

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 TM

July 1, 2022

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.

■ CHANGING YOUR BUSINESS ADDRESS OR LOCATION

Item: Form 8822 and Form 8822-B, *Change of Address or Change of Address or Responsible Party – Business*.

Background: Businesses use the forms to notify the IRS that they've changed their address, location or the identity of a responsible party.

Comments due: 8/1/22.

Cite: *Federal Register*, 6/1/22.

■ VOLUNTARY COMPLIANCE PROGRAM FOR TRIBES

Item: Form 13797, *Tribal Evaluation of Filing and Accuracy Compliance (TEFAC) Compliance Check Report*.

Background: Tribes who elect to perform a self-compliance check on any or all their entities will be provided with this form. The program is voluntary, and if a tribe decides to withdraw from the program there's no penalty.

Comments due: 8/8/22.

Cite: *Federal Register*, 6/7/22.

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

Heads up: IRS makes midyear change to 2022 mileage rates

■ Gas prices and other costs led to rare move

Recognizing the recent increase in gas prices, the IRS announced a special, midyear adjustment to the 2022 mileage rates.

For the last six months of the year, the business standard mileage rate will be 62.5 cents, the IRS said in Announcement 2022-13.

That's up 4 cents per mile from the rate in effect at the start of 2022.

The IRS specified that employers should use the lower rate – 58.5 cents per mile – for travel from Jan. 1, 2022, through June 30, 2022.

That means at the midyear mark, much like at year-end, you'll need to pay close attention to the calendar when you:

- calculate the amount to include in employees' income for personal use of employer-provided vehicles, or
- reimburse employees who use their own vehicles for business purposes.

An increase of 4 cents

The IRS also changed the standard rate for moving expenses to 22 cents per mile – up by 4 cents.

Remember, the Tax Cuts and Jobs Act suspended the exclusion for qualified moving expense reimbursement until 2026.

That means employers must include any moving expense reimbursement in employees' wages from 2018 through

(Please see Midyear change ... on Page 2)

2023 projected taxable wage base – what to expect

Looks like you'll see an increase in the wage base for Social Security tax next year, according to estimated info released in June.

The projected 2023 number is \$155,100. That's up from the current taxable wage base of \$147,000. So, that's a possible \$8,100 increase.

At the 6.2% rate, the maximum employees and employers would each need to pay in Social Security tax next year would be \$9,616.20.

That's based on data in *The 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal*

Disability Insurance. The report noted the effects of the COVID-19 pandemic on the Social Security program continue to add uncertainty.

Final number in the fall

The projections continue as follows:

- \$165,300 in 2024
- \$173,400 in 2025
- \$180,600 in 2026, and
- \$188,100 in 2027.

You can expect the final 2023 number in October.

More info: www.ssa.gov/OACT/TR/2022/tr2022.pdf

Were amounts labeled as deductions on paystubs per diem allowances?

■ EMPLOYEE DISAGREED ABOUT HOW MUCH CHILD SUPPORT SHE OWED

When employees receive per diem allowances in the same check as wages, better make sure paystubs clearly label the two types of payments.

In a recent court case involving child support, one employee's paystubs ended up in the spotlight.

The employee, a mother, owed \$1,115 per month in child support, a trial court had calculated. That amount was based on her monthly gross income of \$13,066.

But according to the employee, the trial court had incorrectly included per diem allowances when figuring out her gross income for child support.

After all, in Louisiana, certain sources of income are excluded from the definition of "gross income – and one of them is per diem allowances

which aren't subject to federal income tax withholding.

Problem was, when the court took a close look at her paystubs, it found per diem payments weren't labeled as such.

Instead, the paystubs included a vague description: "deductions." Granted, her employer didn't withhold federal income tax from the amounts, but that didn't necessarily make them per diem payments.

Payments included in gross income

After considering all the facts in *Breaux v. Pickett*, the court said the per diem payments should remain as gross income for the purposes of calculating child support owed.

Just goes to show the importance of double-checking paystub entries.

More info: bit.ly/louisiana648

Midyear change ...

(continued from Page 1)

2025. There's an exception, though, for active-duty members of the U.S. Armed Forces.

A new rate for medical travel has also been set at 22 cents per mile.

