

Paychex 2020 First Quarter PEO Employer Reference Guide



Overview

Paychex® is committed to helping you prepare and plan for quarter-end. Please use this guide to help make sure you have a successful quarter-end. We value your business and look forward to helping you with your payroll processing needs.



Quarter-End Reporting Deadline

The deadline for reporting first quarter payroll information or changes to your payroll contact is **5:00 p.m. Monday, March 30, 2020**, or before your first payroll with an April check date, whichever is earlier. If you need any adjustments after the deadline, please inform your payroll contact immediately. We can reprocess the tax returns after the deadline; however, **there will be an additional charge and a processing delay.**

Note: If you work with an accounting professional, please remind them to report payroll-related adjustments on or before the deadline.

Payroll Processing Reminders

To ensure timely processing and receipt of your payroll:

- Report your payroll by noon (based on your time zone) no later than two business days before your check date. If the reporting period includes a bank holiday, we must receive your payroll three business days prior to the check date.
- When faxing information to us, please use the fax payroll cover sheet we have provided. If you do not have a copy of this form, notify your service specialist.
- Please email, fax, or mail garnishment orders directly to the attention of the Garnishment Department to allow for timely receipt and processing at:
 - **Email:** pbs_garnishments@paychex.com
 - **Fax:** 800-668-7296
 - **Mail:** Garnishment Department
970 Lake Carillon Drive, Suite 400
Saint Petersburg, FL 33716

Earning Records and Payroll Reports

You can safely access your payroll reports and customized Employee Earnings Records for each employee at your convenience, using a customized date range, through our Paychex Online Reports Service. On the left navigation bar, click Analytics & Reporting, All Reports, Employee Earnings Record; to customize it to fit your needs, click the Create Report Options on the top right.

This report provides a wealth of information, including:

- Individual employee rates and salary history.
- Employment verification to help employees substantiate earnings within a period of time for mortgages and loans.
- Details about adjustments and amount information to reconcile deductions such as health insurance or retirement plan contributions.
- Wage information for completing workers' compensation, disability, and unemployment claims.

Let your service specialist know if you would like to sign up for online access to this report. Or we can provide you with a printed copy of your Employee Earnings Records through secure email.

Fast, Easy Administration of Employee Benefits

Health & Benefits Online from Paychex provides you and your employees convenient, 24/7 access to benefits information. Employers can review enrollment information, access benefit plan summaries, request reports, and much more. Employees can elect initial benefit coverage, add or modify benefit elections after qualifying events, and maintain dependent information. Contact the benefits team at 800- 741-6277, option 4, or email peo_benefitsteam@paychex.com to set up your health and benefits online account.

Paychex Website

For forms and additional information, you can go to the Paychex PEO website at <https://online.paychex.com/smlogin/loginpaspbs.html>. You are required to enter your branch number (0741) and client number (XXXXXXXXX). This information can be found in the upper left corner of your payroll reports. Use the Search function at the bottom of the page or select the Category and then scroll to the appropriate form to access it.



Supplemental Wages over \$1,000,000

Special rules apply if total supplemental wages paid to any employee exceed \$1,000,000 during the calendar year; the excess amount is subject to withholding at 37% for 2020 – regardless of any other withholding rules and the employee’s Form W-4. If the supplemental wages you paid to an employee during the calendar year are less than or equal to \$1,000,000, follow the regular withholding rules for supplemental wages.

The IRS requires us to notify our Taxpay clients that although Paychex is designated as the Reporting Agent on Form 8655 (Reporting Agent Authorization), this does not relieve you from liability if tax payments and/or returns are not remitted by the due date. The IRS recommends that clients enroll in and use EFTPS to ascertain whether an agent has made all required deposits on time. Most state agencies provide ways for you to verify tax payments as well; contact your state agency for this information. Please be assured that Paychex makes every effort to remit your tax payments and returns on time. If any issues do arise, we work with you and the agency to resolve the situation.

Reporting Taxable Adjustments for Separated Employees

Whenever possible, you should report taxable adjustments (for example, personal use of a company car or imputed value of group-term life insurance) with payroll. When you regularly report these adjustments, the required taxes are withheld from employee wages. If taxable adjustments are reported without wages, you may be liable for the employee portion of taxes.

