

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 PAYROLL <sup>TM</sup>

November 1, 2024

## UPCOMING DEADLINES

Use this checklist to help ensure your deposits of Social Security, Medicare and withheld income taxes are timely remitted to the IRS.

### ■ SEMIWEEKLY DEPOSITORS

- **Nov. 1, 2024:** Deposit taxes for payroll on Oct. 26, 27, 28, 29.
- **Nov. 6, 2024:** Deposit taxes for payroll on Oct. 30, 31, Nov. 1.
- **Nov. 8, 2024:** Deposit taxes for payroll on Nov. 2, 3, 4, 5.
- **Nov. 14, 2024:** Deposit taxes for payroll on Nov. 6, 7, 8.
- **Nov. 15, 2024:** Deposit taxes for payroll on Nov. 9, 10, 11, 12.
- **Nov. 20, 2024:** Deposit taxes for payroll on Nov. 13, 14, 15.
- **Nov. 22, 2024:** Deposit taxes for payroll on Nov. 16, 17, 18, 19.
- **Nov. 27, 2024:** Deposit taxes for payroll on Nov. 20, 21, 22.

### ■ MONTHLY DEPOSITORS

- **Nov. 15, 2024:** Deposit taxes for payments made during October 2024.
- **Dec. 16, 2024:** Deposit taxes for payments made during November 2024.

### ■ ALL EMPLOYERS

- **Jan. 31, 2025:** File Form 941 for Q4 of 2024. Note: If you properly deposited taxes on time and in full, you have until Feb. 10, 2025, to file.

## 2025 update: Withhold 6.2% tax from \$176,100 in wages

### ■ SSA provides other key numbers for Payroll

**T**ime to update your systems: SSA has announced the 2025 Social Security taxable wage base you'll need to withhold taxes.

Next year's number will increase to \$176,100. That's \$7,500 more than the current amount of \$168,600.

The Social Security tax, as set by Congress, will remain 6.2% for employees and employers.

That means if an employee earns \$176,100 (or more) next year, you'll withhold \$10,918.20. Of course, your company will pay that same amount for the tax.

The 1.45% Medicare portion of FICA is unchanged, as is the 0.9% Additional Medicare Tax (AMT). The AMT should be withheld if someone's

earnings exceed \$200,000 (\$250,000 for married couples filing jointly).

### Working after retirement

Do you have employees on the payroll who have already begun to receive Social Security retirement benefits?

If so, workers who haven't reached full retirement age may prefer to keep their earnings under the annual limit set by SSA, as exceeding that limit will cause the agency to reduce their retirement benefits. SSA released numbers related to that for 2025:

For someone who won't yet reach retirement age in 2025, the limit will

*(Please see Wages ... on Page 2)*

## Get ready for these legal and banking holidays in 2025

**T**he IRS and Federal Reserve have released their holiday schedules for 2025. By confirming which days are slated to be holidays next year, Payroll can stay ahead of the game.

There are 12 legal and 11 banking holidays to incorporate into your planning. Note: Inauguration Day is a legal holiday. It doesn't add to the overall count of legal holidays, though, because it falls on the same day as Martin Luther King Jr. Day: Jan. 20, 2025.

### Dates you need for planning

Here's what the IRS and banks have announced for 2025:

- Wed., Jan. 1: New Year's Day (LB)
- Mon., Jan. 20: MLK Jr. Day (LB)
- Mon., Feb. 17: Presidents' Day (LB)
- Wed., April 16: Emancipation Day (LB)
- Mon., May 26: Memorial Day (LB)
- Thurs., June 19: Juneteenth (LB)
- Fri., July 4: Independence Day (LB)
- Mon., Sept. 1: Labor Day (LB)
- Mon., Oct. 13: Columbus Day (LB)
- Tues., Nov. 11: Veterans' Day (LB)
- Thurs., Nov. 27: Thanksgiving (LB)
- Thurs., Dec. 25: Christmas Day (LB)

**More info:** [www.irs.gov/pub/irs-dft/p509--dft.pdf](http://www.irs.gov/pub/irs-dft/p509--dft.pdf)

## 37 teens worked more hours than federal child labor law permitted

■ PLUS, INVESTIGATORS FOUND MINIMUM WAGE, OVERTIME ERRORS

When investigators from the Dept. of Labor's (DOL's) Wage and Hour Division looked into the pay practices at El Mazatlan Inc., they found child labor violations.

Specifically, the Glasgow, KY, employer allowed 37 minors – ages 14 and 15 – to work longer and later than permitted under the Fair Labor Standards Act (FLSA).

Another child who was 13 years old – i.e., under the legal age limit – also worked at the chain of restaurants.