There's no change to the mileage rate for travel done while volunteering for a charitable organization.

Couldn't wait until year-end

Midyear changes to the mileage rates are rare.

In fact, the last time the IRS made a move like this was back in 2011.

While higher fuel costs were a significant factor this year, the IRS said it also included other items when doing its calculations. Among them? Depreciation and insurance costs.

The current rate hike couldn't wait until year-end, and it's possible we'll see another increase as we get ready to head into 2023 as well.

More info: www.irs.gov/pub/irs-drop/a-22-13.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.

■ SHOULD THIS WORKER HAVE FILLED OUT TIME SHEETS?

"I'll be ready to leave for the hike as soon as I fill out and submit my time sheet," Maria Evans told her friend, Payroll Manager Pat Gray.

"What time sheet?" Pat asked, holding her cell phone and starting to do lunges to get ready for the hike. "I thought you were an independent contractor."

"Funny you say that. Sometimes I feel more like an employee because of what my company expects of me," commented Maria.

"Can you give me another example?" asked Pat.

"Oh yes – like the other day, I got some info about my rate of pay and other official stuff about their payroll policies," explained Maria.

"Plus," she added, "I had to attend mandatory training and orientation. Well, now that I think about it, the company itself didn't put together the session – they brought in someone from the outside to train us."

Questioning employment status

"Are you sure they didn't decide to change your status to employee after all?" asked Pat.

"Pretty sure," nodded Maria, "because when I started the job I had to sign a contract saying I was an independent contractor."

Maria's uncertainty about her employment classification grew, and she eventually filed a lawsuit for unpaid overtime.

The company fought back.

Did the company win?

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

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KEEP UP TO DATE ON
PAYROLL

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Forms W-2 submissions: Looking back to TY 2021 and ahead to TY 2022

■ SSA SAYS IT'S RECEIVING MOST WAGE REPORTS ELECTRONICALLY

We're halfway through the year, making now a good time to consider what worked when filing Forms W-2 for TY 2021 and to get a plan in place for TY 2022.

During the June IRS Payroll Industry Call, a representative from the SSA gave an update on Forms W-2 submissions – past and future.

Last year-end, SSA had rolled out a revamped Wage File Upload option while also continuing to offer the former Wage File Upload.

The vast majority of filers used the new version for Tax Year 2021, SSA's Matt Newton reported during the call.

Payroll practitioners who tried the reworked Wage File Upload experienced new features – e.g., immediate notification about errors.

However, SSA required that certain specs be met – such as adding a “.txt” or “.zip” file extension – to use the new Wage File Upload.

Of course, other electronic filing options remained available last year, like W-2 Online.

Although SSA is continuing to

process forms for TY 2021, Newton estimated that when all is said and done, about 95% of submissions will have been made in some electronic format.

Communicate with IT

Recently, SSA released the Tax Year 2022 version of *Specifications for Filing Forms W-2 Electronically*.

According to that publication, Business Services Online (BSO) filers can upload files starting Dec. 5, 2022. Bear in mind the IRS filing deadline is Jan. 31, 2023.

Get IT up to speed by passing along the specs now.

You may want to highlight certain changes ahead of time. For example, if your company is running anti-spam software, ask IT to configure it so any correspondence you receive from SSA doesn't land in your spam folder.

Beyond that, SSA plans to release AccuWage Online for TY 2022 in the fall, Newton said during the call.

AccuWage Online lets electronic filers check for formatting errors before submitting W-2s. It's free, but you have to be registered with BSO.

More info: www.ssa.gov/employer/EFW2&EFW2C.htm

IRS changes process for filing through FIRE system

The IRS ran down some key dates related to the Filing Information Returns Electronically (FIRE) system during its June Payroll Industry Call.

Aug. 1, 2022, is the final day that certain businesses can submit Form 4419, the IRS warned.

The form is being phased out, and businesses that received their Transmitter Control Code (TCC) before Sept. 26, 2021, should use the form as soon as possible to revise their legal name, address, contact person, email address and so on. The IRS emphasized the importance of

checking that every part of a name – spelling, spacing, etc. – matches IRS records. That'll enable a business to successfully use the new online Information Return (IR) Application for TCC.

