



Thresholds, Updates, and Other Changes for 2020 Tax Year

Time Off Balances: Remember to update your employees' time-off benefits for tracking and accruals, if applicable (for example: PTO, vacation, and sick time).

Employee Deduction Updates: For deductions such as Medical, Dental, Life Insurance, 401(k), etc., note that if any of your employees are set up with an "active" catch-up deduction, both the regular 401(k) deduction and the catch-up deduction will automatically come out of the first pay of 2020. If that employee only wants their regular 401(k) deduction, notify your account manager.

Form W-4 Exempt Status: If you have employees claiming "Exempt" from federal income tax withholdings, please note that Form W-4 is valid for one calendar year. To continue to be "Exempt" from withholding in 2020, the employee must complete a [new Form W-4](#) by **February 15, 2020**. If the employee does not provide you a new Form W-4, you must withhold tax as if the employee is single with zero withholding allowances. [Additional information about Form W-4.](#)

You should also note that a new version of Form W-4 will be available in 2020. It hasn't been released by the IRS yet. But once it's available, all new employees and existing employees with changes will need to use the new version.

2020 State Unemployment Tax Rates: 2020 State Unemployment Tax Rate notifications are being sent by the state to you and upon receipt, please email it to businessservice@gtm.com or fax it to GTM's Tax Department at 518-836-2497. This will ensure proper accounting for your first quarter 2020 unemployment tax reports. Please note that the 2020 New York State taxable wage base per employee for unemployment insurance will increase from \$11,400 to \$11,600.

New York State Employers: The New York State minimum wage will increase to **\$11.80 per hour** effective 12/31/2019. GTM will **NOT** automatically change your employees' pay rates. You must contact your Account Manager to make changes.

NYS Paid Family Leave: The rate for 2020 will increase to .270% and have an annual cap of \$196.72.

Social Security Wage Base: The Social Security Administration (SSA) has announced that the 2020 Social Security wage base will be \$137,700. Therefore, the maximum Social Security tax employers and employees will each pay in 2020 is \$8,537.40, based on a 6.2 percent Social Security tax rate as of this communication. The rate is scheduled to be 6.2 percent for both employees and employers in 2020.

Medicare Wage Base: The SSA has announced, as in prior years, that there is no limit to the wages subject to Medicare tax. That means all covered wages are still subject to the 1.45 percent tax. Wages paid in excess of \$200,000 in 2020 will be subject to an extra 0.9 percent Medicare tax that will only be withheld from employees' wages. Employers will not pay the extra tax.

Qualified Retirement Plan Limits: The IRS has announced the 2020 contribution limits for qualified retirement plans. The pre-tax limit that applies to elective deferrals to 401(k) and 403 (b) plans is \$19,500. The contribution limit is \$6,500 for catch-up contributions for participants age 50 and over for 401(k), 403 (b), and 457 plans.

Employer-Provided Health Coverage Informational Reporting: The Affordable Care Act (ACA) requires employers to report the aggregate cost of coverage under an employer-sponsored group health plan. This reporting requirement is for employers who filed 250 or more W-2s in the previous year (2018). Your Account Manager will contact you if your organization meets the reporting requirement to discuss implementation of the health coverage detail if you have not done so already.

Affordable Care Act Reporting: GTM is ready to handle your ACA employer mandate reporting needs. There are penalties for non-compliance with the ACA's requirements. If you have 50-99 full-time employees, penalties will be assessed in 2020 based on 2019 data. For those with 100+ full-time employees, penalties will be assessed in 2020 based on 2019 data. Contact us today if you need this service.