The DOL said the employer had to pay \$250,000 in penalties for the child labor violations.

In addition, El Mazatlan has agreed to:

- create and update child labor training materials as part of its management training program, and

- conduct training with all supervisors and managers.

### Other FLSA violations

The DOL discovered other infractions during its investigation. Where did El Mazatlan go wrong with FLSA compliance? The employer:

- deducted the costs of uniforms from servers' wages, causing their pay to drop below minimum wage, and
- failed to pay overtime to three salaried employees – they'd been misclassified as exempt.

The minimum wage and overtime violations cost the company more than \$100,000 – i.e., \$50,233 in back wages and an equal amount in liquidated damages for 168 employees.

**More info:** [www.dol.gov/newsroom/releases/whd/whd20241010](http://www.dol.gov/newsroom/releases/whd/whd20241010)

## Wages ...

(continued from Page 1)

be \$23,400, up from \$22,320. For every \$2 earned above the limit, SSA will deduct \$1 from his or her benefit payments.

As for an individual who'll reach retirement age in 2025, the limit is \$62,160, up from \$59,520. For every \$3 someone earns above that limit, SSA will reduce that person's benefits by \$1.

Be aware that when determining how much someone has earned for these purposes, SSA includes bonuses, commissions and vacation pay.

Also remind employees that once they reach full retirement age, the limit regarding how much they can earn on the job is lifted.

As for how much retirement benefits will increase in 2025 due to the cost-of-living adjustment, that update was also released by SSA.

SSA said there will be a 2.5% increase in benefits.

**More info:** [www.ssa.gov](http://www.ssa.gov)

## COMPLIANCE CHECK

### ■ OVERTIME CALCULATIONS DIDN'T INCLUDE BONUSES

Primex Plastics Corporation, an international plastics manufacturer located near Atlanta, failed to include nondiscretionary bonus payments when calculating overtime.

As required by a consent decree, the company has paid:

- \$154,009 in back wages and liquidated damages to 743 workers, and
- \$128,589 in civil money penalties to the Dept. of Labor.

**More info:** [www.dol.gov/newsroom/releases/whd/whd20240930-1](http://www.dol.gov/newsroom/releases/whd/whd20240930-1)

### ■ EMPLOYER RESTORED 24.67 HOURS OF PAID SICK LEAVE

Hopewell Operator LLC – a Hopewell, VA, federal contractor – violated the McNamara-O'Hara Service Contract Act and Executive Order 13706. The rehabilitation and nursing care center had to:

- pay \$22,923 in health and welfare benefits for two employees
- pay \$1,860 in paid sick leave for eight employees, and
- restore 24.67 hours of paid sick leave for three employees.

**More info:** [www.dol.gov/newsroom/releases/whd/whd20240930-2](http://www.dol.gov/newsroom/releases/whd/whd20240930-2)

### ■ NEW YORK COMPANY FAILED TO PAY TIME-AND-A-HALF

Rollup Shutters & Awnings Inc., Holbrook, NY, paid straight-time rates to 35 employees even when they worked overtime hours. Plus, the awnings company didn't maintain accurate pay records. So, the Dept. of Labor said it had to pay:

- \$126,185 in back wages
- \$126,185 in liquidated damages, and
- \$28,245 in civil money penalties.

**More info:** [www.dol.gov/newsroom/releases/whd/whd20231218-1](http://www.dol.gov/newsroom/releases/whd/whd20231218-1)

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

EDITOR: JENNIFER WEISS  
[jweiss@HRMorning.com](mailto:jweiss@HRMorning.com)

MANAGING EDITOR: CURT BROWN  
PRODUCTION EDITOR: MICHAEL CREDLE  
EDITORIAL DIRECTOR: CURT BROWN

*Keep Up to Date on Payroll* (ISSN 1076-3309), issue date November 1, 2024, Vol. 31 No. 702, is published semi-monthly except once in December (23 times a year).

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting or other professional services. If legal or other expert assistance is required, the services of a competent professional should be sought. — From a declaration of principles jointly adopted by a committee of the American Bar Association and a committee of publishers.

Copyright © 2024 HRMorning. Please respect our copyright: Reproduction of this material is prohibited without prior permission. All rights reserved in all countries.

## Dollar amounts for fringe benefits going up next year: Here's how much

■ IRS RELEASED THE UPDATED NUMBERS IN NOTICE 2024-40

**H**eads up: The IRS has announced the amounts you can exclude from an employee's gross income for certain fringe benefits in 2025.

As you know, fringe benefits are generally subject to income tax withholding as well as Social Security and Medicare taxes, unless they meet requirements for income exclusion.