Moving to new online format

Meanwhile, any business that received a TCC on Sept. 26, 2021, or later didn't have the option to use Form 4419, the IRS explained.

So they'd be up and running with the IR Application for TCC already.

More info: bit.ly/firesystem648

NEWS YOU CAN USE

■ WAGE AND HOUR DIVISION SETS SIGHTS ON FLSA RULE

Be on the lookout for a proposed Dept. of Labor rule on determining whether workers are independent contractors or employees.

The Acting Administrator of the DOL's Wage and Hour Division wrote in a blog post on June 3, 2022, that the DOL plans to move forward with regs to address this Fair Labor Standards Act (FLSA) issue.

The current rule regarding independent contractor status took effect on March 8, 2021, after enduring a legal battle.

More info: bit.ly/flsa648

■ COURT: DISCOURAGING FMLA LEAVE WAS INTERFERENCE

The Seventh Circuit Court of Appeals has made it clear that discouraging an employee from taking time off under the Family and Medical Leave Act (FMLA) can be a violation of the law – even if a leave request isn't actually denied.

In *Zicarelli v. Dart*, a longtime employee who'd taken FMLA leave in the past for serious health conditions claimed FMLA interference based on comments he said an FMLA manager made.

More info: casetext.com/case/zicarelli-v-dart-4

■ PRE-APPROVED PLANS HAVE DEADLINE COMING UP

Companies that sponsor defined contribution plans and use plans pre-approved by the IRS have a deadline coming up.

Remember, the IRS requires pre-approved plan documents to be updated every six years for profit-sharing, 401(k) and other defined contributions plans.

The Cycle 3 restatement must be adopted by July 31, 2022. This round of updates will include items on the 2017 Cumulative List.

More info: bit.ly/retirement648

TEST YOUR KNOWLEDGE

■ Can relying on FAQs from the IRS help you avoid penalties?

Last year, the IRS updated the way it handles certain FAQs on newly enacted tax legislation.

Test your knowledge by answering *True* or *False* to the following questions:

1. A reasonable reliance on an FAQ is relevant and the IRS will consider that reliance in determining whether certain penalties apply – unless the FAQs are subsequently updated or modified.
2. FAQs typically provide responses to general inquiries.
3. The IRS plans to include FAQs that it produces in response to newly enacted legislation in separate Fact Sheets.
4. Once a Fact Sheet containing FAQs has been updated, you won't be able to locate the previous information any longer on the IRS website.

ANSWERS

Answers to the quiz:

1. *False*. Even if FAQs are later updated or modified, if you relied on them in good faith and the reliance is reasonable, you'll be able to use that reliance as a "reasonable cause" defense against penalties.
2. *True*. They don't apply the law to taxpayer-specific facts. Special rules that could apply to a case won't be reflected in the FAQs.
3. *True*. FAQs, including updates or revisions the IRS makes at a later time, will be announced in a news release and posted on *irs.gov* in separate Fact Sheets.
4. *False*. The Fact Sheet FAQs will be dated so you can confirm the date on which changes were made. Prior versions of Fact Sheet FAQs will be stored online.
More info: bit.ly/IFAQ648

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.

Arizona construction company owed \$348,380

Employer: VW Dig LLC, operating as VW Connect, Phoenix.

Business: Construction.

Law broken: Fair Labor Standards Act's overtime and recordkeeping provisions.

Type of violation: Automatically deducted 30-minute meal breaks even when employees worked through meals. Also, the company failed to pay employees for all hours worked.

Penalty: \$348,380 in back wages and liquidated damages for 144 employees, plus \$47,926 in penalties.

Government office: Dept. of Labor, Wage and Hour Division, Phoenix district office.

Inaccurate time records, other problems uncovered

Employer: La Carreta-Derry Inc. and La Carreta-Londonderry LLC, both doing business as La Carreta Mexican Restaurant, Derry and Londonderry, NH.

Business: Restaurants.

Law broken: Fair Labor Standards Act's minimum wage, overtime and recordkeeping requirements.

