

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™

September 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.

■ FORMS FOR VOLUNTARY CORRECTION PROGRAM

Item: Forms 8950, 8951, 14568, 14568-A through I, *Employee Plans Compliance Resolution System*.

Background: The IRS issues various types of closing agreements and compliance statements under Revenue Procedure 2021-30. Employee plans maintain their tax-qualified status through the Voluntary Compliance Program by submitting the required forms and schedules to the IRS.

Comments due: 10/11/22.

Cite: *Federal Register*, 8/9/22.

■ PROCEDURES UNDER THE AFFORDABLE CARE ACT

Item: T.D. 9494 and T.D. 9955, *Affordable Care Act Internal Claims and Appeals and External Review Disclosures*.

Background: These documents set forth procedures for group health plans.

Comments due: 10/3/22.

Cite: *Federal Register*, 8/5/22.

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

Incorrect or missing SSN on Form W-4? Steps for Payroll

■ Getting accurate information from employees

What does the IRS require when you have an incorrect Social Security number (SSN) or other taxpayer identification number (TIN) on file for someone? Or what if an employee's number is missing altogether from your records?

The IRS revised Publication 1586 in July 2022. This publication contains updates and answers related to how often you should reach out to employees, acceptable methods for communicating and more.

Here's a closer look:

If at first you don't succeed

You know that when a new hire comes on board, that person needs to complete Form W-4 – this serves

as the initial SSN solicitation for Form W-2. If the SSN turns out to be incorrect or is missing and you're able to show "reasonable cause" then you can avoid penalties. The step to take? Annual solicitations.

To make these yearly requests for accurate info, you have three options, says the IRS. You can reach out by mail, by telephone or electronically.

By mail. The IRS notes the following forms should be included in your correspondence:

- Form W-4 to seek an accurate SSN for Form W-2, and
- Form W-4P or Form W-4R to try to obtain the right TIN for

(Please see *Form W-4 ... on Page 2*)

3 additional years for SECURE Act plan amendments

The IRS is extending the deadline for complying with the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 and other laws.

The details came in Notice 2022-33, released on Aug. 3, 2022.

Here's the latest:

Deadline is Dec. 31, 2025

The new deadline for making amendments to qualified retirement plans or 403(b) plans is Dec. 31, 2025, the IRS said.

That buys plan sponsors three years, given that the law's original

deadline for calendar year plans had been Dec. 31, 2022.

Two previously released IRS notices contained details for Payroll on complying with the SECURE Act. They were:

- Notice 2020-68, which made employees who work at least 500 hours for three consecutive years eligible for retirement plan participation, and
- Notice 2020-86, which raised the cap for automatic enrollment safe harbor plans from 10% to 15%.

More info: www.irs.gov/pub/irs-drop/n-22-33.pdf

\$97K in back wages owed due to timekeeping software configuration

■ OVERTIME VIOLATIONS AT NC HEALTHCARE CENTER

It's one thing after another on some workdays – and taking a lunch break may seem unrealistic.

That's not a Fair Labor Standards Act (FLSA) violation in and of itself.

But if nonexempt employees don't stop working during a meal break, that time must be included in hours worked.

Problem is, some timekeeping software automatically deducts meal periods from work hours. That's what happened in the emergency department at LifePoint-Central Carolina Hospital.

When employees reached a certain number of hours worked, the system designated part of their workday as "meals." But the healthcare center didn't completely relieve employees of their duties during that time.

So, the emergency medical services workers missed out on overtime pay, the Dept. of Labor said during an investigation.

The Sanford, NC, employer had to pay \$97,209 in back wages for 41 workers.

Review automatic deductions

Payroll practitioners may need to review their timekeeping software's configurations. Find out what's set to occur automatically.

If your system is making automatic deductions for meal breaks, spot check that time against actual hours worked.

After all, it'll be your company – not the software – on the hook for any FLSA violations.

More info: www.dol.gov/newsroom/releases/whd/whd20220719-0

Form W-4 ...

(continued from Page 1)

Form 1099-R. Note: Employers must start using these forms, rather than the old, combined Form W-4P by Jan. 1, 2023.