- When employees leave the company (voluntarily or involuntarily), you need to report taxable adjustments with the employees’ last check; otherwise, you may be liable for the employee portion of taxes.

If you pay any part of an employee’s income tax or FICA withholding, the amount paid must be reported as additional taxable wages for the employee. Additional employment taxes, both employee and employer portions, must be withheld on this added income.

If you cannot report taxable adjustments on an employee’s last check, discuss it with your service specialist. We can help.

Fair Labor Standards Act (FLSA) Reminder

Commissions, certain bonuses, and other types of compensation may need to be included when calculating the regular rate of pay for purposes of overtime pay under the FLSA and applicable state wage and hour laws. To include commissions, bonuses or other types of compensation into your overtime calculation, advise your service specialist. If you are uncertain whether to do so, consult your attorney or accountant.

State Unemployment Insurance (SUI) Rate

You should receive notification of your SUI tax rate for 2020 for the following states. We need this rate to calculate your SUI tax expense correctly. We do not automatically receive this information from the tax agency.

If you receive a SUI tax rate notice from one or more of the following states, write your client number on the notice and immediately fax it to 800-668-7296, or email a copy of the notice to your service specialist:

SUI Tax Rate Notice		
Alaska	Kentucky	Rhode Island
Arkansas	Maine	South Carolina
California	Michigan	South Dakota
Connecticut	Minnesota	Tennessee
Delaware	Mississippi	Vermont
Illinois	Nebraska	Washington
Indiana	Nevada	Wyoming
Iowa	North Dakota	
Kansas	Ohio	

Alaska

SUI

The Alaska Department of Labor and Workforce Development requires employee occupational codes and geographic codes to be entered on the Contribution Report Form TQ01C.

If these codes aren't already on file, obtain both codes by referring to the Occupational Coding Manual at <http://live.laborstats.alaska.gov/erg/occmmanual.pdf>. Report these codes to your payroll contact.

California

SUI/State Withholding

The California Employment Development Department requires that wages be reported on a separate Form DE 9C for employees who meet the following criteria:

- **Religious Exemption** - employees who file and are approved by the state for an exemption from state disability insurance (SDI) taxes under Section 2902 of the California Unemployment Insurance Code (CUIC).
- **Third Party Sick Pay SUI** subject wages are also required to be filed on a separate Form DE 9C; however, this does not need to be prepared manually. Affected employees will print correctly on a separate Form DE 9C.
- **Sole Stockholder** - an individual approved by the state who elects to be excluded from SDI coverage for benefits and taxes under Section 637.1 of the CUIC.

District of Columbia

SUI

The District of Columbia (DC) Department of Employment Services updated their state unemployment (SUI) reporting requirements; employers must report worked and certain non-worked hours for all employees, including salaried employees. These hours must be reported to the agency every quarter in the quarter when they were paid.

The agency defines hours worked as: "Hour worked is any hour in which the covered employee is engaged in a work activity. The actual number of hours worked by the employee for the quarter shall include paid vacation and holiday hours. When calculating work hours, use only actual hours worked and not hours paid."

State Updates

District of Columbia

For a list of hours you need to report, go to does.dc.gov/. If you have any questions about what type of hours to report, talk to your tax advisor or contact the agency directly.

Washington DC Paid Family Leave

Any employer performing services in Washington, DC and paying state unemployment insurance (SUI) will be required to contribute to paid family leave (PFL) for their employees, including:

- Non-profits that pay SUI taxes
- Household employers that pay SUI taxes
- All employers who pay SUI – there is no employee threshold for eligibility

The Paid Family Leave Act provides up to eight weeks of parental leave to bond with a new child, six weeks of family leave to care for an ill family member with a serious health condition, and two weeks of medical leave to care for one's own serious health condition. Employee benefits will start on July 1, 2020.

These PFL benefits are funded by a quarterly employer tax of .62% of your covered employees' total gross wages. Your quarterly employer contributions are based on employee wages in the quarter. This is an employer contribution only; employees don't make contributions.

Note: There is no wage base limit for DC PFL like there is for SUI.

For more information, you can go to dcpaidfamilyleave.dc.gov/.