Type of violation: The employer paid four servers only tips, which led to minimum wage and overtime violations. In addition, employees at the restaurants didn't earn overtime for hours that exceeded 40 in a workweek. Plus, the employer failed to maintain accurate time records. A consent judgment and order restrains La Carreta Mexican

Restaurant from engaging in future wage, recordkeeping and retaliation violations and requires cooperation with future investigations.

Penalty: \$445,085 in back wages and an equal amount in liquidated damages to 63 employees.

Government office: Dept. of Labor, Wage and Hour Division, Manchester, NH, district office.

Didn't verify employment eligibility of 18 new hires

Employer: Five Below Inc., Johnson City, TN.

Business: Retail.

Law broken: Tennessee Lawful Employment Act.

Type of violation: Failed to verify 18 newly hired employees through the E-Verify program.

Penalty: \$19,000. This was the second time the company had violated the state's law.

Government office: Tennessee Dept. of Labor and Workforce Development, Labor Standards Unit.

Paid H-2B visa holders lower rate than advertised

Employer: Jacobs Stone Products Inc., San Saba, TX.

Business: Mining and metals.

Law broken: Immigration and Nationality Act's H-2B visa program.

Type of violation: Advertised a \$19.20 per hour rate during the hiring interview but paid \$10.15. Other violations included making illegal deductions from pay.

Penalty: \$57,714 in back wages to 10 workers and \$27,528 in civil money penalties.

Government office: Dept. of Labor, Wage and Hour Division, Austin, TX, district office.

Tracking local laws and regs

■ Chicago raises minimum wage, with tiered rates based on size

The minimum wage in Chicago has increased, effective July 1, 2022.

The hourly rates are tiered based on employer size as follows:

- \$15.40 for employers with 21 or more employees, and
- \$14.50 for those that have four to 20 employees.

For larger employers, the tipped minimum wage is \$9.24 per hour, and for smaller employers, it's \$8.70 per hour. If employees don't receive the minimum wage in tips, employers must make up the difference.

More info: bit.ly/chicago648

■ New ordinance requires 30 hours of paid sick and safe leave here

In Bloomington, MN, employers will need to provide paid sick and safe leave to employees starting July 1, 2023.

According to the Earned Sick and Safe Leave Ordinance, employees who work at least 80 hours per year in the city must be provided with a minimum of one hour of sick and safe leave for every 30 hours worked.

That's capped at 48 hours of leave per year.

Bloomington is the fourth city in the state to pass a law requiring paid sick and safe leave.

More info: www.bloomingtonmn.gov

■ Minneapolis Sick and Safe Time provision ends July 1, 2022

A provision in the Minneapolis Sick and Safe Time Ordinance will no longer be available as of July 1, 2022.

Under the ordinance, employers with six or more employees must provide paid sick and safe time.

However, one provision stated that until July 1, 2022, during an employer's first year of operation, it may provide unpaid sick and safe time. Note: The provision didn't apply to new locations in an existing chain.

More info: sicktimeinfo.minneapolismn.gov/employer-resources.html

■ City of Los Angeles releases enforcement data on 3 laws

The City of Los Angeles has released its Milestone Report with information on the enforcement of

■ IRS may waive fee for copy of previously filed tax return

While you might normally need to pay a fee for copies of previously filed tax returns, the IRS may waive the fee if your business is located in a covered disaster area.

You can fill out Form 4506, *Request for Copy of Tax Return*, or Form 4506-T, *Request for Transcript of Tax Return*.

In bold letters at the top of the form, add, for example: "FEMA-4596, Alabama – Severe Storms, Straight-line Winds, and Tornadoes."

Cite: www.irs.gov/pub/irs-pdf/p3067.pdf

minimum wage, paid sick leave and ban-the-box requirements.

Since 2016, the Office of Wage Standards has collected \$273,082 in penalties, \$457,767 in wages owed and \$1,557,161 in paid sick leave owed (that equates to 144,091 hours of paid sick leave).

The two industries hit with the most investigations are transportation and warehousing (29%) and restaurant (21%).

More info: wagesla.lacity.org/#for-employers

REAL PROBLEMS, REAL SOLUTIONS

Best practices for Payroll when dealing with deceased wages

Being in Payroll, you know you'll face challenges and being prepared can help.