By telephone. Update your records in real time to prove you made the annual solicitation, explains the IRS.

Electronically. You have several requirements to meet if you go this route to contact someone.

For example, you should document all occasions of user access to the form, be reasonably certain the person accessing the system and submitting the form is the intended person and ask for a signature.

Also, provide the same details as included on the paper form.

Heads up: The IRS may request a hard copy of the electronic form.

Meanwhile, if an individual asks to fill out a paper form instead, you should make that option available.

More info: www.irs.gov/pub/irs-pdf/p1586.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.

■ PROBLEM WITH DEDUCTIONS FOR ESCROW ACCOUNT?

"Both Lucas and Mark signed the employee handbook, so they knew about the deductions for the escrow account," HR Manager Cheryl Jones told Payroll Manager Pat Gray.

"And yet they're bringing this Fair Labor Standards Act lawsuit against us?" Pat asked.

"Yes, they're saying that making those \$15 deductions from their weekly paychecks led to minimum wage and overtime problems," said Cheryl.

\$15 per week

"Let's see here," said Pat, checking the payroll system. "That's what I thought – they both make a lot more than \$7.25 per hour. Lucas earns \$22.50 an hour, and Mark's rate is \$16.

"So when we take out \$15 per paycheck that doesn't bring their pay below \$7.25 per hour or mean they're not paid enough overtime," added Pat.

"It's not like we want to take money away from them," said Cheryl. "They know we use that \$500 in escrow money to provide the training, licensing and certifications they need for the job.

"And," Cheryl went on, "if they stay with us longer than a year, they get the full \$500 back."

The employees proceeded with their lawsuit saying the company shouldn't have made the paycheck deductions. The company tried to get the case thrown out.

Did the court dismiss the case?

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

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IRS specs for TY 2022 Forms W-2: What to check before year-end

■ STILL WAITING FOR FINAL REGS ON ELECTRONIC FILING THRESHOLD

If your company is planning to format its own W-2s this year-end, or you use a third party and it prints substitute forms, it's time to get up to speed on the TY 2022 specs – IRS just released them.

Remember, although you don't have to order Forms W-2 printed by the IRS, you do have to ensure your wage and tax statements conform to IRS standards.

Here are some highlights from Publication 1141, *General Rules and Specifications for Substitute Forms W-2 and W-3*, revised August 2022.

Paper copies to employees

For starters, the IRS made clear that until it issues final regs regarding the lower threshold for mandatory electronic filing, the number will remain as is. That means if you have fewer than 250 returns to file with SSA, you're not required to file electronically, although that option is available.

Whether or not you're sending your Forms W-2 (Copy A) to SSA electronically, you may be distributing

statements to some or all employees on paper – and that means the substitute specs apply.

The dimensions of Form W-2 (Copies B, C, and 2 only) can differ from those of the official IRS form. That flexibility comes in handy if you're trying to fit multiple or lengthy entries in:

- **Box 12** – all entries in this box must use Codes A-HH. Note: The four-item limit for box 12 applies only to Form W-2 (Copy A).
- **Box 14** – this box can contain any information you wish, but all entries must be labeled.

The instructions you include on substitute Forms W-2 (Copies B, C, and 2) should be similar to the official IRS form. However, you can modify or delete instructions that don't pertain to your employees.

For example, you might delete information on Railroad Retirement Tier 1 and Tier 2 compensation or on dependent care benefits.

Once again for TY 2022, you can choose to truncate employees' Social Security numbers on Form W-2 (Copies B, C, and 2 only).

More info: www.irs.gov/pub/irs-pdf/p1141.pdf

IRS: This fringe benefit should be included on W-2s

When companies provide employees with fringe benefits, one question Payroll asks is: What will need to be reported on Forms W-2?

The IRS has answered that question for one type of benefit.

In Information Letter 2022-0007, the IRS shed light on a 2014 law which allowed the creation of tax-favored savings accounts for individuals with disabilities. The law was the Stephen Beck, Jr., Achieving a Better Life Experience (ABLE) Act.

