



2018 YEAR-END GUIDE

This year-end guide contains important processing deadlines and tax information. Please review this Year-End Guide to determine if the following information applies to your company. Please feel free to contact us with any questions at 518-363-0600.

HOLIDAY PROCESSING SCHEDULE:

Priority One Payroll will be closed on the days listed below. Please contact us if you need to make changes to your input day or check date.

- Thursday, November 22nd
- Friday, November 23rd
- Tuesday, December 25th
- Tuesday, January 1st

PROCESSING DEADLINES:

The deadline to process a payroll with a 2018 check date is on Friday, December 31st at 12:00 PM. All payrolls submitted after this deadline will be processed with a 2019 check date. If any adjustments are necessary after this deadline, then additional fees will apply, unless prior arrangements were made with us. Any adjustments made after 12/31/18 may result in late payments, interest and penalties. Priority One Payroll is NOT responsible for any penalties and interest associated with these late payments. Please check with your accountant now to see if you will require any adjustments.

YEAR-END BONUSES/PAYMENTS:

Please contact your Customer Service Specialist to make arrangements. PRIORITY ONE PAYROLL WILL REQUIRE YOU TO WIRE FUNDS TO OUR BANK IF ANY OF THE FOLLOWING OCCUR:

1. Any one employee's net pay is greater than \$100,000.00.
2. Total net pay for the check date is greater than \$500,000.00.
3. 941 liability for the check date is greater than \$99,999.99.

EMPLOYEE DATA REPORT:

Please contact your Customer Service Specialist to request an Employee Data Report in order to verify the employee's Social Security number, name and address. Any corrections need to be submitted to us by 12/31/18. If no corrections are reported, then we will assume your W-2's are ready to process and print. Incorrect Social Security numbers that are discovered after year-end reports are produced require correction of returns and W-2's and will result in additional processing fees, so we encourage you to contact your Customer Service Specialist for this report prior to year-end to avoid preventable corrections and expense.

DISABILITY PAYMENTS:

If you have employees that received disability payments in 2018, then send us the payment information ASAP. This information needs to be reported on the employee's W-2. If you expect to receive disability payment information from your third-party administrator after the 12/31/18 deadline, then please contact us immediately so we can delay the processing of your tax returns and W-2's. If you do not let us know, then additional fees will apply.

2018 YEAR-END CHECKLIST

- ACA Reporting & Compliance – ensure your company is in compliance. Employers with 50 or more full-time equivalents and employers that provide self-insured health coverage need to file annual reporting for health insurance purposes and are also subject to the Employer Shared Responsibility Provisions. <https://www.irs.gov/affordable-care-act/employers/employer-shared-responsibility-provisions>
- Contact your health insurance provider if you have more than 50 FTE's to ensure they are completing the 1094/1095 reporting for you.
- If you opted-in to the Employer Compensation Expense Tax (ECET) program, then you must let us know by 12/1 of each year.
- Request the Employee Data Report from your Customer Service Specialist to review employee SS#'s, names and addresses. Report any corrections to us by Monday, December 31st.
- Any payments made to subcontractors (1099) over \$600.00 must be reported. If we are filing 1099's on your behalf, then the wages must be reported by Monday, December 31st. **Any wages reported after this date will result in additional processing fees.**
- Report any manually issued or voided checks before your last payroll in 2018.
- Contact your accountant and submit any adjustments with a regular payroll in 2018, so that taxes can be paid and paid timely. Examples of adjustments include: S-Corp health insurance, group term life, personal use of company cars and any other non-cash fringe benefits.
- Disability Payments need to be reported on the employee's W-2. Contact your administrator for an annual statement and send this report to us ASAP. W-2's will not be processed until we have the annual statement.
- Employer HSA Contributions: If you contributed to your employee's HSA account in 2018, then this amount needs to be reported on the employee's W-2. Please contact us if you have not reported these deposits through payroll.
- NYS Paid Family Leave (PFL): Do you want to deduct NYS PFL from your employees? If so, then you must let us know to turn this on.
- Time Off Accrual balances: If we are tracking the balance for you, then please submit any updates for the new year with your first scheduled payroll of 2019.
- The IRS requires that employers remind their employees to file a new 2019 W-4 Form if any of the following has changed since their last W-4 on file: Filing status, number of allowances or exempt status.
- Employees claiming exempt on their W-4 in 2019 have until February 16th, 2019 to submit a new W-4 in order for their exempt status to continue. If the employee does not submit a new W-4 by this date, then you must withhold as if the employee is claiming Single-0.
- Print the 2019 calendar on our website.
- Report any deduction changes, such as Health, Dental and 401K, with your first payroll in 2019.
- Note: W-2 fees will be included on your first payroll processed in January 2019.
- W-2's must be distributed to employees by Thursday, January 31st. Priority One Payroll will not distribute W-2's to your employees. W-2's will be sent to you before this date.

