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HR News & Best Practices



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DOL Updates Regular Rate of Pay Rules

The U.S. Department of Labor (DOL), announced a new final rule that clarifies how to calculate an employee's regular wage rate under the Fair Labor Standards Act (FLSA). The final rule became effective on Jan. 15, 2020.

Calculating the regular rate is an essential first step when determining an employee's overtime compensation.

Under the FLSA, an employee's regular rate includes all forms of compensation paid to that employee in a workweek. The final rule clarifies what qualifies as compensation.

The DOL's stated objective with this rule is to provide more certainty for employers that offer additional perks to their employees, but aren't sure of whether these benefits should be counted as income under the FLSA.

New Rule at a Glance

The last updates to the regular rate calculation instructions were made over 60 years ago.

- The final rule accounts for newer forms of employee compensation and benefits.
- The final rule eliminates the "infrequent and sporadic" requirement to exclude call-back pay from the regular rate.

Employer Takeaway

Employers should become familiar with this final rule and adjust their payroll practices to account for this new guidance on what should be considered compensation.

Cadillac Tax and Other Key ACA Taxes Repealed

The federal [spending bill](#) signed into law at the end of 2019 repealed three taxes and fees under the Affordable Care Act (ACA):

- The Cadillac tax
- The medical devices excise tax
- The health insurance providers fee

The Cadillac Tax

The Cadillac tax is a 40% excise tax on high-cost group health coverage. Its effective date was previously delayed several times. This tax is now fully repealed, beginning with the 2020 tax year.

The Medical Devices Excise Tax

The medical devices tax is a 2.3% excise tax on the sales price of certain medical devices. This tax is fully repealed beginning in 2020.

Health Insurance Providers Fee

The health insurance providers fee is an annual fee imposed on the health insurance sector. This fee is repealed beginning with the 2021 calendar year.

Employers should be aware of the evolving applicability of existing ACA taxes and fees so they know how the ACA affects their bottom lines.



A New Year, A New Form W-4

The IRS released an updated version of its Form W-4, also known as the “Employee’s Withholding Certificate.”

Employers use IRS Form W-4 to determine each employee’s federal tax withholdings. The new form is intended to harmonize tax withholding declarations with the Tax Cuts and Jobs Act, which affected individuals for the first time during the last tax filing season.

Employees may complete a new W-4 each year or each time they experience a change in their personal financial situation. However, the new form does not invalidate prior versions, and employers are not expected to replace W-4 forms from previous years with the 2020 version.

Highlights of the New Form

- The new form will prompt employees to declare whether they have multiple sources of income (e.g., two jobs or two-earner households).
- New employees who fail to submit a Form W-4 after 2019 will be treated as single filers with no other adjustments.
- The new form uses a five-step process. Only steps one and five are mandatory.

Employer Takeaway

Employers should become familiar with the updates to IRS Form W-4 and make it available for all new hires and employees who wish to amend their withholding declarations in 2020. Please note that employers are not required to update W-4 forms that were completed and filed on or before 2019.

Form W-4 Employee's Withholding Certificate

Department of the Treasury Internal Revenue Service

► Complete Form W-4 so that your employer can withhold the correct federal income tax.
► Give Form W-4 to your employer.
► Your withholding is subject to review by the IRS.

Step 1: Enter Personal Information

(a) First name and middle initial Last name
Address
City or town, state, and ZIP code

(b) Single or Married filing separately
 Married filing jointly (or Qualifying widow(er))
 Head of household (Check only if you're unmarried and pay more than half the costs of keeping up

Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more claim exemption from withholding, when to use the online estimator, and privacy.

Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married and also works. The correct amount of withholding depends on income earned from all jobs. Do only one of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding.
(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) (b).
(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. (Do not check this box if you are not sure if the amount of withholding is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.)

TIP: To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) are an independent contractor, use the estimator.

Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Do not check this box if you are not sure if the amount of withholding is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.)

Step 3: If your income will be \$200,000 or less (\$100,000 or less if married filing jointly)

5 Must-Do's for Employee Orientation

Employee orientation is an important piece of HR and employee management. A formal orientation is essential to setting a new hire up for success and helping your company maintain the corporate image and values you portrayed during the interview process. Employee orientation can also be designed for current staffers who are being promoted to a new position within the company and need a similar type of program. Learn the must-do's for employee orientation in the video below.



The HR Resource Every Business Needs

Whether you have 5 employees or 500, HR360 provides easy-to-understand guidelines that will help you remain compliant. With HR360, you'll find easy, step-by-step guidance on how to comply with a broad range of laws, from Health Care Reform, COBRA, and FMLA to how to interview, hire, and terminate employees. [Click here to learn more!](#)



Marshall & Sterling Insurance will continue to provide you with updates and information regarding important issues. Should you have specific questions or need more information, please contact us.

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