The law says an employer can make a contribution to an ABLE account

belonging to an employee or an employee's family member. Note: The 2022 contribution limit is \$16,000 or \$28,880 for an individual with disabilities who's working.

Boxes 1, 3 and 5

Contributions should be treated as a taxable fringe benefit, the IRS said. You'd report the amount in boxes 1, 3 and 5 of the employee's W-2.

That's the case if the contribution is made to the employee or the employee's family member's ABLE account.

More info: bit.ly/able652

NEWS YOU CAN USE

■ DEFERRED DEPOSITS AND PAYMENTS DUE AT YEAR-END

If your company deferred depositing and paying the employer portion of Social Security tax as allowed under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, remember you have a deadline coming at year-end.

Payment for 50% of the deferred tax was already due Jan. 3, 2022.

The remaining amount should be made to the IRS by Jan. 3, 2023. Note: Although the IRS FAQs on the CARES Act list Dec. 31, 2022, as the upcoming deadline, that date falls on a Saturday, and New Year's Day will be observed on Monday – therefore, the deadline has been pushed back.

More info: bit.ly/deferred652

■ PREMIUM TAX CREDIT UNDER ACA DECREASING FOR 2022

In Revenue Procedure 2022-34, the IRS announced a decrease in the affordability threshold for the premium tax credit.

Currently, healthcare coverage is affordable under the Affordable Care Act (ACA) if a plan's premiums cost 9.61% or less of an employee's household income. For 2023, that percentage is decreasing to 9.12%.

More info: www.irs.gov/pub/irs-drop/rp-22-34.pdf

■ PICK A PAY PERIOD IN THE FALL FOR EEO-1 REPORTING

Once again employers will need to pick a pay period between Oct. 1, 2022, and Dec. 31, 2022, to obtain a "workplace snapshot."

Private employers with 100 or more employees will then fill out the EEO-1 Component 1 report with data on race/ethnicity, sex and job categories. The EEOC's tentative date to start collecting that report is April 2023.

More info: www.eeoc.gov/employers/eeo-1-data-collection

TEST YOUR KNOWLEDGE

■ Which documents can you accept for Form I-9 now?

With the temporary policy for expired List B identity documents ending earlier in 2022, now's a good time to review the rules for Form I-9 documents.

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

1. If a new hire gives you an acceptable receipt for one of the documents in List A, List B or List C, you should follow up when the receipt validity period ends.
2. You're allowed to accept a receipt from someone who has applied for an initial grant for employment authorization.
3. An individual with permanent employment authorization won't hand you a document with an expiration date.
4. Someone who's under age 18 can hand you a doctor record to establish identity for Form I-9.

ANSWERS

Answers to the quiz:

1. *True*. Employees must present the actual document to you. They have until the receipt validity period ends or until they receive the actual document – whichever comes first – to do that.
2. *False*. These receipts aren't an acceptable way to verify employment authorization and identity.
3. *False*. Some documents issued to people with permanent employment authorization include expiration dates. You'll need to go through the reverification process when those List A or List C documents expire.
4. *True*. Individuals who are under age 18 and can't give you an acceptable List B document have other documents they can use.
More info: bit.ly/documents652

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.

Workers at NJ car wash not paid overtime rate

Employer: New Casino Car Wash, Franklin Park, NJ, and Riverdale Car Wash, Riverdale, NJ.

Business: Car wash.

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

Type of violation: Failed to pay overtime at time-and-one-half employees' regular rates of pay. Instead, when they worked more than 40 hours in a workweek, they were paid straight-time rates in cash. The employer also didn't maintain accurate records.

Penalty: \$115,801 in back wages and damages for 36 workers.

Government office: Dept. of Labor, Wage and Hour Division, Lawrence Township, NJ, district office.

Workers earned less than required prevailing wage

Employer: Adams Communications and Engineering Technology Inc., Reston, VA.

Business: Contractor.

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

Type of violation: The technical and engineering contractor paid some workers a lower rate than the prevailing wage rate. Also, workers didn't earn enough wages to cover the health benefits. Investigators found overtime violations as well. The employer had contracted with the Dept. of Defense to work on a project in Havelock, VA.

