



2019 PAYROLL UPDATES

Washington's minimum wage for 2019 increases to \$12.00 per hour*

* With the exception of Seattle, Tacoma and SeaTac. Refer to www.seattle.gov, www.cityoftacoma.org and www.seatacwa.gov for more information.

Washington's new Paid Family & Medical Leave Law goes into effect 1/1/2019

Refer to paidleave.wa.gov for more information.

2019 TAX WITHHOLDINGS SUMMARY

| TYPE OF TAX | RATE | TAXABLE WAGES |
|---|--|--------------------------|
| Employee Withholding | | |
| Social Security (FICA) ⁽¹⁾⁽²⁾ (Old-age, Survivors and Disability Insurance OASDI) | 6.2% | Up to \$132,900 |
| Medicare (FICA) ⁽²⁾ (Medicare: basic hospital insurance) | 1.45% | All Wages ⁽¹⁾ |
| Additional Medicare tax | .9% | Wages over \$200,000 |
| Income tax ⁽²⁾⁽³⁾ | Per Withholding Tables Circular E | All Wages |
| Paid Family & Medical Leave Applies to all Employers | 0.4% Total Rate (Refer to paidleave.wa.gov for Employee/Employer withholding options) | Up to \$132,900 |

Employer Taxes

| | | |
|--|--|------------------|
| Washington State Unemployment | Rate as assigned by Employment Security Department ⁽⁴⁾ | Up to \$49,800 |
| Washington State Workers' (Labor and Industries) Compensation (a portion may be withheld from Employee as indicated on your Rate Notice under "Payroll Deduction") | Rate as assigned by Department of labor and Industries ⁽⁴⁾ | Per Hours Worked |
| Federal Unemployment (FUTA) <u>Annual Form 940, Deposits Due Quarterly</u> (when accumulated \$500 tax liability) | 0.6% ⁽⁵⁾ | Up to \$7,000 |
| Paid Family & Medical Leave Required for Employers with over 50 Employees | 0.4% Total Rate (Refer to paidleave.wa.gov for Employee/Employer withholding options) | All Wages |

⁽¹⁾ These FICA tax withholdings are matched dollar for dollar by the employer.

⁽²⁾ These taxes are required to be withheld and reported separately on Forms 941 (943 for agricultural employees), W-2, and W-3.

⁽³⁾ Refer to Circular E for discussion of withholding on supplemental wages.

⁽⁴⁾ You should receive the new rate notices from the state.

⁽⁵⁾ This rate is net of credit allowed for state unemployment.

2019 FEDERAL EMPLOYMENT TAXES DEPOSIT REQUIREMENTS

The general rules for the various methods of depositing your Federal employment taxes for Forms 941, 943, 945 taxes are as follows:

- **Payment with return** - You may make a payment with Form 941 instead of depositing if you accumulate less than a \$2,500 tax liability during the quarter and pay in full with a timely filed return. However, if you are unsure if you will accumulate less than \$2,500, deposit under one of the following rules that applies to you so that you will not be subject to deposit penalties.
- **Monthly Rules** - If you reported \$50,000 or less in employment taxes from July 1, 2017 through June 30, 2018 deposit the prior month liability by the 15th of the following month. (Example: 941 taxes for the month of April must be deposited by May 15th.)
- **Semi Weekly Rule** - If you reported more than \$50,000 in employment taxes from July 1, 2017 through June 30, 2018, deposit as follows:

| If Paycheck is dated | Deposit By |
|-----------------------------------|-------------------------|
| Wednesday, Thursday, Friday | The Following Wednesday |
| Saturday, Sunday, Monday, Tuesday | The Following Friday |

- **\$100,000 Next Day Deposit Rule (Special Rule that Applies to All Employers)** - If you accumulate a tax liability of \$100,000 or more on any day within a single deposit period you must deposit the tax by the next banking day, regardless of whether you are normally a quarterly, monthly or semiweekly schedule depositor.
- Once you accumulate at least \$100,000 in a deposit period, stop accumulating at the end of that day. Begin to accumulate a new tax liability with the next payroll.

CAUTION: If you are a monthly schedule depositor and accumulate a \$100,000 tax liability on any day, you become a semiweekly schedule depositor on the next day. You remain a semiweekly schedule depositor for the rest of the calendar year and for the following calendar year.

FUTA Tax Deposits—The threshold for depositing Form 940 (FUTA) taxes is \$500. You calculate your FUTA tax liability quarterly. If your FUTA tax liability at the end of the quarter is less than \$500, you may carry it forward and add it to the liability calculated in the next quarter to see if you must deposit. Deposit FUTA taxes by the last day of the first month that follows the end of the quarter when you have accumulated \$500 in FUTA tax liability. Deposit the FUTA tax in the same manner in which you are required to deposit your Form 941 taxes.

