

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™

October 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.

MAILING DOCUMENTS, MEETING FILING DEADLINES

Item: T.D. 9543 and Revenue Procedure 97-19, *Timely Mailing Treated as Timely Filing*.

Background: The regs affect taxpayers who mail tax documents to the IRS or the U.S. Tax Court when there's no proof of direct delivery, providing specific guidance. Revenue Procedure 97-19 deals with the criteria set for private delivery services under Sec. 7502 of the IRC.

Comments due: 11/7/22.

Cite: *Federal Register*, 9/7/22.

REPORTING TAX WITHHELD FOR FOREIGN PERSONS

Item: Form 1042, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*.

Background: Used for reporting tax withheld at source on certain income paid to nonresident alien individuals, foreign partnerships and foreign corporations.

Comments due: 10/31/22.

Cite: *Federal Register*, 8/30/22.

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

Minimum coverage tests for 401(k) plans: IRS gives details

Determine HCEs and non-HCEs as starting point

The IRS will be releasing the 2023 dollar limits for retirement plans soon – and we're watching that for you. Those year-end numbers will provide info you need, such as who's a highly compensated employee (HCE).

In 2022, someone who earns more than \$135,000 is an HCE, and that amount is likely to rise next year.

A company needs to identify its HCEs for the purpose of conducting annual nondiscrimination testing for its 401(k) plan, among other things.

Information Letter 2022-0006

Earlier this year, the IRS released Information Letter 2022-0006 detailing two of the minimum coverage tests under Sec. 410(b) of the IRC.

They are the:

- ratio percentage test, and
- average benefits test.

One minimum coverage test must be satisfied each plan year, the IRS said, providing more details:

1. Ratio percentage test. To pass this test, a plan will need a 70% ratio percentage.

Here's how you find that percentage: You divide the percentage of non-HCEs who benefit under the 401(k) plan by the percentage of HCEs who benefit.

As a preliminary step to doing that calculation, you determine the percentage of non-HCEs who benefit under the plan by dividing the number

(Please see 401(k) plans ... on Page 2)

Per diem rates up for FY 2023 – what's changed

New per diem rates have been set, taking effect Oct. 1, 2022. The per diem rate method is one way to substantiate travel expenses to ensure reimbursement is excludable from employees' gross income.

The federal General Services Administration says that for fiscal year 2023, the per diem rate is \$157 for travel within the continental United States (CONUS). That's up \$2 from last year.

Higher amount for lodging

Here's how that per diem rate breaks down:

- \$98 (up from \$96) for lodging, and
- \$59 (no change) for meals and incidental expenses.

There are no new non-standard areas (NSAs) for FY 2023. However, several locations that had been on the NSA have been moved to the standard CONUS rate category. They are:

- Cromwell/Old Saybrook, CT, (Middlesex County)
- El Paso, TX, (El Paso County), and
- Rock Springs, WY, (Sweetwater County).

So, 316 NSAs remain on the list.

More info: bit.ly/perdiem654

Supervising enough FT workers to be executive exempt employee?

■ DOL EXAMINES JOB DUTIES OF PROPERTY MANAGERS

Someone who manages a department or division at your company may be entrusted to make key decisions, but that's not a definite sign the employee is exempt from overtime.

During a recent investigation of a vacation rental provider, the Dept. of Labor (DOL) examined the job duties of property managers there.

The Florida-based company, Holiday Beach Rentals Inc., had classified its property managers as exempt from the minimum wage and overtime requirements of the Fair Labor Standards Act (FLSA).

Problem was, they didn't supervise any employees.

The employer had fallen short in other areas, too, the DOL said. The Panama City Beach company failed to include nondiscretionary bonuses

in the regular rate of pay for overtime purposes. Plus, it didn't keep complete and accurate time and pay records.

All told, the company owed \$44,271 in back wages to 25 workers.

What the FLSA requires

For an employee to qualify for the executive exemption under the FLSA, that person must direct the work of two or more other employees.

Bear in mind, it's also acceptable for an executive exempt employee to direct the work of several full-time equivalent employees.