Illinois

SUI

- Employers with 25 or more employees must file electronically every quarter.

Indiana

SOC Codes for SUI Returns

The Indiana (IN) Department of Workforce Development (DWD) requires that additional information be included with the wage reporting for state unemployment insurance (SUI).

For the IN wage report, clients will need to report the following for each employee:

- The Standard Occupational Classification (SOC) codes; these codes are created by the U.S. Department of Labor, Bureau of Labor Statistics to classify occupations
- The primary work zip code
- Full-time/part-time/seasonal work status

The U.S. Department of Labor, Bureau of Labor Statistics, created these codes to classify occupations, for a full list of these codes, go to bls.gov/soc/2018/major_groups.htm

For more information about this IN DWD requirement, go to The FAQs at in.gov/dwd/ess_faq.htm, the first question What information do I need to submit in my wage report?

For each IN employee, if you haven't already, you need to:

- Report the numbers to Paychex, as a **6-digit number, without a dash.**
- Report each IN employee's primary work location address for Core Advanced and the zip code, and
- Provide Full-Time/Part-Time/Seasonal work status

Iowa

SUI

The Iowa Workforce Development requires employers to report wages by Reporting Unit. If an employer has multiple worksite locations, wages should be reported separately by Reporting Unit number or worksite. The Reporting Unit number used should be the number reported on the Multiple Worksite Report.

Employers with multiple worksites should report all Reporting Unit numbers immediately.

Louisiana

SOC Codes for SUI Returns

The Louisiana Workforce Commission (LWC) requests that Standard Occupational Classification (SOC) codes to be reported in SUI wage files.

The U.S. Department of Labor, Bureau of Labor Statistics, created these codes to classify occupations.

Assign an SOC code to each employee you have and provide this information to your payroll representative. You can find SOC code titles and descriptions by accessing the Bureau of Labor Statistics website at bls.gov/soc/2010/2010_major_groups.htm#11-0000.

- Use the six-digit code that best describes your employees' work activities
- If you have already provided SOC codes for employees who have changed job functions, please report this change to your payroll representative

Massachusetts

Massachusetts Employer Medical Assistance Contribution (EMAC)

All Massachusetts employers subject to SUI with more than five employees are responsible for the Employer Medical Assistance Contribution EMAC contribution as follows.

Description	Percent
Newly-Liable Employers for first 24 months	Exempt
Third Year	0.12%
Fourth Year	0.24%
Fifth Year and Subsequent Years	0.34%

All payments are calculated using the SUI taxable wage base; the 2020 wage base is \$15,000.

EMAC Supplement Tax – No Longer in effect starting first quarter 2020

Massachusetts Paid Family and Medical Leave

Starting in 2021, Massachusetts will offer paid family and medical leave benefits to eligible workers.

The Massachusetts Paid Family and Medical Leave (PFML) program will be funded by premiums paid by workers and certain employers through payroll deductions, beginning on July 1, 2020. Depending on the makeup of the client's workforce, they may be responsible for remitting contributions for both Massachusetts W-2 employees (full-time, part-time, seasonal) and Massachusetts 1099-MISC contractors.

State Updates

Massachusetts

Counting Covered Individuals

It will be your responsibility to inform us whether your 1099-MISC contractors need to have the MA PFML premium withheld. Paychex will not make this determination for you. Your choice for withholding on your contractors, once made, will apply to all your 1099-misc contractors in Massachusetts. The average size and configuration of your workforce (Massachusetts W-2 employees and Massachusetts 1099-MISC contractors) for the previous calendar year will determine whether 1099-MISC contractors are covered for the current year. If you need clarification and guidance about counting covered individuals, go to the MA PFML website at mass.gov/info-details/counting-the-covered-individuals-in-your-workforce-under-the-pfml-law

If You Already Offer Family and Medical Leave Benefits

If you are already offering family and medical leave benefits to your employees, you will be able to apply for annual exemptions from making contributions for both medical leave and family leave if you offer a private plan option that is at least as generous as what is required under the PFML law. If your business receives this exemption your employees will not be covered by the state PFML plan.

You'll need to let your payroll service provider know if you are exempt from the state MA PFML program.