DO NOT COMBINE DEPOSITS. MAKE SEPARATE DEPOSITS FOR EACH TYPE OF TAX (940, 941, 943, 945)

ELECTRONIC DEPOSIT REQUIREMENTS (EFTPS)

You must make electronic deposits of all depository taxes (such as employment tax, excise tax, and corporate income tax) using the Electronic Federal Tax Payment System (EFTPS).

Deposit coupons are no longer accepted by financial institutions.

To get more information or to enroll in EFTPS, call us and we can assist you, or call 1-800-555-4477 or visit the EFTPS website at www.eftps.gov.

Depositing on Time with EFTPS

For deposits made by EFTPS to be timely, you must initiate the transaction at least one business day before the date the deposit is due. Some banks require even more time to process these payments. Check with your bank if you are unsure of the lead time they require.

FORM W-4 REMINDER FOR CURRENT EMPLOYEES

You are **required** to have a **2019 Form W-4, Employee's Withholding Allowance Certificate** by **February 15, 2019, from each employee who claimed exemption from withholding last year.** If you do not get a new Form W-4 from such an employee, you are **required** to withhold income tax at the single rate with no withholding allowances (exemptions).

All Forms W-4 are subject to review and you must retain the Forms W-4 for inspection by an IRS employee.

Although not required, we recommend that you have each employee complete a new Form W-4, Employee's Withholding Allowance Certificate, at the beginning of each year. The 2019 Form W-4 can be obtained from the IRS website www.irs.gov.

RETIREMENT PLAN MAXIMUM DEFERRAL

The maximum amount an employee may have deferred (withheld) from their wages depends on the type of plan. For 2019, the maximums are as follows:

| Type of Plan | 2018 Maximum Deferral |
|-------------------------------|-----------------------|
| 401(k) | \$19,000 |
| Additional if age 50 or older | 6,000 |
| SARSEP | 19,000 |
| Additional if age 50 or older | 6,000 |
| SIMPLE Plan | 13,000 |
| Additional if age 50 or older | 3,000 |

BACKUP WITHHOLDING

Payments of interest, dividends, rents, commissions, non-employee compensation, and other payments (not wages) you make are subject to backup withholding at a 24% rate. Backup withholding will apply if:

- The payee fails to furnish his or her taxpayer identification number to you.
- The IRS notifies you to impose backup withholding.

We recommend you have all your payees complete Form W-9, Request for Taxpayer Identification Number and Certification. A copy of the Form W-9 with instructions (for payee) and Instructions for the Requester of Form W-9 (for you) can be obtained from the IRS website www.irs.gov.

FORM 945

NON-PAYROLL INCOME TAX WITHHOLDING

These withheld taxes are required to be deposited separately from the 941 or other payroll tax deposits. Form 8109 Federal Tax Deposit Coupon are no longer accepted. You are required to deposit by EFTPS, indicating that the deposit is for 945 taxes.

Please call if you need Form 945, but have not received it, or if you need assistance in completing Form 945.

RECONCILIATION OF FORMS W-2 AND 941

Information reported on the W-2's **must** agree with the information that has been filed on the 941 (943) Forms for the year. We have enclosed an ANNUAL RECONCILIATION form for you to use in reconciling your information before you file your 2018 W-2's with the Social Security Administration.

You must furnish the 2018 W-2's to employees by January 31, 2019

You must file the original W-2's (Copy A) with the Social Security Administration by January 31, 2019 (with Form W-3, Transmittal of Wage and Tax Statements).

2018 INFORMATION RETURNS (FORMS 1099 AND 1098)

Certain payments made in the course of your trade or business to non-corporate payees for goods and services, rents, interest, directors fees and dividends are required to be reported on the appropriate Forms 1099. Generally, payments that total \$600 or more for the year, for a single payee/payer must be reported. In addition, certain mortgage interest payments received in the course of your trade or business from an individual are required to be reported on Form 1098. Most information returns should be furnished to the recipients by January 31, 2019 and filed with the Internal Revenue Service by February 28, 2019. Any 1099-MISC with amounts in Box 7 must be filed with the IRS by January 31, 2019. For due dates, please refer to the IRS instructions at www.irs.gov/pub/irs-pdf/i1099gi.pdf.

PAYMENTS TO ATTORNEYS (INCLUDING CORPORATIONS)

Any person making any payment totaling \$600 or more to an attorney in the course of that person's trade or business in connection with legal services (whether or not such services are provided for the payer) must file an information return, Form 1099-MISC, with the IRS and with the attorney with respect to such payment, even if the payment is a gross amount and it is not known what portion is the attorney's fee. The exemption from Form 1099 for payments made to corporations does not apply to payments made for legal services. Attorneys fees are reportable in Box 7. Settlement proceeds are reportable in Box 14.