NYS MINIMUM WAGE INCREASE – EFFECTIVE 12/31/2018

The Minimum Wage rates are scheduled to increase each year on 12/31 based on the employer’s location. Employers must post a Minimum Wage Information Poster in their establishment. Please visit <https://labor.ny.gov/workerprotection/laborstandards/workprot/minwage.shtm> to print out the new posters pertaining to your industry. The new posters must be posted conspicuously and must be posted by 12/31/2018. If you have any questions relating to the minimum wage increase, then please contact the NYS Department of Labor at 518-457-9000, or you can visit their website <http://www.labor.ny.gov/home/>.

MINIMUM WAGE FOR GENERAL EMPLOYEES:

Location	12/31/18	12/31/19	12/31/20	2021*
NYC - Large Employers (of 11 or more)	\$15.00			
NYC - Small Employers (10 or less)	\$13.50	\$15.00		
Nassau, Suffolk & Westchester	\$12.00	\$13.00	\$14.00	\$15.00
Remainder of New York State	\$11.10	\$11.80	\$12.50	*

*Annual increases for the rest of the state will continue until the rate reaches \$15 minimum wage (and \$10 tipped wage). Starting 2021, the annual increases will be published by the Commissioner of Labor on or before October 1. They will be based on percentage increases determined by the Director of the Division of Budget, based on economic indices, including the Consumer Price Index.

MINIMUM WAGE FOR TIPPED FOOD SERVICE EMPLOYEES:

Location	12/31/18	12/31/19	12/31/20	12/31/21
NYC - Large Employers (of 11 or more)	\$10.00			
NYC - Small Employers (10 or less)	\$9.00	\$10.00		
Nassau, Suffolk & Westchester	\$8.00	\$8.65	\$9.35	\$10.00
Remainder of New York State	\$7.50	\$7.85	\$8.35	TBD

MINIMUM WAGE FOR FAST FOOD WORKERS:

The minimum wage for fast food employees employed *OUTSIDE OF NEW YORK CITY* is \$12.75. The minimum wage for fast food employees employed *IN NEW YORK CITY* is \$15.00.

NYC - DETERMINING IF YOU ARE A SMALL OR LARGE EMPLOYER:

1. Small Employer is defined by NYS Department of Labor as any business that (1) employs one or more employees in New York City and (2) has **not** employed more than 10 employees at any time during the current or prior calendar year and among all worksites.
2. Large Employer is defined by NYS Department of Labor as any business that (1) employs one or more employees in New York City, and (2) has employed more than 10 employees at any time during the current or prior calendar year and among all worksites.

NYS UNEMPLOYMENT WAGE BASE INCREASE – EFFECTIVE 01/01/2019

Employers pay Unemployment Insurance contributions on each employee’s earnings up to a certain threshold called the wage base. Currently, the wage base is \$11,100.00. The wage base will be adjusted on January 1st of each year as follows:

2019 - \$11,400	2022 - \$12,000
2020 - \$11,600	2023 - \$12,300
2021 - \$11,800	

NYS PAID FAMILY LEAVE (PFL)

NYS Paid Family Leave (PFL) is a mandatory benefit in NY. If we are not already deducting PFL from your employees and you would like us to turn this on for you, then please contact your Customer Service Specialist.

WHAT IS PFL?

PFL is a mandatory benefit that provides job security and paid time off to employees to bond with a new child, care for a seriously sick family member, or address family matters due to a qualifying military exigency. In 2019, eligible employees may take up to 10 weeks of paid leave and paid leave can be taken in daily increments. Benefits are paid to employees by the insurance carrier.

WHO IS ELIGIBLE?