Penalty: \$268,014 in back wages for 63 workers.

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

Misclassified workers as independent contractors

Employer: M&M's Welding & Fabricating – operating as M&M's Welding, Houston.

Business: Welding and fabrication.

Law broken: Fair Labor Standards Act's overtime requirements.

Type of violation: Misclassified workers as independent contractors. As a result, the company didn't pay overtime correctly.

Penalty: \$178,358 in overtime back wages for 27 employees.

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

Owed back wages to 28 H-2A agricultural workers

Employer: Wooden Shoe Farms, Blackfoot, ID.

Business: Agriculture.

Law broken: Immigration and Nationality Act's H-2A agricultural worker program.

Type of violation: The employers underpaid migrant farm workers and provided unsafe and unhealthy housing. Plus, Wooden Shoe Farms failed to pay workers inbound and outbound transportation costs from their home countries and didn't keep records for three years. Also, some individuals didn't receive a work contract and weren't paid the required rates of pay.

Penalty: \$44,652 in back wages for 28 farmworkers and \$19,895 in penalties.

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

Tracking local laws and regs

■ Philly residents, nonresidents have lower Wage Tax rates

Philadelphia has decreased its Wage Tax rates, effective July 1, 2022.

For residents of the city, the Wage Tax rate is 3.79%, down from 3.8398%. The rate for nonresidents is 3.44%, down from 3.4481%.

More info: bit.ly/philadelphia652

■ Extended tax deadlines for these Missouri locations hit by storms

Businesses located in certain parts of Missouri have extra time to file tax returns and make tax payments.

The IRS granted tax relief due to storms that hit the City of St. Louis, as well as St. Charles, Montgomery and St. Louis counties.

Deadlines that occurred starting on July 15, 2022, have been moved back to Nov. 15, 2022, the IRS said.

More info: bit.ly/missouri652

■ Will Portland, ME, see increase in minimum wage to \$18 per hour?

Voters in Portland, ME, will weigh in on a citizen initiative. On Nov. 8, 2022, they'll decide whether to approve an act to eliminate the

subminimum wage and increase the minimum wage rate. Specifically, the tipped subminimum wage for tipped workers would be phased out over three years. During that same timeframe, the minimum wage rate would increase to \$18 per hour by Jan. 1, 2025.

Additionally, the law would require certain workers in the city to be paid the minimum wage. They include taxi drivers and other ride-hailing services, personal shoppers, delivery workers and those doing business for a unit of government.

The citizen initiative would also create a Dept. of Fair Labor Practices to enforce wage laws.

More info: www.portlandmaine.gov

■ New ordinance in Seattle related to app-based workers

The Seattle City Council passed Ordinance 126595 on June 13, 2022.

The ordinance discusses the compensation that network companies must provide to app-based workers and/or ensure that they receive.

For each minute of engaged time, the workers must earn at least:

PRODUCTIVITY BOOSTERS

■ An IRS reminder about ordering year-end forms

Getting too far ahead on certain tasks can sometimes lead to extra work for you.

For example, says the IRS, Payroll practitioners may not want to overstock supplies of privately printed, substitute Forms W-2.

Same goes for other forms you use at year-end.

The IRS reminds employers that the forms are subject to change each year – so stocking up too much might not be the best approach.

More info: www.irs.gov/forms-pubs/about-publication-1141

- the minimum wage equivalent rate
- multiplied by the associated cost factor (1.12), and
- multiplied by the associated time factor (1.17).

The ordinance defines “network company” as an organization operating in Seattle that uses an online-enabled app or platform to connect customers with app-based workers, present offers to the workers and facilitate the provision of services so the workers can be compensated.

More info: seattle.legistar.com

REAL PROBLEMS, REAL SOLUTIONS

Payroll saw a 22% reduction in off-cycle payments with this benefit

We wanted to improve employees' compliance with our organization's timekeeping procedures.

With 7,000 employees spanning 100 locations, even small inconsistencies in their hours worked added up. That left Payroll with a heavy load to carry in the effort to get people paid accurately.

We thought about creating off-cycle calendars, but that would be easier said than done.