For example, someone could customarily and regularly supervise:

- two full-time employees, or
- one full-time employee and two half-time employees.

More info: bit.ly/manage654

401(k) plans ...

(continued from Page 1)

of non-HCEs who benefit under the plan by the employer's total number of non-HCEs (for example, let's say that gives you 70%). Apply that same formula using HCEs (for example, let's say that gives you 100%).

Continuing with the example, your plan's ratio percentage would be 70%. So, your plan would pass the test.

2. Average benefits test. This test requires you to perform certain other testing before starting.

In fact, the average benefits test is so complex that in Information Letter 2022-0006, the IRS steers taxpayers toward consulting a tax expert.

In a nutshell, this test allows plan sponsors to compare the average benefits earned by non-HCEs with those earned by HCEs.

Of course, the goal is to make sure your plan doesn't unfairly favor HCEs.

More info: www.irs.gov/pub/irs-wd/22-0006.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.

■ DID COMPANY OWE FORMER EMPLOYEE HIS UNUSED PTO?

"We had to let John go today," HR Manager Cheryl Jones said to Payroll Manager Pat Gray.

"John?" Pat was surprised. "He was so nice, and it's not everyday someone at his level is let go."

"It's a tough situation," said Cheryl. "He was allowing a bunch of his people to use PTO for scheduled days off, and he knew that was against company policy."

"His reason for doing that doesn't matter, of course, but I'd have to guess he did that because he felt bad his employees were losing their PTO due to the reorganization," Pat speculated.

"That's exactly right," said Cheryl. "Now, on top of that, we have another problem."

120 hours accrued

"What is it?" asked Pat.

"John says we owe him 120 hours of unused PTO," explained Cheryl. "He built up a lot of hours during the pandemic, like everyone else."

"We have a policy that we don't do a payout when someone leaves, unless that person lives in a state that requires it," said Pat.

"Yes, and I've had conversations with John about the policy in the past," said Cheryl. "But his stance now is that because he's salaried, the policy doesn't apply to him."

The former employee sued for violations of the wage payment law in South Carolina. The company tried to get the case thrown out. Did it succeed?

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

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

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New info from OCSE on electronic child support and medical support

■ IMPROVED COMMUNICATION WITH STATE CHILD SUPPORT AGENCIES

Whether a state agency is asking Payroll to withhold child support or medical support, it's possible to receive the order in an electronic format.

For several years, the federal Office of Child Support Enforcement (OCSE) has provided an electronic method for states to send Income Withholding Orders (IWOs) to employers.

And in fact, all states offer e-IWO.

Earlier in 2022, the OCSE expanded the electronic option to medical support orders, too.

That's slower-going, with only one state utilizing the electronic process for the National Medical Support Notice (NMSN), so far.

That state? Virginia.

What to look for

The OCSE recently released info on both the e-IWO and the e-NMSN. Here's the latest:

Child support: The OCSE updated a couple documents employers need to complete as the starting point for using the e-IWO process. That's

according to an OCSE announcement on Sept. 7, 2022.

The following two documents now have an expiration date of Feb. 28, 2025:

- *Agreement to Exchange Electronic Income Withholding Orders/ Notices* – the agreement covers several important points, such as the requirement to notify OCSE in writing at least 30 days before you intend to stop accepting electronic child support orders, and
- *e-IWO Employer/Payroll Provider Profile Form* – the form gets into technical details, including file processing information.

Medical support: On Aug. 2, 2022, the OCSE posted FAQs for employers regarding the e-NMSN process.

One FAQ covers a few benefits – for example, reduced paperwork, more accurate data and the ability to report terminations.

Another FAQ clarifies that NMSNs aren't delivered through email, but rather, the OCSE places files on a secure server designated by each employer.

More info: bit.ly/childsupport654, bit.ly/medicalsupport654

Proposed rule would alter joint-employer standard

Beware: The definition of “joint employers” may soon get broader. That's because of a National Labor Relations Board proposed rule issued Sept. 7, 2022.

The proposed rule says two or more employers would be considered joint employers if they make decisions together on employees' essential terms and conditions of employment.