Notifying W-2 Employees/1099-MISC Contractors

Massachusetts employers are required to notify their workforce about the state's PFML program, including its benefits and protections that apply to them. This notification includes:

Workplace Poster

All Massachusetts employers must display the [Paid Family and Medical Leave mandatory workplace poster](#) prepared or approved by the Department of Family and Medical Leave (DFML) that explains the benefits available to their workforce under the PFML law. They must post this poster at their workplace in a location where it can be easily read.

The poster must be available in English and each language that is the primary language of five or more individuals in their workforce if such translations are made available from the Department of Family and Medical Leave (DFML).

Written Notice Requirements

On or before September 30, 2019, Employers and Covered Business Entities are required to provide written notice to their current workforce of PFML benefits, contribution rates, and other provisions as outlined in [M.G.L. c. 175M sec. 4](#).

- Employers may download a template of this notice provided by DFML or create their own with all of the required elements. Sample notices are available on the state's website. The current version is provided below:

-W-2 employee notice - mass.gov/doc/employer-notice-to-employee

-1099-MISC notice - mass.gov/doc/employer-notice-to-self-employed-individual

For more information about the notice, click [here](#).

Employee Benefits

Eligible employees may be entitled to receive benefits for qualified leaves starting in 2021 under the Massachusetts PFML program. For more information about employee benefits, click [here](#)

Nevada

SUI

If you are subject to SUI tax in Nevada, we are required to file the Nevada Modified Business Tax return quarterly with the Nevada Department of Taxation. If you have employer contributions to health insurance/health benefits plans that are not being processed through us, this amount must be reported to your service specialist or tax team specialist prior to each quarter-end process. If employer contributions are not reported on time, it will be entered in the following quarter.

- For Paychex PEO to properly prepare the Nevada Modified Business Tax return, please report employer-paid health care amounts that are not being processed through us prior March 30, 2020.

Modified Business Tax (MBT)

If You Are Required to Remit the Nevada Commerce Tax

Nevada implemented a Commerce Tax which is an annual tax imposed on the Nevada gross revenue of each entity doing business in the state. The Commerce Tax applies to businesses with gross revenue of 4 million dollars or more in a fiscal tax year.

The Commerce Tax is not a payroll tax and Paychex will not be preparing or filing these returns; however, eligible employers can now take a credit towards their Modified Business Tax (MBT); Paychex does report this tax for you and will support this new tax credit.

MBT Tax Credit

Who is eligible for the Nevada Commerce tax credit?

You may be eligible for a tax credit to your MBT tax if your business has 4 million dollars in annual fiscal year revenue and pays \$50,000 or more in wages each quarter.

What is the tax credit towards the MBT?

50 percent of the Commerce Tax paid by your business for the previous Nevada fiscal tax year may be used as a tax credit towards MBT. The Nevada fiscal tax year is July 1 through June 30, including the last two quarters of one year and the first two quarters of the next.

Can you give me an example?

Fiscal Year for Commerce Tax	When to take the MBT Credit
2019 – third and fourth quarters 2018 and first and second quarters 2019	Third and fourth quarters 2019 and first and second quarters 2020.
2020 – third and fourth quarters 2019 and first and second quarters 2020	Third and fourth quarters 2020 and first and second quarters 2021.
2021 – third and fourth quarters 2020 and first and second quarters 2021	Third and fourth quarters 2021 and first and second quarters 2022

What if my credit is more than my MBT tax?

The credit carries over from quarter to quarter but must be used in the first four quarters after the fiscal tax year. In the previous example, if you still had a credit after second quarter 2020 for fiscal year 2019, you would lose the rest of the credit.

State Updates

Nevada

What will Paychex do once I send you the credit amount?

Paychex will apply the credit to your MBT payment and carry the amount over as necessary. It is important that you report the credit to us as soon as possible so we can apply it to the applicable quarters.

Can I get a refund instead of applying the credit to my MBT tax payment?

No, the credit must be applied to current or future tax due.

Where can I get more information about this tax credit?

You can access a frequently asked questions document on the agency's website at tax.nv.gov/Commerce/MBTCreditFAQs/

- **MBT Credit** - It is best if you report this information to Paychex so we can show it on your return and track it for you. It is not required, you can update your returns and track the credit.

