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As Americans get into the swing of the holiday shopping season, small business owners also need to keep a focus on several payroll and tax-related issues they will face by year-end.

Paychex, Inc., a provider of payroll, human resource, insurance, and benefits

and look ahead to 2018, our goal is to provide small business owners with the latest tax and regulatory considerations, so they can position their businesses for continued success in the year ahead."

Here are the top five tax issues identified by Paychex:

1. **Tax Reform.** Employers will need to grapple with uncertainty about what the federal tax code will look like in the years to come as they make decisions on tax filing for the current year. Tax reform legislation recently introduced in the House could look drastically different as it makes its long trek through Congress – and there is no certainty that it will come to fruition. Nonetheless, business owners will have to make reasonable assessments of what they anticipate, based on the best information available on tax reform and the potential impacts on their business. Currently, a principal tenet of the Republican tax reform plan is rate reductions, particularly for businesses. Accelerating deductions, where businesses are able, would allow these deductions to be taken at current rates, which would be higher than subsequent years if tax reform legislation passes. Some business deductions are set to be eliminated altogether in the current iteration of the legislation. Similarly, deferring business income, where feasible under accounting methods, would allow the income tax at a future rate, which is anticipated to be lower if tax reform legislation is enacted.
2. **Affordable Care Act Filing.** For tax year 2017, businesses that are defined as an applicable large employer (ALE), under the Employer Shared Responsibility (ESR) provision of the ACA, must provide a detailed reporting of healthcare coverage. Unlike the previous two years, there is no transition relief in 2017 for either how employers file or how they offer coverage, so employers should do their due diligence, ensuring the information reported on Forms 1094-C/1095-C is timely and accurate to avoid the risk of substantial penalties. Additionally, recent Internal Revenue Service (IRS) communication on healthcare coverage reporting

for the individual mandate, and recent updates on the IRS ESR question and

accelerated due date for federal W-2 filing. The deadline is January 31, 2018. The Social Security Administration indicated that the number of late W-2s filed in 2017 almost doubled compared to 2016, and the number of corrections filed on Form W-2C increased more than 30 percent from last year. Employers should ensure all W-2s are submitted on-time to avoid late or non-filing penalties assessed by the IRS. For tax year 2017 filing, seven additional states (AZ, AR, KS, ME, MO, MT, and NE) will be following the federal example and have accelerated their W-2 filing deadline to January 31. This brings the number of states requiring accelerated W-2 filing to a total of 35.

4. **401(k) Tax Credit.** The Credit for Small Employer Pension Plan Startup Costs, which provides a tax credit to eligible employers who start a 401(k) plan, is again available to employers with no more than 100 employees who received at least $5,000 in compensation for the tax year. The credit, up to $500 per year for the first credit year and each of the following two tax years, is allowed to offset the costs of establishing an eligible plan as well as educating employees about the plan.
5. **Qualified Small Employer Health Reimbursement Accounts.** Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs) were established in December 2016 through the 21st Century Cures Act. For non-ALE small employers that do not provide group health coverage, these arrangements provide a method of reimbursing employees for the cost of individual insurance, and/or qualified medical expenses, on a pre-tax basis. The programs require the benefit be provided to all eligible employees, have a notice requirement, and allow only employer contributions to a statutory maximum amount.

To download a Slideshare of the tax considerations for small business owners, visit payx.me/taxtips2017.

For other helpful tips to advance the long-term success of small businesses, visit

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