In other words, employers with indirect control over employment issues would be liable under the National Labor Relations Act, reminiscent of 2015 changes. The

current rule, which took effect April 27, 2020, says only the employer with direct and immediate control is liable.

Employment issues, such as wages

Some examples of essential terms and conditions of employment include:

- wages, benefits and other compensation
- work and scheduling
- hiring and discharge
- discipline, and
- workplace health and safety.

More info: bit.ly/jointemployer654

NEWS YOU CAN USE

■ WAGE GARNISHMENTS FOR THESE LOANS STILL PAUSED

With the pause on federal student loan repayments being extended again, wage garnishments for defaulted federal student loans shouldn't be showing up on your desk yet.

In a recent announcement, the Dept. of Education discussed the latest extension that goes through Dec. 31, 2022, and gave details on:

- income limits for student debt cancellation, and
- a proposed rule on income-driven repayment plans.

More info: bit.ly/studentloan654

■ NEW DEADLINE TO STOP EEO-1 REPORT DISCLOSURE

Federal contractors recently learned they had limited time to object to their Type 2 EEO-1 Report data being disclosed. The deadline – originally set for Sept. 19, 2022 – has been pushed back to Oct. 19, 2022.

So, contractors have an extra month to file a written objection with the Dept. of Labor's Office of Federal Contract Compliance Programs (OFCCP).

In the meantime, the OFCCP says it plans to email contractors it believes are covered by the Freedom of Information Act request the agency received in June 2022.

More info: bit.ly/contractors654

■ MORE GUIDANCE COMING ON EARNED WAGE ACCESS

The Consumer Financial Protection Bureau issued an advisory opinion on earned wage access (EWA) products in 2020, saying the products aren't loans or credit under certain circumstances.

Now, the agency plans to issue expanded guidance regarding how the definition of “credit” under the Truth in Lending Act and Regulation Z applies to EWA.

More info: bit.ly/ewa654

TEST YOUR KNOWLEDGE

■ Properly handling health FSA rollovers and grace periods?

It was hardly business as usual with flexible spending accounts (FSAs) in the early pandemic. But do you know what's allowed now?

Test your knowledge of health FSAs by answering *True* or *False* to the following:

1. Your FSA can allow employees to roll over the entire amount of unused funds from 2022 into 2023.
2. For the 2022 plan year, plans can't allow both a rollover and a grace period.
3. Employees who have changes in their employment status – for example, someone who switches from a full-time to a part-time worker – can make midyear changes to FSA contribution amounts.
4. For 2022, the employee limit on FSA contributions is \$2,850, according to the IRS.

ANSWERS

More info: Good Rx Health, www.goodrx.com/insurance/fsa-hsa/2022-fsa-contribution-limits

1. *False.* Employees are no longer allowed to roll over an unlimited amount of unused funds – that flexibility is over as things have stabilized.
2. *True.* Although allowing both was permitted during the 2020 and 2021 plan years, that's come to an end.
3. *True.* Change in employment status is one qualifying event that enables employees to make midyear changes. Previously, during the pandemic plans could allow employees to make changes without such an event.
4. *True.* That's up \$100 from the previous year. The IRS hasn't released the 2023 limits, yet.

Answers to the quiz:

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.

Wage and Hour Division,
New Orleans district office.

Prevailing wage error involving electricians

Employer: Master Electric Service and Maintenance, Newark, NJ.

Business: Construction subcontractor.

Law broken: Davis-Bacon and Related Acts and Contract Work Hours and Safety Standards Act.

Type of violation: Didn't pay eight electricians prevailing wage and fringe benefits for their work on a federally funded residential construction project. The company incorrectly identified and paid electricians as laborers.

Penalty: \$202,896 in back wages.

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

Waste collector missing records of hours worked

Employer: IV Waste LLC, New Orleans.

Business: Waste collection.

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

Type of violation: The waste collection company didn't pay all employees for hours worked over 40 in a workweek; instead, it paid them a daily rate. IV Waste also failed to include certain types of bonuses when calculating the regular rate of pay for overtime purposes. Plus, the company didn't keep accurate records of hours worked for all nonexempt employees.