After all, we had multiple paydays and pay periods, and our organization had facilities spread out across the country.

These complexities didn't stop us from looking for ways to make improvements. In fact, they led us to implement a change that has been quite beneficial to both Payroll and employees.

Did research by attending webinars

After attending webinars to research on-demand pay providers, we found the one that best met our needs.

We began allowing employees to access their wages as they earned them each workday – and they responded even more enthusiastically than expected. They're more diligent now about entering their hours after each

shift, and they look more closely at their pay when they receive it.

That sure beats not finding out about discrepancies for weeks and having to make payments outside our regular payroll cycle.

After the first year of offering the benefit of on-demand pay, we saw a 19% decrease in off-cycle payments. We reached a 22% reduction after the second year.

(Adapted from DailyPay, “Fundamental Administrative Services Improves Time-Clock Compliance With DailyPay,” dailypay.com, last accessed Aug. 16, 2022)

Survey reveals hiring plans during remainder of 2022 – Payroll’s key role

■ MANY COMPANIES SAY THEY AIM TO ADD NEW POSITIONS

Looks like new hire paperwork will continue to come Payroll’s way during the second half of 2022.

That’s based on results from the latest Robert Half State of U.S. Hiring Survey.

Of the 1,500 managers surveyed, 46% plan to add new positions and the same amount said they’re poised to fill vacated positions.

Meanwhile, only 6% answered that they won’t be adding new positions or filling vacated ones.

Who’s eliminating positions? Only 2% of respondents.

Here’s a stat that’ll keep Payroll on its toes: According to the survey, almost half (45%) of companies want to utilize contractors.

That number’s higher when it comes to technology (60%) as well as finance and accounting (54%).

You may need to work with HR and supervisors to confirm that independent contractors are being classified correctly, so that workers

don’t mistakenly receive 1099s instead of W-2s.

Getting people in the door

Recruiting has felt like grasping at straws for many companies. As creative ideas keep rolling out, Payroll should be in the loop to help ensure compliance. Here’s what you may encounter:

Higher starting salaries (46%). As wages rise, keep the salary threshold in mind (currently, \$35,568 per year) to gauge whether someone’s overtime status should change from nonexempt to exempt.

Signing bonuses (34%). Your company may plan to recoup the money if someone leaves earlier than expected. Get employees to sign off on that – and check state laws.

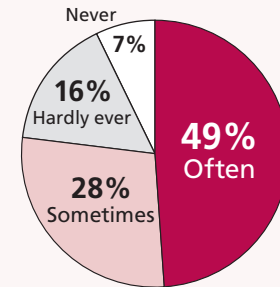
Remote work options (33%). It’s important employees know they can contact Payroll with questions about the timekeeping system, whether they’re in the office or at home.

The freedom to live far away from the office (31%). You may have more out-of-state employees. Remember,

WHAT PAYROLL PROS TOLD US

Videoconferencing

How often do you use video calling or online conferencing?



Source: 2022 Pew Research Center survey, 2,767 respondents

Videoconferencing is popular among employees who work from home sometimes, with 49% of those surveyed saying they use it often and 7% saying they never do.

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

in general, Payroll should withhold state income tax based on where an employee works.

Reduced educational prerequisites (28%). Your company may decide to bring people on board and then offer educational assistance. Up to \$5,250 can be excluded from income.

More info: bit.ly/hiring652

SHARPEN YOUR JUDGMENT – THE DECISION

(see case on Page 2)

Yes, the court dismissed the case.

The employees said the company violated the Fair Labor Standards Act by making weekly deductions from their wages for an escrow account.

The company pointed out that, even though it made the deductions, the employees didn’t earn less than minimum wage and didn’t receive less overtime than required. The court agreed.

Indeed, the employees earned well over \$7.25 per hour – their hourly rates were \$22.50 and \$16. That meant their gross straight time wages equaled \$900 and \$640 per week, respectively. The company could have made deductions that far exceeded \$15 per week.

Another important point: When the employees were hired, they received the company handbook and acknowledged that in writing. The handbook explained that the employer would deduct \$15 per week from

hourly field employees’ pay until they reached \$500. The funds covered the costs of required training, licensing and certifications provided to employees through a third party.

