxpayers. **More info:** bit.ly/nmforms623

NORTH DAKOTA

- **WITHHOLDING:** Starting Jan. 1, 2022, the thresholds for quarterly and annual filing and depositing of state taxes will increase, according to HB 1082. Employers that withheld \$1,000 (previously \$500) or more from employees during the previous calendar year must file and pay taxes quarterly. Any quarterly filers will also be required to pay and file electronically. Those that withheld less than \$1,000 (previously \$500) must file and pay annually. **More info:** bit.ly/ndtaxes623

OKLAHOMA

- **GARNISHMENTS:** Because of HB 2780, the state tax commission will start collecting tax levies on

behalf of state agencies Nov. 1, 2021. Collection procedures will also change. Employers may receive a letter or a visit notifying them of a worker's garnishment. After notice is received, deductions must be made from the employee's pay and remitted no later than seven days after each pay period. The amount withheld can't be more than 25% of earnings per pay period. Employers must notify the state if the employee resigns or is terminated. Those that don't respond to the notice may be liable for repaying the debt. **More info:** bit.ly/okgarnish623

VERMONT

- **TAX CONFORMITY:** Effective Jan. 1, 2020, HB 315 amends state law to conform to the Internal Revenue Code as of Dec. 31, 2020, with certain restrictions. **More info:** bit.ly/vtconform623

THE LIGHTER SIDE

There's an update on the Georgia man who received his final paycheck from his employer as a wheelbarrow full of pennies – and it seems he got his payback in the end.

The man spent hours attempting to manually sort the pennies, which weighed 500 pounds and added up to \$915. But he had trouble rolling them because his former boss had covered them in an oily substance.

Enter Coinstar. The company known for its coin-counting machines stepped forward and offered to pick up and cash in the pennies itself on his behalf.

Coinstar even rounded the total amount up to \$1,000 and offered to donate an equal sum to a charity of the man's choice.

We'll reiterate: Not the best way to handle a termination!

Cite: bit.ly/pennies623