Take deceased wages, for example.

Dealing with an employee's death can be tough on everyone – of course for the individual's family but also for co-workers in the workplace.

So whatever we in Payroll can do to make the situation less stressful, we do that.

Calculating deceased wages accurately is a huge part of that, including determining if the employee should receive a W-2 or a 1099-NEC and so on.

But compassion is also top of mind for us.

What we can do ahead of time

That's why we have best practices in place for how we'll respond when we get word of an employee's death.

In fact, there's an important step to take *before* that: ensuring beneficiary forms are accurate. Regularly checking that the info is current saves us from a last-minute scramble.

Another key element we strive for is coordinating company communication with the family. We understand it's an overwhelming time for them, and

receiving only one letter or package from the company lessens the burden.

Other best practices include reviewing federal and state rules before we issue payments, stopping direct deposit and asking for a written acknowledgment of payment receipt.

When dealing with an employee's death, each situation is unique, but we strive to be reasonably consistent and to handle the situation with care.

(Based on a session at the 2022 American Payroll Association Congress, presented by Linda Dailey, CPP, payroll tax manager, Booz Allen Hamilton, Herndon, VA)

IRS pilot program starts with letter about retirement plan compliance

■ YOU'LL HAVE 90 DAYS TO ACT IN AN EFFORT TO AVOID AN EXAM

The bad news is the IRS has the wheels in motion for audits of retirement plans. The good news? The agency has launched a pilot program, giving employers the chance to fix errors that could jeopardize their plan's favorable tax status.

The pre-examination compliance pilot began in June 2022 and is scheduled to last 90 days.

Here's how the program will work, as explained in the IRS Employee Plans News on June 3, 2022.

The IRS will send a letter informing a plan sponsor that its retirement plan has been selected for an examination.

If you receive a letter, you'll have a 90-day window to review plan documents to determine whether they meet tax law requirements.

If you don't respond to the letter within 90 days, the IRS will contact you to schedule an exam.

Assuming your company decides to review its retirement plan, let's say you find mistakes – for example, you

might find discrimination in favor of highly compensated employees.

Depending on the mistake, you may be able to self-correct it using the principles found in the Employee Plans Compliance Resolution System (EPCRS).

The IRS previously explained the details of EPCRS in Revenue Procedure 2021-30.

Not all mistakes are eligible to be self-corrected, though.

If you run into that problem, you can request a closing agreement, and the IRS will use the Voluntary Correction Program (VCP) fee structure, which is less than the Audit Closing Agreement Program fee structure.

The VCP fee structure is based on plan assets as follows:

- \$0 to \$500,000 – \$1,500 fee
- Over \$500,000 to \$10M – \$3,000 fee, and
- Over \$10M – \$3,500.

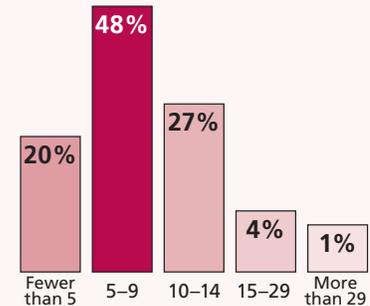
A closing letter or an exam

Ultimately, the IRS will decide if it agrees with your conclusions

WHAT PAYROLL PROS TOLD US

Paid sick leave

If you offer a fixed number of paid sick leave days per year, how many days do employees earn after one year of service?



Source: Bureau of Labor Statistics, 2021 National Compensation Survey, 7,439 respondents

Most employers that provide paid sick leave offer five to nine days after one year of service. Employees in a union, however, may receive 10 to 14 days after their first year.

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

and whether it approves of your self-correction efforts.

You can expect the IRS to:

- issue a closing letter, or
- conduct either a limited or full-scope examination.

More info: www.irs.gov/retirement-plans/employee-plans-news

SHARPEN YOUR JUDGMENT – THE DECISION

(see case on Page 2)

No, the company lost.

The worker sued under the Fair Labor Standards Act for unpaid overtime.

The court applied the economic reality test and determined that of the test's five factors, most of them indicated the worker was treated as an employee, not an independent contractor.

For example, one factor the court considered was related to equipment and materials. The company provided time sheets to the worker, as opposed to her deciding what method to use to track her time worked.