MANUAL PAYROLL PREPARATION

The income tax withholding amounts can be found in the tables in Circular E, Employer's Tax Guide. It can be obtained from the IRS website www.irs.gov once available.

*** HIRING NEW EMPLOYEES ***

The Immigration Reform and Control Act of 1986 (IRCA) requires that employers verify that each new employee is legally eligible to work in the United States. This will include completing the U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification. The form can be obtained at the USCIS website, from USCIS offices or by calling 1-800-870-3676. We suggest you visit the website to get the most current Form I-9 and handbook. Contact the USCIS at 1-800-375-5283 or visit the USCIS website at www.uscis.gov for further information concerning your responsibilities.

Complete the form only after making the employment offer. Otherwise, the employer will see documents revealing the candidate's age, race, nationality, or citizenship, and then cannot prove it was ignorant of the protected information when making the hiring decision.

If you fail to properly complete, retain, and /or make available for inspection Forms I-9 as required by law, you may face civil money penalties in an amount of not less than \$110 and not more than \$1,100 for each violation.

Also have each new employee complete a current Form W-4, Employee's Withholding Allowance Certificate.

Federal law also requires employers to report information on all newly hired or rehired employees to the Division of Child Support within 20 days of hiring.

Report your information using one of the following methods:

INTERNET (preferred method):

<https://secure.dshs.wa.gov/dcsonline>

Login with your Secure Access Washington (SAW) Account user name and password

FAX: 1-800-782-0624

MAIL: NEW HIRE PROGRAM

PO Box 9023

PHONE: 1-800-562-0479, option 3

Olympia, WA 98507-9023

Washington and many other states accept a copy of Form W-4 completed by the employee as long as it contains, of all the following information:

- Employee's name
- Employee's address (including the employee's nine-digit zip code, if known)
- Employee's birth date
- Employee's social security number
- Your business name
- Your business address (including your nine-digit zip code)
- Your Employer Federal Identification Number (EIN)
- Employee's Social Security Number

Fax or mail a copy of the W-4 to the above address or fax number.

ANNUAL PAYROLL REPORT RECONCILIATION

CLIENT NAME: _____

FOR THE YEAR: _____

| W-2 SUMMARY | | | | | | | |
|-------------|-------------|-----------------------|---------------------|-----------------------|------------------------|-----------------|---------------------|
| | GROSS WAGES | SOCIAL SECURITY WAGES | MEDICARE WAGES TIPS | FEDERAL INCOME TAX WH | SOCIAL SECURITY TAX WH | MEDICARE TAX WH | RETIREMENT DEFERRAL |
| AMOUNTS | | | | | | | |

| 941 SUMMARY | | | | | | |
|--|-------------|-----------------------|---------------------|-----------------------|---------------------|--------------|
| | GROSS WAGES | SOCIAL SECURITY WAGES | MEDICARE WAGES TIPS | FEDERAL INCOME TAX WH | SOCIAL SECURITY TAX | MEDICARE TAX |
| QTR 1 | | | | | | |
| QTR 2 | | | | | | |
| QTR 3 | | | | | | |
| QTR 4 | | | | | | |
| TOTALS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| COMPANY SOCIAL SECURITY & MEDICARE TAX | | | | | 0.00 | 0.00 |
| EMPLOYEE SOCIAL SECURITY & MEDICARE TAX | | | | | 0.00 | 0.00 |
| ADDITIONAL MEDICARE TAX WITHHOLDING | | | | | | |
| W-2 941 DIFF | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| SUTA SUMMARY | GROSS WAGES | TAXABLE WAGES | TAX | WFT TAX | TOTAL TAX |
|--------------|-------------|---------------|------|---------|-----------|
| QTR 1 | | | | | 0.00 |
| QTR 2 | | | | | 0.00 |
| QTR 3 | | | | | 0.00 |
| QTR 4 | | | | | 0.00 |
| TOTALS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| L & I SUMMARY | | | |
|---------------|-------|---------------|------|
| | WAGES | TAXABLE HOURS | TAX |
| QTR 1 | | | |
| QTR 2 | | | |
| QTR 3 | | | |
| QTR 4 | | | |
| TOTALS | 0 | 0 | 0.00 |

| FUTA SUMMARY | | |
|--------------|---------------|------|
| GROSS WAGES | TAXABLE WAGES | TAX |
| | | 0.00 |
| | | 0.00 |
| | | 0.00 |
| | | 0.00 |
| 0.00 | 0.00 | 0.00 |