Penalty: \$106,672 in back wages for 105 workers.

Government office: Dept. of Labor,

Wage deductions brought pay below \$7.25 per hour

Employer: Fuji Japanese Steakhouse and Sushi Bar, operated by Xin Inc., Poplar Bluff, MO.

Business: Restaurant.

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

Type of violation: The restaurant made deductions from pay that brought workers' hourly wages below \$7.25 per hour – specifically, the cost of uniform aprons and name tags was taken out of pay. Also, the employer didn't pay the proper overtime rate and operated an illegal tip pool by collecting 20% of servers' tips and distributing them to workers who didn't interact with customers.

Penalty: \$171,834 for 75 servers, sushi and hibachi chefs.

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

Failed to pay wages for months: \$67,294 owed

Employer: McNeil and NRM Inc., Akron, OH.

Business: Tire equipment maker.

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

Type of violation: The employer didn't pay wages on the regular payday for the pay period covered. The employees worked two-and-a-half months without pay.

Penalty: \$67,294 in unpaid wages for 29 workers.

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

Tracking local laws and regs

■ Minimum wage in Mile High City will get even higher in 2023

The minimum wage in Denver will increase next year. The current rate of \$15.87 will go up to \$17.29 per hour as of Jan. 1, 2023.

Tipped wages will also be increasing from \$12.85 to \$14.27 per hour. That's assuming employees earn at least \$3.02 per hour in tips.

More info: bit.ly/denver654

■ Indian community in Arizona has extra time to file certain returns

Following severe storms that occurred in July 2022, the IRS has granted tax relief for the Salt River Pima-Maricopa Indian Community in Arizona. Certain tax filing and payment deadlines have been postponed until Nov. 15, 2022. That includes quarterly payroll tax returns normally due Oct. 31, 2022.

More info: bit.ly/Arizonataxes654

■ Deadlines pushed back to 2023 due to Jackson, MS, water crisis

Hinds County, MS, which includes Jackson, began facing a water crisis on Aug. 30, 2022. The IRS says tax relief

is available for businesses located in the disaster area. For example, quarterly payroll tax returns normally due Oct. 31, 2022, and Jan. 31, 2023, have been pushed to Feb. 15, 2023.

More info: bit.ly/MStaxes654

■ Revised questionnaire needed for occupational license tax

In Kentucky, the Hardin County Ordinance 327, Series 2021, requires new and existing businesses operating in the Industrial Tax District to file a questionnaire – revised July 7, 2022 – related to the occupational license tax.

The questionnaire along with Form W-9 and the \$100 annual license fee should be sent to the Hardin County treasurer.

More info: hcky.org/finance-department/occupational-tax-forms

■ In New York, 3 jurisdictions have passed pay transparency laws

The effective date of a new pay transparency law in New York City is coming up: Nov. 1, 2022.

Shortly after that, on Nov. 6, 2022, a similar law will take effect in Westchester County, NY. Employers

PRODUCTIVITY BOOSTERS

■ Here's the list of states with no income tax – there are 9

Nine states have no income tax. Here's the list, which you may need as you're dealing with nexus issues.

- Alaska
- Florida
- Nevada
- New Hampshire
- South Dakota
- Tennessee
- Texas
- Washington, and
- Wyoming.

More info: bit.ly/incometax654

there will need to include the minimum and maximum salary for a job, along with other information, when advertising an open position.

Employers in Ithaca, NY, already must comply with Ordinance 2022-03, which kicked in Sept. 1, 2022. Both upper and lower compensation rates must be included in advertisements for jobs, the city recently stated in FAQs.

More info on each locality's law:

- Ithaca – bit.ly/ithaca654
- New York City – on.nyc.gov/3s5o9Ji
- West Chester – bit.ly/westchester654

REAL PROBLEMS, REAL SOLUTIONS

Form W-2 and/or Form 1099-NEC following an employee's death?

Being prepared for difficult situations in Payroll helps us ensure that essential tasks don't slip through the cracks.

One of the toughest situations we have to face is the death of one of our employees.