For employees who left the company within the first year of employment, their final paycheck would include a credit for the escrow account deductions minus the actual cost of the training. Individuals employed longer than a year would be refunded the sum of the escrow account and wouldn’t be responsible for the cost of the training.

Analysis: Taking another look at your handbook

Review your company handbook to make sure details about paycheck deductions are clear. Also, remind employees they can ask you payroll-related questions if they don’t understand something.

And, of course, have new hires sign off that they’ve received the handbook.

Cite: *Lima v. Ranger Environmental Services, LCC*, Civil Action No. 1:20-cv-598-TFM-N, U.S. D.C., S.D. Alabama, Southern Div., 8/2/22. Note: Dramatized for effect.

Industry news you can use

■ DOL collecting wage data on highway construction workers

How much do highway construction workers in your county earn in wages and fringe benefits?

The U.S. Dept. of Labor (DOL) is asking that question of employers in Nevada who had workers involved in relevant projects between Aug. 1, 2020, and July 31, 2021.

The DOL's goal is to set accurate prevailing wage rates. If you're able to participate in the survey, you have until Sept. 30, 2022, to do so.

More info: www.dol.gov/newsroom/releases/whd/whd20220720-0

■ Filling out reports didn't make home inspectors employees

A Massachusetts employer didn't need to make contributions to the state's unemployment compensation fund for home inspectors, the Appeals Court said July 13, 2022.

Tiger Home Inspection had

correctly classified workers as independent contractors, according to the court. Although the company required inspectors to complete a report after they finished inspections, that didn't mean the company controlled their work. After all, the report was mandated by regulation.

More info: bit.ly/inspectors652

■ Survey reveals competitiveness of government wages, benefits

According to the State and Local Workforce 2022 survey, released in June by MissionSquare Research Institute, 44% of those surveyed said they felt the wage compensation offered to employees was competitive with the labor market. That's lower than it's been in recent years.

When it comes to benefits compensation such as pensions, though, state and local workers had a positive response, with 85% saying they were competitive in this area.

More info: slge.org/wp-content/uploads/2022/06/2022workforce.pdf

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:

Acceptable forms to use for employment verification?

Q: When our state child support agency sends us a verification of employment form, do we have to use that form to provide the requested information?

A: A state child support agency seeking to establish or enforce a child support order may ask an employer for information first. In addition to general information about the employee, such as Social Security number and first day of employment, the

state will need details involving earnings, health and medical insurance benefits and more. The form you receive will vary from state to state, which can make the process more cumbersome for you. However, there's a standardized form you may be able to use instead. The *Standard Response to Verification of Employment/Income* was rolled out in 2021, having been developed by a Payroll industry workgroup. States can choose whether or not they'll accept the standardized form, so check with your state before using it.

More info: bit.ly/voe652

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 5165, *Guide for Electronically Filing Affordable Care Act (ACA) Information Returns*. Revised June 2022. Posted 7/6/22.
- Publication 1546, *The Taxpayer Advocate Service Is Your Voice at the IRS*. Revised June 2022. Posted 7/11/22.
- Publication 1546-EZ (flyer), *The Taxpayer Advocate Service Is Your Voice at the IRS*. Revised June 2022. Posted 7/11/22.
- Publication 3744, *IRS Strategic Plan FY2022–2026*. Revised July 2022. Posted 7/14/22.
- Publication 3744-C, *Strategic Plan Fiscal Years 2022–2026 Goals & Objectives*. Revised July 2022. Posted 7/14/22.
- Form 4900, *E-File and E-Pay Your Heavy Highway Vehicle Use Tax*. Revised June 2022. Posted 7/14/22.
- Publication 5477, *All Taxpayers Now Eligible for Identity Protection PINs*. Revised July 2022. Posted 7/18/22.
- Form 720, *Quarterly Federal Excise Tax Return*. Revised September 2022. Posted 7/19/22.
- Publication 5084, *Congressional Update*. Revised July 2022. Posted 7/19/22.