Table 2. Due Dates for Electronic Funds Transfer of Taxes for 2019 Under the Semiweekly Rule

| First Quarter: | | Second Quarter: | | Third Quarter: | | Fourth Quarter: | |
|----------------|----------|-----------------|----------|----------------|----------|-----------------|----------|
| Payroll Date | Due Date | Payroll Date | Due Date | Payroll Date | Due Date | Payroll Date | Due Date |
| Jan 1 | Jan 4 | Apr 1–2 | Apr 5 | Jul 1–2 | Jul 8 | Oct 1 | Oct 4 |
| Jan 2–4 | Jan 9 | Apr 3–5 | Apr 10 | Jul 3–5 | Jul 10 | Oct 2–4 | Oct 9 |
| Jan 5–8 | Jan 11 | Apr 6–9 | Apr 12 | Jul 6–9 | Jul 12 | Oct 5–8 | Oct 11 |
| Jan 9–11 | Jan 16 | Apr 10–12 | Apr 18 | Jul 10–12 | Jul 17 | Oct 9–11 | Oct 17 |
| Jan 12–15 | Jan 18 | Apr 13–16 | Apr 19 | Jul 13–16 | Jul 19 | Oct 12–15 | Oct 18 |
| Jan 16–18 | Jan 24 | Apr 17–19 | Apr 24 | Jul 17–19 | Jul 24 | Oct 16–18 | Oct 23 |
| Jan 19–22 | Jan 25 | Apr 20–23 | Apr 26 | Jul 20–23 | Jul 26 | Oct 19–22 | Oct 25 |
| Jan 23–25 | Jan 30 | Apr 24–26 | May 1 | Jul 24–26 | Jul 31 | Oct 23–25 | Oct 30 |
| Jan 26–29 | Feb 1 | Apr 27–30 | May 3 | Jul 27–30 | Aug 2 | Oct 26–29 | Nov 1 |
| Jan 30–Feb 1 | Feb 6 | May 1–3 | May 8 | Jul 31–Aug 2 | Aug 7 | Oct 30–Nov 1 | Nov 6 |
| Feb 2–5 | Feb 8 | May 4–7 | May 10 | Aug 3–6 | Aug 9 | Nov 2–5 | Nov 8 |
| Feb 6–8 | Feb 13 | May 8–10 | May 15 | Aug 7–9 | Aug 14 | Nov 6–8 | Nov 14 |
| Feb 9–12 | Feb 15 | May 11–14 | May 17 | Aug 10–13 | Aug 16 | Nov 9–12 | Nov 15 |
| Feb 13–15 | Feb 21 | May 15–17 | May 22 | Aug 14–16 | Aug 21 | Nov 13–15 | Nov 20 |
| Feb 16–19 | Feb 22 | May 18–21 | May 24 | Aug 17–20 | Aug 23 | Nov 16–19 | Nov 22 |
| Feb 20–22 | Feb 27 | May 22–24 | May 30 | Aug 21–23 | Aug 28 | Nov 20–22 | Nov 27 |
| Feb 23–26 | Mar 1 | May 25–28 | May 31 | Aug 24–27 | Aug 30 | Nov 23–26 | Dec 2 |
| Feb 27–Mar 1 | Mar 6 | May 29–31 | Jun 5 | Aug 28–30 | Sep 5 | Nov 27–29 | Dec 4 |
| Mar 2–5 | Mar 8 | Jun 1–4 | Jun 7 | Aug 31–Sep 3 | Sep 6 | Nov 30–Dec 3 | Dec 6 |
| Mar 6–8 | Mar 13 | Jun 5–7 | Jun 12 | Sep 4–6 | Sep 11 | Dec 4–6 | Dec 11 |
| Mar 9–12 | Mar 15 | Jun 8–11 | Jun 14 | Sep 7–10 | Sep 13 | Dec 7–10 | Dec 13 |
| Mar 13–15 | Mar 20 | Jun 12–14 | Jun 19 | Sep 11–13 | Sep 18 | Dec 11–13 | Dec 18 |
| Mar 16–19 | Mar 22 | Jun 15–18 | Jun 21 | Sep 14–17 | Sep 20 | Dec 14–17 | Dec 20 |
| Mar 20–22 | Mar 27 | Jun 19–21 | Jun 26 | Sep 18–20 | Sep 25 | Dec 18–20 | Dec 26 |
| Mar 23–26 | Mar 29 | Jun 22–25 | Jun 28 | Sep 21–24 | Sep 27 | Dec 21–24 | Dec 30 |
| Mar 27–29 | Apr 3 | Jun 26–28 | Jul 3 | Sep 25–27 | Oct 2 | Dec 25–27 | Jan 2 |
| Mar 30–31 | Apr 5 | Jun 29–30 | Jul 8 | Sep 28–30 | Oct 4 | Dec 28–31 | Jan 6 |

Note. This calendar reflects all legal holidays.