Revenue Procedure 2024-40 contains those dollar amounts.

### Changes for 2025

First, the limit on pretax deductions for health flexible spending arrangements (FSAs) is going up. Employees will be able to contribute up to \$3,300 through salary reductions next year, IRS said. Currently, the limit is \$3,200.

If your cafeteria plan allows employees to carry over unused FSA amounts, take note of the new maximum amount you can allow for 2025: It's \$660 (up from \$640).

If you have a qualified small employer health reimbursement arrangement, the total amount of payments and reimbursements can't

exceed \$6,350, or \$12,800 for family coverage (that's up from \$6,150 and \$12,450, respectively).

When it comes to qualified transportation fringe benefits, the aggregate exclusion for transportation in a commuter highway vehicle and any transit pass will be \$325 per month (up from \$315). The same limit applies to qualified parking.

For employers that have a qualified adoption program, the amount excludable from gross income will be \$17,280 (currently it's \$16,810). Note: The same amount applies if the child has special needs.

Another fringe benefit some employers choose to offer is medical savings accounts (MSAs). The 2025 cost-of-living adjustment affects the high deductible health plans associated with MSAs. Here are the numbers:

- self-only coverage: the deductible range must be between \$2,850 and \$4,300, and the max out-of-pocket expenses will be \$5,700, and
- family coverage: the deductible range must be between \$5,700 and \$8,550, and the max out-of-pocket expenses will be \$10,500.

**More info:** [www.irs.gov/pub/irs-drop/rp-24-40.pdf](http://www.irs.gov/pub/irs-drop/rp-24-40.pdf)

## E-Verify: Get Historic Records Report by Jan. 5, 2025

**T**o retain information about old E-Verify cases, you'll need to take action by Jan. 5, 2025.

Employers have until that date to download records for E-Verify that are more than 10 years old – i.e., cases last updated on or before Dec. 31, 2014.

On Jan. 6, 2025, U.S. Citizenship and Immigration Services (USCIS) will dispose of these historic records.

### Attach report to Forms I-9

If you download an Historic Records Report, you can attach that

to the corresponding Forms I-9. The report contains the following data:

- company name and location
- initiated date and verification case number
- employee name and date of initial resolution
- date of additional resolution and final status, and
- case closure date and case closure description.

**More info:** [www.uscis.gov/i-9-central/form-i-9-related-news/e-verify-records-scheduled-for-disposal](http://www.uscis.gov/i-9-central/form-i-9-related-news/e-verify-records-scheduled-for-disposal)

## NEWS YOU CAN USE

### ■ LONG-TERM, PT EMPLOYEES: IRS SAYS FINAL REG COMING

The IRS plans to issue a final regulation regarding the participation of long-term, part-time (LTPT) employees in 401(k) plans.

However, as the Service explained in Notice 2024-73, the reg will apply to plan years that begin on or after Jan. 1, 2026 – that's later than originally expected.

While employers wait for final regulations, they should continue to adhere to the participation thresholds set by these relevant, recent laws:

- Setting Every Community Up for Retirement Enhancement Act (as of 2024, it's 500 hours over *three* consecutive years), and
- Secure 2.0 Act (as of 2024, it's 500 hours over *two* consecutive years).

**More info:** [www.irs.gov/pub/irs-drop/n-24-73.pdf](http://www.irs.gov/pub/irs-drop/n-24-73.pdf)

### ■ MINIMUM WAGE HIGHER IN THIS U.S. TERRITORY

In American Samoa, industry-specific minimum wage rates apply under the Fair Minimum Wage Act of 2007. These rates go up by 40 cents per hour every three years.

The latest increase occurred on Sept. 30, 2024, and the mandatory poster has been updated. Example: Workers in the finance and insurance industry must earn an hourly rate of at least \$7.09 (was \$6.69).

**More info:** [www.dol.gov/sites/dolgov/files/WHD/legacy/files/ASminwagePoster.pdf](http://www.dol.gov/sites/dolgov/files/WHD/legacy/files/ASminwagePoster.pdf)

### ■ WHAT TO DO IF THE IRS SENDS YOU LETTER 105-C

If the IRS sends your company Letter 105-C, *Disallowance of the Employee Retention Credit*, what comes next?

In *e-News for Tax Professionals* 2024-38, the IRS explained the steps to take if you agree or disagree with its decision regarding the tax credit.