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!

COLORADO

- **PAID LEAVE:** The Colorado Supreme Court ruled that the premium collected from employers and employees to fund the state's paid family and medical leave insurance program isn't unconstitutional. The Colorado Taxpayer's Bill of Rights says that when there's a change in income tax law, all taxable income must be taxed at one rate with no added tax or surcharge. In *Chronos Builders, LLC v. Dept. of Labor*, the court decided the paid family and medical leave premium is a fee, not a tax or a tax-like surcharge. **More info:** bit.ly/colorado652

CONNECTICUT

- **UI TAXES:** The state has a new unemployment insurance benefits and tax system. It's called ReEmployCT, the Connecticut Dept. of Labor said. The new system can be used 24/7. **More info:** bit.ly/connecticut652

HAWAII

- **WAGE PAYMENTS:** Paying or agreeing to pay employees less compensation than they've earned is a class C felony. That's according to SB 2298, which became law July 12, 2022. Employers will be subject to a fine of at least \$500 per offense. Also, each violation will be deemed a separate offense. **More info:** bit.ly/hawaii652

ILLINOIS

- **MEAL BREAKS:** The One Day Rest in Seven Act has been amended. The law already requires that if an employee is scheduled to

work 7.5 continuous hours, the employer must provide a 20-minute meal break. Starting Jan. 1, 2023, if an employee works over 7.5 hours, that person will be entitled to an additional 20-minute meal period for every additional 4.5 continuous hours worked. **More info:** bit.ly/illinois652

NEW YORK

- **PAID LEAVE:** Employers are currently required to provide employees with paid leave to obtain a COVID-19 vaccine. Although the measure was set to expire at the end of this year, it's been extended to Dec. 31, 2023. The change is due to A9513. **More info:** www.nysenate.gov/legislation/bills/2021/A9513

PENNSYLVANIA

- **OVERTIME:** New regs took effect Aug. 5, 2022, updating the definition of "regular rate" for overtime calculations. The regs affect salaried nonexempt employees. Although the fluctuating workweek (FWW) method of computing overtime is permitted under the federal Fair Labor Standards Act, that method isn't allowed in Pennsylvania. The FWW formula uses the number of hours worked in a workweek, but the state regs now require employers to use a 40-hour workweek when calculating overtime pay. **More info:** bit.ly/pennsylvania652

SOUTH CAROLINA

- **SUBMINIMUM WAGE:** Due to new legislation, paying employees with disabilities subminimum wages is no longer allowed. The use of Sec. 14(c) of the Fair Labor Standards Act is now prohibited in the state. **More info:** bit.ly/southcarolina652

SOUTH DAKOTA

- **UI TAXES:** Effective July 1, 2022, the state made changes affecting

your unemployment insurance tax responsibilities. Specifically, common paymasters (related companies reporting all payroll under one account) are now recognized, the South Dakota Dept. of Labor & Regulation recently said. **More info:** dlr.sd.gov/ral/businesses/faq.aspx#paymasters

WEST VIRGINIA

- **CHILD LABOR:** A final rule on child labor took effect immediately and will expire Aug. 1, 2027. The form that must be filled out to employ a 14- or 15-year-old worker contains four sections: Part A for the prospective employer; Part B for the minor's parents; Part C for the minor's school representative; and Part D for the county superintendent. **More info:** labor.wv.gov/Wage-Hour/Child_Labor/Pages/Child-Labor-Forms.aspx

THE LIGHTER SIDE

What would you do with an extra \$360 to spend? Now, what would you do with an extra \$360,000?

After a Lynwood, WA, couple bought a winning lottery ticket from a grocery store, they thought they'd won \$360.

Seems they didn't notice the winning amount contained three more zeros than that. The store explained they'd have to go to the lottery office to cash in their prize, and that's when it hit them.

With their winnings, they first wrote a check to their son and daughter-in-law, who are expecting a baby.

As for the rest of the \$360,000, this sensible couple said it's going to retirement savings.

Cite: UPI, "Couple Thinks They Won \$360 in Lottery, Turns Out to Be \$360,000," bit.ly/lottery652