Having checklists in place – not only for Payroll but for other departments as well – has been an important part of our approach.

Some tasks fall on the shoulders of both Payroll and A/P, so we plan to work together if we're notified that someone has died. For starters, we need to verify if the decedent has any

uncashed paychecks and determine whether final payments will be made in the year of the person's death or in a subsequent year.

3 scenarios we're prepared for

Depending on the scenario, we know what action to take.

Scenario #1: The death occurs after an employee has received a paycheck but before it's cashed.

Year-end reporting falls on Payroll.

Scenario #2: Wages payable in the same year the death occurred.

Payroll will send out Form W-2 (entering info in boxes 3-6), and

A/P will also issue Form 1099-NEC (filling in box 1).

Scenario #3: Wages payable after the year the death occurred.

A/P will generate Form 1099-MISC. For example, this might be for a bonus that's tied to the prior year's earnings.

Our checklists and plans help us ensure that we handle payments in a sensitive manner while ensuring compliance with the laws.

(Based on a session at the 2022 American Payroll Association Congress, presented by Stephanie Ernsting, director of HR shared services, Amcor, Oshkosh, WI)

Sharp increases likely: Is your state's minimum wage rate tied to the CPI?

■ INFLATION INCREASED 8.3%, SAID BUREAU OF LABOR STATISTICS

Better buckle your seat belt as inflation continues to soar. One reason: The minimum wage rate is tied to the Consumer Price Index (CPI) in dozens of states and localities.

For August 2022, the Bureau of Labor Statistics reported an 8.3% year-over-year increase in the CPI for All Urban Consumers (CPI-U).

Note: While states typically use the CPI-U, some use the CPI for Urban Wage Earners and Clerical Workers, which is the CPI-W.

Getting ready for 2023

Here are the states that use CPI released in August, without setting a cap on increases – along with their current minimum wage rates:

- Arizona – \$12.80
- Maine – \$12.75
- Montana – \$9.20
- Ohio – \$9.30
- South Dakota – \$9.95, and
- Washington – \$14.49.

The following states use the August CPI data but place a cap on their rate increases:

- Minnesota – for large employers the current rate is \$10.33, and for small employers it's \$8.42 (the cap is 2.5%), and
- Vermont – \$12.55 (the cap is 5%).

Several other states already have announced minimum wage rate increases for next year.

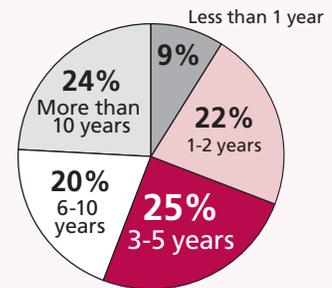
Here's a closer look:

- In California, on Jan. 1, 2023, the rate will increase to \$15.50 for all employers (up from the current \$15 for large employers and \$14 for small employers). Earlier legislation established increases starting in 2017 and set 2023 as the first year the minimum wage rate would be tied to the CPI. The rate increase is based on CPI data as of June 30 each year and is capped at 3.5%.
- The minimum wage in Colorado is scheduled to increase to \$13.65 on Jan. 1, 2023 (currently it's \$12.56). The state uses the CPI for the Denver-Aurora-Lakewood Metropolitan Statistical Area.

WHAT PAYROLL PROS TOLD US

Employee retention

How long have you worked for your company?



Source: 2022, CareerBuilder/Harris Poll

You may have been processing new hire paperwork for a smaller percentage of employees on the payroll this year, compared with the last few years.

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

Not all states that base their rates on the CPI rely on a calendar year.

For example:

- In Oregon employers recently saw a minimum wage increase. On July 1, 2022, the rate increased to \$13.50 (was \$12.75).

More info: www.dol.gov/agencies/whd/minimum-wage/state

SHARPEN YOUR JUDGMENT – THE DECISION

(see case on Page 2)

Yes, the court dismissed the former employee's case.

The company had terminated his employment after he disregarded its paid time off (PTO) policy and payroll practice.

Of note, in his role as a director, the former employee had allowed hourly employees to use their PTO when he shouldn't have.