Virtually every full-time or part-time private employee in New York State is eligible for Paid Family Leave. Participation in the program is not optional for employees. Employees with a regular schedule of 20 or more hours per week are eligible after 26 weeks of employment. Employees with a regular schedule of less than 20 hours per week are eligible after 175 days worked. Employees do not have to take all of their sick leave and/or vacation before using paid family leave. An employer may permit an employee to use sick or vacation leave for full pay, but may not require an employee to use this leave. There are excluded occupations & classes of employees. Download the ABCs of PFL from ShelterPoint: <http://pfl.shelterpoint.com/blog/The-ABCs-of-PFL>

WHO PAYS FOR THE BENEFIT?

PFL is considered an employee-funded benefit, however employers don't have to collect the weekly contributions from their employees. Similar to NYS disability, employers are billed directly from their disability carrier and employers must pay the premium for the entire group, even if you don't withhold weekly deductions through payroll. Priority One Payroll does not collect and remit the employee deductions on your behalf. If you would like to deduct PFL from your employees, then please contact your Customer Service Specialist to have this turned on.

HOW MUCH IS THE EMPLOYEE'S PFL DEDUCTION?

There is no fixed rate as it is a percent of the employee's salary. The 2019 maximum contribution rate is 0.153% of the employee's annual wages, capped at \$70,569.72. The 2019 maximum annual premium that you may deduct from an employee is \$107.97. This is an average of \$2.08 per week per employee, depending on their wages.

WHAT NEW OBLIGATIONS DOES PFL BRING TO MY BUSINESS?

You must add PFL to your written guidance for employees concerning employee benefits or leave rights, such as an employee handbook, and you must display and keep posted a printed notice that will be published by NYS.

PLEASE VISIT THE FOLLOWING WEBSITES FOR MORE INFORMATION:

New York State: <https://www.ny.gov/new-york-state-paid-family-leave/paid-family-leave-how-it-works>

ShelterPoint: <http://pfl.shelterpoint.com>

ShelterPoint – ABCs of PFL: <http://pfl.shelterpoint.com/blog/abcs-of-pfl>

NYS Workers' Comp Board: <http://www.wcb.ny.gov>

OPTIONAL EMPLOYER COMPENSATION EXPENSE TAX (ECET)

The NYS Employer Compensation Expense Tax (ECET) was enacted earlier this year as part of New York's effort to alleviate the burden on taxpayers resulting from the Tax Cuts and Jobs Act's \$10,000 limitation on state and local tax (SALT) deductions. In an effort to reduce the impact of the limited SALT deductions for employees, NYS created this tax since there is NO limit for employer deductions. This is a new OPTIONAL EMPLOYER tax and is not withheld from employees. If you have employees that earn over \$40,000.00 annually and you would like to participate in this program, then you must opt-in by December 1st each year. Please contact your accountant prior to enrolling in this program.

WHAT EMPLOYEE WAGES ARE COVERED?

If an employer chooses to opt-in, then the employer will pay the ECET on wages that exceed \$40,000.00 for the calendar year for any employee employed in NYS.

WHAT ARE THE TAX RATES?

The tax is being phased in over three years at the following rates. The tax will not start until the employee's compensation has exceeded \$40,000.00 during the calendar year and the employer is only taxed on wages that have exceeded \$40,000.00 during the calendar year. An employer may not deduct or withhold any portion of the ECET from an employee's wages.

- 1.5% in 2019
- 3.0% in 2020
- 5.0% in 2021 and subsequent years

HOW DO I OPT-IN TO THE PROGRAM?

Please contact your accountant prior to enrolling in this program. If an employer would like to participate in this program, then the employer must make an annual election by December 1st each year. An employer will use their NYS Business Online Services account to enroll at <https://www.tax.ny.gov/online/bus.htm>.

1. Login to your account
2. Click Client Services Menu
3. Choose Employment and withholding taxes
4. Choose ECEP employer election

WHAT DO I NEED TO TELL MY EMPLOYEES?

If an employer does opt-in, then the employer will need to communicate the following to employees that earn more than \$40,000.00 per year.

1. Indicate that the employer election has been made for the following year.
2. Notify employees to review their IT-2014 and make any adjustments needed. NYS withholding tables will NOT change. However, the NYS IT-2104 will be updated in 2019 to allow employees whose wages are subject to the tax to adjust their state withholding accordingly.
3. Provide employees with the amount of subject wages for the year.

DO I NEED TO NOTIFY PRIORITY ONE PAYROLL?

1. If you never opt-in to the program, then we do not need to know.
2. If you opt-in, then you will need to notify your Customer Service Specialist prior to the new year.
3. If after the first year you decide to not opt-in again, then please let us know so we can turn off this tax.