Another factor dealt with whether the worker had the opportunity for profit and loss. The company had provided her with its payroll policies in addition to setting a rate of pay for her.

The court also considered whether the worker had

special skills that she brought with her to the job. In fact, the company required her to attend 16 hours of mandatory training and orientation. Even though the company hired a third party to conduct the training, that didn't make the situation any more favorable for the company.

Assigning the worker the title of independent contractor wasn't enough and neither was asking the individual to sign a contract, the court said.

Analysis: Looking beyond titles and contracts

Although you're busy making sure employees get paid correctly, it's worth taking the time to consider if there are workers at your company who aren't on the payroll but should be.

Temporarily set aside titles and even contracts and take a close look at the degree to which workers are economically dependent upon your company.

Cite: *Badon v. Berry's Reliable Resources, LLC, et al.*, Civil Action No. 19-12317, U.S. D.C., E.D. Louisiana, 6/10/22. Note: Dramatized for effect.

Industry news you can use

■ New York law covers wages owed to construction workers

There's increased responsibility on **construction contractors** in New York due to SB 7773.

If there's a claim against a subcontractor regarding non-payment of wages, contractors will be liable for what's owed.

The legislation, signed by the governor on March 18, 2022, covers wages due to an employee or a third party on an employee's behalf.

More info: www.nysenate.gov/legislation/bills/2021/s7773

■ Overtime being phased in for agricultural workers in Oregon

In Oregon, HB 4002 sets new standards for when overtime must be paid to **agricultural workers**.

They must earn time-and-a-half their regular rate of pay for each hour or portion of an hour that they work during a workweek in which they exceed:

- 55 hours – during 2023 and 2024
- 48 hours – during 2025 and 2026, and
- 40 hours – during 2027 and beyond.

The law also provides a tax credit for overtime compensation that companies must pay.

More info: olis.oregonlegislature.gov/liz/2022R1/Measures/Overview/HB4002

■ These airline workers exempt from Federal Arbitration Act

A ramp supervisor for an **airline** and the ramp agents she supervises are exempt from the Federal Arbitration Act, the U.S. Supreme Court ruled in *Southwest Airline Co. v. Saxon*.

The workers' jobs require them to load and unload airplane cargo from planes traveling in interstate commerce, so they belong to a class of workers engaged in foreign or interstate commerce.

More info: supremecourt.gov

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:

This cafeteria plan election change allowed midyear?

Q: We have an employee who's legally separated but hasn't obtained a divorce. Can we let this individual make changes to his cafeteria plan elections?

A: An employee who's legally separated has experienced a change in status, and therefore your plan may permit him to make midyear changes. A change in legal marital status may include marriage, the death of a spouse, divorce, legal separation

and annulment. Bear in mind that the election change must also satisfy the consistency rule. So if spouses are eligible for health insurance coverage, then a change in marital status would mean the employee can alter his cafeteria plan election for the individual from whom he's separating. However, he wouldn't be able to cancel his children's health insurance coverage at the same time. That change wouldn't correspond to the change in status that employee experienced.

More info: www.law.cornell.edu/cfr/text/26/1.125-4

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, instructions and other publications contains Payroll-related updates.

- Publication 1500, *The IRS Research Bulletin*. Revised May 2022. Posted 5/26/22.
- Publication 5179, *BMF Online Payment Agreement Application Flyer*. Revised May 2022. Posted 5/26/22.
- Publication 5084, *IRS Congressional Update Newsletter*. Revised June 2022. Posted 6/3/22.
- Publication 5360, *Paycheck Checklist Using the IRS Tax Withholding Estimator*. Revised June 2022. Posted 6/6/22.
- Publication 5653, *Cost Segregation Audit Technique Guide*. Revised June 2022. Posted 6/6/22.
- Publication 5648, *Security Summit Membership Criteria*. Revised May 2022. Posted 6/7/22.
- Publication 5241, *IRS Whistleblower Office Fiscal Year Annual Report*. Revised December 2021. Posted 6/9/22.
- Publication 5646, *Annual Filing Season Program Participants Continuing Education Requirements*. Revised May 2022. Posted 6/9/22.
- Form 8979, *Partnership Representative Revocation, Designation, and Resignation*. Revised December 2018. Posted 6/13/22.