The former employee said the company violated the South Carolina Payment of Wages Act by not paying out his unused PTO once it fired him. In fact, he had 120 hours of accrued PTO that he hadn't yet been able to use due to job demands during the COVID-19 pandemic.

The company pointed to its policy stating that no vacation payouts would be given upon termination unless a law in the state where the employee resided required that.

In response, the former employee said the policy

pertained only to hourly employees and – as a director – he had been a salaried employee.

He negated his own argument, though, when he testified that vacation was a company benefit that employees accrued while working and didn't take with them if they were no longer employed.

Analysis: Hourly and salaried employees

You may think your handbook is clear regarding PTO payouts upon termination.

However, some former employees may look for loopholes, so it's best to spell out exactly what the benefit is and isn't. For example, if the same PTO policy applies to both hourly and salaried employees, you may want to plainly state that.

Cite: *Radford v. Hospital Housekeeping Systems, LLC*, Case No. 4:20-cv-04354-JD-SVH, U.S. D.C., D. South Carolina, Columbia Div., 8/30/22.

Note: Dramatized for effect.

Industry news you can use

■ Medicaid providers' \$15 per hour minimum wage requirement

Florida's budget for FY 2022-2023 contains a requirement that employees of **Medicaid providers** must be paid a minimum wage of \$15 per hour.

The state's Agency for Health Care Administration (AHCA) recently posted FAQs on this.

As stated in the FAQs, the deadline for providers to complete the supplemental wage agreement with the AHCA is Oct. 1, 2022.

Other details are addresses, such as the distinction between all employees and direct care employees.

More info: ahca.myflorida.com/Medicaid/Finance/finance/enh_wage/index.shtml

■ California Fast Food Council to set standards for workers

In California, the Fast Food Accountability and Standards Recovery Act, AB 257, calls for the creation of a Fast Food Council which

will set minimum standards affecting wages, the right to take time off and more.

The standards will apply to **fast food** restaurant workers and franchisees and franchisors in the state.

More info: bit.ly/fastfood654

■ Cable techs exempt from OT, says federal appeals court

Cable technicians qualified for the Fair Labor Standards Act's commission exemption. Therefore, their employer didn't owe them overtime pay.

So said the Fifth Circuit Court of Appeals recently in *Taylor v. HD and Associates*.

The court looked at the requirements for the exemption, including whether more than half the technician's compensation represented commission on goods or services.

More info: www.ca5.uscourts.gov/opinions/pub/20/20-30815-CV0.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:

Invalid W-4, no earlier form on file: How should we withhold?

Q: If an employee gives us an invalid Form W-4 and we don't have an earlier form that is valid, how should we proceed with income tax withholding?

A: Form W-4 may be invalid if, for example, an employee writes "Exempt" in the space below Step 4(c) and also completes additional steps – other than 1(a), 1(b) and 5. Tell the employee the form is invalid and ask for another one. If you

don't receive that, withhold according to how the employee filled out an earlier form. In the event there's no earlier form, withhold federal income tax as if the employee had checked the "Single or Married filing separately" box in Step 1 and left the remaining steps on the W-4 blank. For employees that haven't filled out a W-4 for your company since the form was revamped – which happened in 2020 – treat that person as single and claiming zero allowances on a 2019 Form W-4.

More info: www.irs.gov/pub/irs-pdf/fw4.pdf

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 5258, *Guide for Affordable Care Act Information Returns Submission*. Revised July 2022. Posted 8/25/22.
- Publication 5078, *Assurance Testing System Guidelines for Modernized e-File Business Submissions for Processing Year 2023*. Revised August 2022. Posted 8/26/22.
- Schedule D (Form 990), *Supplemental Financial Statements*. Revised 2022. Posted 8/30/22.
- Publication 5248, *IRS Form 990-N Electronic Filing System (e-Postcard) User Guide*. Revised August 2022. Posted 8/30/22.
- Form 14234-A, *Compliance Assurance Process Research Credit Questionnaire*. Revised August 2022. Posted 8/30/22.
- Publication 5308, *Automated Enrollment for Affordable Care Act Providers the Externals Guide*. Revised September 2022. Posted 8/31/22.
- Publication 4268, *Employment Tax for Indian Tribal Governments*. Revised August 2022. Posted 8/31/22.
- Publication 5084, *Congressional Update*. Revised September 2022. Posted 9/1/22.

