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As Americans wrap up the holiday 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 outsourcing solutions for small- to mid-sized businesses, has highlighted five important tax-related issues for small business owners to consider as they approach the end of 2017 and plan for the year ahead. The list includes tax reform, new ACA filing provisions, an accelerated W-2 Form filing due date, the 401(k) tax credit, and health reimbursement arrangements.

"Changes to current legislation and uncertainty about the future of tax reform present unique challenges – and opportunities – for small business owners," said Martin Mucci, president and CEO of Paychex. "As we enter the final weeks of 2017 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 they identified:

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 in Congress could look drastically different when it becomes law – 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.
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.

responsibility payment and instructions on steps they should take in response to the payment notices. The agency also indicated employers will begin to receive notices of a potential assessment for 2015 in late 2017, meaning some employers will need to research these notices, correct any errors in previous filings, and communicate with the IRS, while also preparing for current year obligations.

3. **Accelerated W-2 Form Filing.** Tax year 2017 marks the second year of the 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

Payroll

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