New Jersey

SUI

Effective January 1, 2020, the Family Leave Insurance/Temporary Disability Insurance (FLI/TDI) taxable wage base will be calculated separately from the SUI taxable wage base. The calculation for the FLI/TDI taxable wage base will change from 28 times the state average weekly wage (SAWW) to 107 times the SAWW.

The New Jersey (NJ) Department of Labor requires a social security number (SSN) for each employee whose wages are reported on Form WR-30. The number of weeks worked must be reported for each employee who earned at least twenty times the minimum wage in a week.

SUI

If this information is missing, the state may assess a fine for missing information ranging from \$5.00 per employee for the first occurrence to \$25.00 per employee for subsequent occurrences.

- Review the last timesheet for missing/incorrect SSNs.

South Carolina

State Withholding

The South Carolina Department of Revenue requires that all employees who will receive Forms W-2 have a complete address. Clients with employees missing any part of the address (street address, city, state, or zip code) can't be included on the W-2 magnetic media filed by Paychex at year-end. If any employees with year-to-date wages are missing an address component, please update it immediately.

South Dakota

SUI

South Dakota has an Administrative Fee surcharge for employers with a SUI reserve ratio of less than 2.25%. Employers who are assigned the Administrative Fee will have an additional 0.02 percent added to their SUI rates. The surcharge is not part of the employers' SUI rates and is split out on the employer rate notices.

The South Dakota Department of Labor sent 2020 rate notices to employers that includes this new surcharge. You must report the surcharge to Paychex; we have no way of knowing if you have been assigned the additional surcharge.

Vermont

SUI

Employers with more than four employees are required to report and pay an employer's health care contribution premium that is based on a calculated number of uncovered full-time equivalent employees (FTEs) multiplied by a rate of \$184.42

- Report the number of uncovered FTEs to your payroll contact

If you need more information, please go to the Vermont Department of Tax Web site at: tax.vermont.gov.

Washington

SUI/Workers' Compensation (L&I) and Paid Family and Medical Leave

Washington Employment Security, Washington Labor & Industries (WC) and Washington Paid Family and Medical leave, requires that the number of hours worked by all employees (including salaried employees) be reported. Washington Employment Security also requires social security numbers for all employees to be reported. Review the last timesheet from your payroll package for missing or incorrect SSNs.

- Report any missing or incorrect information to your payroll contact.

Washington Paid Medical Leave

Effective January 1, 2019, most employers became responsible for reporting and paying the premiums for the new Paid Family and Medical Leave insurance program. The premium is 0.4% of gross wages paid each quarter. Employers may withhold up to 63.00% of the premium

from employee wages or they may choose to pay part or all of it. The employer portion will be about 36.6% of the premium. Employers who have fewer than 50 employees do not have to contribute the employer portion of the premium but have the option to contribute if they choose. The due date follows the Employment Security Department's unemployment quarterly tax due dates. The PFML payments and reporting process is through a separate process than the unemployment tax reporting. For further information regarding the PFML insurance program, please go to the agency website at: paidleave.wa.gov/employers

Information on Payments and Returns

Employers are responsible to remit the premium and submit a report with the required information including but not limited to employee wages, hours (including salary) and the amount of premiums withheld from employees to the agency. This is an electronic process.

Payments and Returns

Employee and employer (if applicable) WA PFML premium payments will be collected every pay period and remitted to the agency with the required reporting on or before the quarter end due date.

If you haven't already reported it, we'll need your Unified Business Identifier (UBI) number to report on the new return. You can find this information on your 2020 SUI tax rate notice please forward this notice to us so we can verify your UBI number and update your 2020 SUI tax rate.

You are required to track employee hours, wages, and total premium collected from employees, along with employer and employee identifying data; we'll report this information based on the information you have provided when reporting payroll each pay period.

State Updates

Washington

Voluntary Plans

You may elect to have your own voluntary plans (which must be approved by the state by December 31, of the previous year) for either Paid Family Leave, Paid Medical Leave or both. If you need additional information on voluntary plans, go to paidleave.wa.gov/voluntary-plans.

If you have an approved voluntary plan you don't need to contribute to the state plan; however, you'll need to let your service specialist know of this situation.

March 2020

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