**More info:** [tinyurl.com/erc702](http://tinyurl.com/erc702)

# State law and reg changes Payroll needs to know

**ARIZONA**

- **MINIMUM WAGE:** Starting in 2025, the state will raise its minimum wage from \$14.35 to \$14.70 per hour. In Flagstaff, the minimum wage will increase to \$17.85 per hour, up from \$17.40 per hour. Also, in Tuscon, the minimum wage is scheduled to increase to \$15 per hour. Currently, the city’s hourly rate is \$14.35. **More info:** [www.azica.gov/divisions/labor-department](http://www.azica.gov/divisions/labor-department)

**CALIFORNIA**

- **PAID FAMILY LEAVE:** Employers can currently require employees to use up to two weeks of accrued vacation time before they take paid family leave as part of the state’s disability insurance program. But that’s changing soon. AB 2123, which became law on Sept. 29, 2024, amended the Unemployment Insurance Code, so that employers will no longer have the authority to set that prerequisite for disabilities that begin on or after Jan. 1, 2025. **More info:** [legiscan.com/CA/text/AB2123/id/3023103](http://legiscan.com/CA/text/AB2123/id/3023103)

**COLORADO**

- **PAID FAMILY, MEDICAL LEAVE:** The Colorado Dept. of Labor and Employment announced that, for 2025, the premium rate for the Family and Medical Leave Insurance (FAMLI) program will remain unchanged at 0.9% of wages. FAMLI premiums must be paid until employees reach the Social Security wage cap (for 2025, that’s \$176,100). By default, employers and employees split the cost of premiums 50/50. However, employers have the option of paying the full amount. **More info:** [content.govdelivery.com/accounts/CODLE/bulletins/3b132a7](http://content.govdelivery.com/accounts/CODLE/bulletins/3b132a7)

**ILLINOIS**

- **PAYSTUBS:** Due to SB 3208, employers must keep copies of

employees’ paystubs for at least three years after the date of payment, starting in 2025. The requirement applies even if an employee’s employment ends during the three-year period. The legislation also states that employers must furnish copies of paystubs to current and former employees at an employee’s request if certain conditions are met. What’s more, for employers that utilize electronic paystubs, if employees can’t access those paystubs electronically for a full year after their employment ends, then at the time of separation, the employer must offer to provide the individual with a record of a year’s worth of paystubs. **More info:** [www.ilga.gov/legislation/publicacts/fulltext.asp?Name=103-0953](http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=103-0953)

**MAINE**

- **EXEMPT EMPLOYEES:** Starting on Jan. 1, 2025, the state’s minimum salary threshold is scheduled to increase to \$1,128 per week, which equates to \$58,656 per year. It’s the same salary level that the federal Dept. of Labor has slated for 2025. The Maine Dept. of Labor reminds employers that, in addition to salary, duties must be considered when determining whether someone is exempt from overtime. **More info:** [www.maine.gov/labor/news\\_events/article.shtml?id=13014514](http://www.maine.gov/labor/news_events/article.shtml?id=13014514)

**MASSACHUSETTS**

- **TAX AMNESTY:** The Dept. of Revenue is offering tax amnesty from Nov. 1, 2024, through Dec. 30, 2024. The program was authorized in the Fiscal Year 2025 General Appropriations Act. Non-filers and taxpayers with outstanding tax liabilities can choose to catch up on back taxes and have eligible penalties waived. Interested taxpayers can submit an amnesty request starting on Nov. 1, 2024. Returns must be filed,

and taxes and interest are due by Dec. 30, 2024. **More info:** [www.mass.gov/news/massachusetts-tax-amnesty-2024-announced](http://www.mass.gov/news/massachusetts-tax-amnesty-2024-announced)

**NEW JERSEY**

- **LABOR LAW:** According to newly enacted legislation, SB 2869, if an employer coerces workers based on their immigration status to break employment, labor-related laws or other laws, penalties may be imposed. The civil penalty amounts are capped at \$1,000 for a first violation, \$5,000 for a second violation and \$10,000 for any subsequent violations. Laws include the New Jersey Prevailing Wage Act, New Jersey State Wage and Hour Law, New Jersey Gross Income Tax Act and others. **More info:** [pub.njleg.state.nj.us/Bills/2024/S3000/2869\\_11.PDF](http://pub.njleg.state.nj.us/Bills/2024/S3000/2869_11.PDF)

**RHODE ISLAND**

- **VETERANS’ BENEFITS:** Employers with 50 or more employees will need to display a poster containing basic information on veterans’ benefits and services, starting Jan. 1, 2025. That’s due to HB 7058. The Dept. of Labor and Training will work with the Office of Veterans Services to create and distribute the poster. Topics will cover substance abuse and mental health treatment; educational, workforce and training resources; tax benefits; and more. **More info:** [legiscan.com/RI/text/H7058/2024](http://legiscan.com/RI/text/H7058/2024)

**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.