



Payroll Tax Reminders

<https://www.hbcpas.com>

Form W-4 (2020):

- Available at www.IRS.gov/forms-instructions
- Employees can utilize the IRS Tax Withholding Estimator at www.IRS.gov/withholding
- Only required for new employees in 2020 and existing employees with a change in status effective 1/1/2020

Department of Labor – Exempt Employees Salary Increase:

- Salary threshold increases from \$455 to \$684 weekly (\$35,568 annually)
- An employer can use nondiscretionary bonuses, incentive payments and commissions (paid at least annually) to satisfy 10% of the required threshold.
- The employer must make any catchup payments within one pay period after the end of the year.
- The duties test must also be considered when designating an employee as exempt.

Additional Payroll in 2020:

- Employers with a weekly or biweekly payroll cycle with a first payroll date of January 1st or January 2nd (payrolls dated Wednesday or Thursday) will have an additional payroll in 2020.
- Employers with a weekly or biweekly payroll cycle with a first payroll of January 3rd (payrolls dated on Friday) may be impacted if they choose to pay the final payroll of 2020 on Thursday, December 31st versus Friday, January 1, 2021 (Federal Holiday).
- Please determine if you are impacted, review your options and communicate any changes to your employees.

State of Illinois Reminders:

- Illinois employers are required to track and maintain the hours of all employees regardless of status (exempt or non-exempt). This includes hours worked each day in each work week. (56 Ill. Adm. Code 300.630).
- An Illinois employer can offer direct deposit but cannot require an employee to accept this method of payment. (56 Ill. Adm. Code 300-600).
- Schedule P will be required to accompany Form IL-941 for tax quarters beginning in 2020.

Illinois Minimum Wage Increase:

	Standard Rates (18 or older)	Under 18 & Works Less than 650 Hours
1/1/20	\$9.25	\$8.00
7/1/20	\$10.00	
1/1/21	\$11.00	\$8.50
1/1/22	\$12.00	\$9.25
1/1/23	\$13.00	\$10.50
1/1/24	\$14.00	\$12.00
1/1/25	\$15.00	\$13.00

- The Tip Credit percentage remains unchanged at 40%
- Employer Minimum Wage Credit begins in 2020 (Revenue Bulletin FY 2020-13)