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!

CONNECTICUT

- **UNCLAIMED WAGES:** Thanks to HB 5506 you'll no longer need to report the aggregate of abandoned property, such as unclaimed wages, valued at less than \$50. **More info:** bit.ly/connecticut648

ILLINOIS

- **BEREAVEMENT LEAVE:** The Child Bereavement Leave Act has been amended to allow two weeks of leave for employees who experience events such as pregnancy loss, failed adoptions or unsuccessful reproductive procedures. **More info:** www.illinois.gov/news/press-release.25026.html

MARYLAND

- **COMMUTER BENEFITS:** As of July 1, 2022, businesses can claim a tax credit for an expanded list of commuter benefits. They include certain carpool programs, telework programs, active transportation programs and multimodal commuter programs. That's thanks to SB 210. **More info:** mgaleg.maryland.gov/mgawebsite/Legislation/Details/SB0210

NEW HAMPSHIRE

- **PAID LEAVE:** The Granite State Paid Family and Medical Leave Plan will provide employees with voluntary access to leave. An employer of any size may elect to participate in the plan – in addition, a business enterprise tax credit equal to 50% of the premium paid will be available. Currently, the state is seeking a commercial insurance carrier to insure and

administer the plan so the plan can be up and running by Jan. 1, 2023. **More info:** bit.ly/nh648

NEW YORK

- **PAYROLL SERVICE PROVIDERS:** New legislation requires the Dept. of Financial Services to conduct a study of the payroll service provider industry. The effort was prompted by a 2019 scandal involving MyPayrollHR. The president of that company directed \$26 million in payroll funds to his personal account. Consumer protections should be put in place, according to legislators. **More info:** on.ny.gov/3mQQz6V

OKLAHOMA

- **PAYCARDS:** Effective Nov. 1, 2022, employers will be able to require employees to receive their wages via direct deposit. What's more, if you have any employees who don't give consent or don't designate a financial institution for receiving their wages, you'll be able to pay them using paycards. These changes are the result of SB 1345. **More info:** bit.ly/oklahoma648

SOUTH CAROLINA

- **INTERNAL REVENUE CODE:** Due to HB 5057, when state law mentions the Internal Revenue Code (IRC), that's now referring to the IRC of 1986 as amended and in effect on Dec. 31, 2021. The new law took effect May 16, 2022. **More info:** bit.ly/southcarolina648

TENNESSEE

- **E-VERIFY:** New legislation, HB 1853, lowers the threshold – from 50 to 35 employees – for private employers that are required to use E-Verify to confirm the work authorization status of new hires. **More info:** wapp.capitol.tn.gov/apps/indexes
- **SUBMINIMUM WAGE:** Starting

July 1, 2022, employers won't be able to use the subminimum wage to pay for an employee whose earning or productive capacity is impaired by age, physical or mental deficiency or injury. Instead, employers must use the minimum wage. That's due to HB 2078. **More info:** bit.ly/subminimum648

UTAH

- **WITHHOLDING:** The Utah State Tax Commission released new withholding tables, which are found in Publication 14. The new tables kick in for pay periods starting May 1, 2022, but they're effective for tax years beginning Jan. 1, 2022. According to Tax Bulletin 07-22, SB 59 lowered the state individual income tax rate from 4.95% to 4.85%. **More info:** tax.utah.gov/bulletin/tb-07-22.pdf

THE LIGHTER SIDE

When you lay your head on your pillow at night, does anything keep you awake – maybe concern about a recent pay deduction? Hopefully it's not the pillow itself causing worry.

Take the case of a hotel manager at The Jewel Facing Rockefeller Center who ordered 60 new king-size pillows. They were puffier than the old ones, making it tough to put them in pillowcases, housekeepers complained. The hotel manager said he'd look into finding new pillowcases, but one housekeeper notified the union ASAP.

The union filed an unfair labor practice charge with the National Labor Relations Board, saying the hotel failed to bargain the effects of putting new pillows in guestrooms. But the board sided with the hotel and "put the matter to rest."

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