Please feel free to reach out to Brianna Holmes directly with any questions at 518-363-0600 Ext 105. For more detailed information, please reference the links below.

<https://www.tax.ny.gov/pdf/memos/ecep/m18-1ecep.pdf>

<https://www.tax.ny.gov/bus/ecep/ecepdtx.htm>

AFFORDABLE CARE ACT (ACA) REPORTING

ALL employers must provide an Exchange Notice to all new employees within 14 days of date of hire.

1. If health insurance is offered: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/laws/affordable-care-act/for-employers-and-advisers/model-notice-for-employers-who-offer-a-health-plan-to-some-or-all-employees.pdf>
2. If health insurance is not offered: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/laws/affordable-care-act/for-employers-and-advisers/model-notice-for-employers-who-do-not-offer-a-health-plan.pdf>

Determine if you are an Applicable Large Employer (ALE) by calculating Full-Time Equivalent Employees (FTE)

1. CONTROLLED GROUP: The IRS defines a group of companies as a controlled group if the same people or company owns or controls all companies in the group, even if the companies have different EIN's and locations. In this case, all companies combined must be considered when determining the number of FTE's.
2. FULL-TIME EMPLOYEES + PART-TIME EMPLOYEES = FULL-TIME EQUIVALENT EMPLOYEES (FTE)
 - a. Full-Time Employees: 30 or more hours per week or 130 hours per month. Hours include any hour for which employee is paid or entitled to payment (vacation, holiday, military duty, jury duty, etc).
 - b. Part-Time Employees: Work on average less than 30 hours per week.
 - c. Full-Time Equivalent (FTE): Calculate FTE's by adding hours worked by part-time employees in a month (up to a max of 120 hours per part-time employee) and dividing by 120. Add this number to the number of full-time employees and the result is your total FTE's.

Applicable Large Employers (ALE) with 50 or more full-time equivalent (FTE) employees:

1. PRIORITY ONE PAYROLL DOES NOT FILE THESE FORMS ON YOUR BEHALF. File forms 1094-C and 1095-C with the IRS and provide form 1095-C to each employee by 1/31/19.
2. Provide affordable health care coverage.

What companies have to provide the 1094-C and 1095-C Forms? Companies that have over 50 FTE's in the calendar year must file these forms. Please contact your health insurance provider to ensure that these forms are being filed on your behalf. Priority One Payroll does not produce these forms.

2019 WAGE LIMITS AND TAX RATES:

2019 Tax Type	Rate	Max Tax
Employee Social Security tax rate (Wages up to \$132,900.00)	6.2%	\$8,239.80
Employer Social Security tax rate (Wages up to \$132,900.00)	6.2%	\$8,239.80
Employee Medicare tax rate (Wages up to \$200,000.00)	1.45%	\$2,900.00
Employee Medicare tax rate (Wages above \$200,000.00)	2.35%	No Limit
Employer Medicare tax rate	1.45%	No Limit
Federal Unemployment (FUTA)	0.6%	\$7,000.00

2019 RETIREMENT PLAN LIMITS:

401(k)	\$19,000.00
401(k) catch-up contributions	\$6,000.00
403(b)	\$19,000.00
403(b) catch-up contributions	\$6,000.00
457	\$19,000.00
457 catch-up contributions	\$6,000.00
SIMPLE Plan	\$13,000.00
SIMPLE Plan catch-up contributions	\$3,000.00

HELPFUL WEBSITES AND LINKS:

Priority One Payroll	www.priorityonepayroll.com
Internal Revenue Service	www.irs.gov
NYS Paid Family Leave	https://www.ny.gov/programs/new-york-state-paid-family-leave
IRS – Affordable Care Act	www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions-Home
DOL - Affordable Care Act	www.dol.gov/ebsa/healthreform/
Health Insurance Marketplace	www.healthcare.gov/
Social Security Administration	www.ssa.gov
NYS Department of Labor	www.labor.state.ny.us
NYS Department of Tax & Finance	www.tax.state.ny.us
IRS – Work Opportunity Tax Credit	https://www.irs.gov/businesses/small-businesses-self-employed/work-opportunity-tax-credit-1

Please feel free to contact us with any questions or concerns. All of us at Priority One Payroll wish you a happy holiday season and prosperous new year!