

# Updates



## Tax Cuts and Jobs Act

This law reduces individual tax rates, eliminates personal and dependent exemptions, nearly doubles standard deduction amounts, and makes other changes that affect income tax withholding. The IRS urges all taxpayers to utilize the tools available on its website: **Withholding Calculator at: [irs.gov/individuals/irs-withholding-calculator](https://irs.gov/individuals/irs-withholding-calculator)**. The IRS recently announced that major changes to Form W-4 will be delayed until 2020.

## Qualified Equity Grants Under IRC Sec. 83(i)

The TCJA added Section 83(i), which allows qualified employers to offer an option to employees to defer income tax for qualified equity grants. For 2018, employers need to report the aggregate amount of deferred equity grants in Box 12 of Form W-2, Code HH.

The IRS also added Box 12, Code GG for employers with employees who are required to report the amount includible in gross income from these deferred equity grants for the calendar year.

Both the aggregated deferred amounts and the taxable income from these deferred equity grants will need to be reported to their Paychex payroll specialist to correctly process and report for Form W-2 requirements. See Form W-2 Instructions and IRS Publication 15-B for additional guidance.

## The Affordable Care Act (ACA) Update

There has been no repeal and replace of the Affordable Care Act (ACA). Your applicable large employer (ALE) clients still have coverage guidelines to meet to avoid potential assessment. ALEs must file the associated information returns accurately and in a timely manner to avoid significant penalties. The 2018 deadlines for ACA tax reporting are:

**January 31, 2019** – Furnish employees with Form 1095-C

**February 28, 2019** – File copies of Forms 1094-C and 1095-C (if filing on paper)

**April 1, 2019** – File copies of Forms 1094-C and 1095-C (if filing electronically)

## Paychex Can Help

As your partner, Paychex is uniquely positioned to help your clients stay in compliance with ACA provisions by providing the technology and expertise to:

- Analyze if they are an applicable large employer (ALE)
- Help calculate how many full-time employees (FTEs) they have based on IRS definitions
- Provide information about coverage adequacy and affordability to help determine if they might be at risk for a potential Employer Shared Responsibility (ESR) assessment\*
- Help prepare and file tax Forms 1094-C and 1095-C

If you have questions regarding how the ESR provisions might affect your Paychex clients, please contact our dedicated ESR team at **844-802-2248**, or visit **[payx.me/hcr](https://payx.me/hcr)**.

\* For clients of Paychex Insurance Agency, Paychex Professional Employer Organization (PEO), or BeneTrac Note.