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!

ARKANSAS

- **WITHHOLDING:** The state has previously passed a law to incrementally reduce the income tax rate from 5.9% to 4.9%. The first phase kicked in Jan. 1, 2022, lowering the rate to 5.5%. Now, due to new legislation passed during a special session, the rate has been immediately dropped to 4.9% – retroactive to Jan. 1, 2022. Updated withholding tax tables are now available. **More info:** bit.ly/arkansas654

CALIFORNIA

- **UNCLAIMED PROPERTY:** The state controller can establish the California Voluntary Compliance Program, AB 2280 says. That'd allow businesses with unreported unclaimed property to get interest waived. **More info:** bit.ly/california654

FLORIDA

- **INDEPENDENT CONTRACTORS:** Employers that would like to show generosity to independent contractors during declared emergencies have the chance to do so without worrying their efforts will be used as evidence in certain civil causes of action. That's thanks to SB 542, which took effect July 1, 2022. For example, the law lets employers offer their independent contractors financial assistance if they're unable to work because of health and safety concerns. **More info:** bit.ly/florida654

IDAHO

- **WITHHOLDING:** A flat personal income tax rate has been

established, and on Jan. 1, 2023, the rate will be 5.8% (down from 6%). This change resulted from a special legislative session held on Sept. 1, 2022 – HB 1 overwhelmingly passed in the legislature, and the governor signed the bill the same day. **More info:** bit.ly/idaho654

ILLINOIS

- **WITHHOLDING:** You may want to check out Publication 130, *Who is Required to Withhold Illinois Income Tax*. The publication – which discusses what forms you must give to employees, what records you should keep and many other topics – has been revised as of August 2022. **More info:** bit.ly/illinois654

IOWA

- **UI TAX RATES:** For 2023, the unemployment insurance (UI) contribution rates will be taken from Table 8. That's after five consecutive years of being based on Table 7. With the lower rates, a business paying the median tax rate and staying in the same tax rank would pay \$72.20 less per employee for UI tax next year. That's based on the 2023 taxable wage base which, as we previously reported, will be \$36,100. **More info:** bit.ly/iowa654

MISSOURI

- **WITHHOLDING:** The governor has requested a special session to reduce state income tax rates. The top individual income rate is currently 5.3% – the governor has asked for that to drop to 4.8%. We'll keep you posted. **More info:** bit.ly/missouri654

PENNSYLVANIA

- **WITHHOLDING:** The Dept. of Revenue (DOR) announced that all business taxes will be moved to a new system for filing and paying

taxes. That includes withholding, sales and corporation taxes. The transition to the Pennsylvania Tax Hub (PATH) system is expected to occur by late November 2022. The DOR advises employers to wait until then to create a myPATH profile. In the meantime, continue to use the e-TIDES system, says the DOR. **More info:** bit.ly/pennsylvania654

UTAH

- **CRYPTOCURRENCY:** HB 456 sets the wheels in motion for the state to accept cryptocurrency payments. By Jan. 1, 2023, the Division of Finance must contract with a service provider that can accept payments for an agency in the form of a digital user asset and convert that asset into legal tender for the agency. **More info:** bit.ly/utah654

THE LIGHTER SIDE

If you're a fan of Sudoku, you'll be glad to know the game was given its own holiday nearly a decade ago.

Can you guess the month and day of International Sudoku Day?

Considering that the puzzles are based on logic, the answer to that question seems fitting.

The number-placement puzzle is a grid comprised of nine squares, with each square containing nine boxes.

If you guessed Sept. 9 – i.e., 9/9 – as the date of the holiday, you're correct.

Sudoku requires you to think several steps ahead, making the game good for brain function – and we bet Payroll would have the knack.

Cite: UPI, "International Sudoku Day Was Founded in 2013," bit.ly/sudoku654