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list of the top 10 compliance topics that should be kept top of mind as...

Dec. 16, 2019



What are the top regulatory issues that employers should be aware of and prepared for in 2020? As business owners and HR managers plan for the year ahead, [Paychex, Inc.](#) has created a list of the top 10 compliance topics that should be kept top of mind as they are likely to shape the legislative and regulatory landscape of the next 12 months, especially heading into an unpredictable election year.

“Business owners must be prepared for regulatory changes at the federal, state, and local levels across a multitude of different issues,” said [Martin Mucci](#), president and CEO of Paychex. “It’s more challenging than ever for employers to track, understand, and implement these complex and ever-changing laws. With our annual summary of

timely regulatory developments, we hope to simplify some of these compliance

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to unexpectedly pay tax when filing in the years following the tax reform legislation. All new employees hired as of January 1, 2020 must complete the new form. Existing employees are not required to complete a new form but can choose to adjust their withholding based on the new form. Any adjustments made after January 1, 2020 must be made using the new form. Employers, therefore, must be prepared to compute employees' withholdings based on both the old and new versions of the Form W-4. With the release of the new federal form and revised withholding tables, individual states must also determine if they will update their systems based on the federal changes, keep their current process, or develop a new withholding process. A few states have already made their determinations, but the majority have yet to decide.

#2 Final Overtime Rule. In September 2019, the U.S. Department of Labor (DOL) announced its long-awaited Final Overtime Rule to revise the federal regulations governing which employees are entitled to minimum wage and overtime pay under the federal wage and hour law. Among other changes, the Final Overtime Rule raises the "standard salary" for the executive, administrative and professional white collar exemptions from the currently enforced level of \$455 to \$684 per week (equivalent to \$35,568 per year for a full-year worker), effective January 1, 2020. The new rule also allows employers to use non-discretionary bonuses and certain incentive payments (including commissions) that are paid at least annually to satisfy up to 10 percent of the standard salary level in a 52-week period.

#3 Worker Classification. Worker classification continues to be addressed by enforcing agencies, in the courts and in local and state legislatures across the country. Perhaps the most impactful legislation this year, especially for workers of ridesharing services, is California AB5, effective January in 2020. The new law will require employers to demonstrate a worker satisfies a three-part (ABC) test to be

classified as an independent contractor in the state. Other state and local legislatures

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faster payment options and assisting their employees with financial flexibility should consult with their financial institution or payroll provider for more information on available payment options.

#5 Privacy. Employers need to be mindful of the impact various privacy related regulations have on the way they do business. One of the more actively discussed regulations going in to 2020 will continue to be the California Consumer Privacy Act, (CCPA). Even though employers have been exempted from many of the CCPA requirements for one year, until January 1, 2021, the notice provision will still apply. What this means is that any business that meets the CCPA criteria is required to provide employees with a privacy policy notice. The CCPA requirements will continue to undergo additional refinements as the Attorney General begins to issue final guidance in 2020.

Additionally, more employers are utilizing biometrics to identify employees and track hours worked. However, unlike other methods of authentication such as passwords, ID cards, etc., biometric identifiers cannot be changed once compromised. Employers that use biometrics need to be aware of regulations such as the Illinois Biometric Information Privacy Act (BIPA) that are emerging at the state level.

#6 Health Care Reform. Many health care regulations have shifted under the current administration, including Association Health Plans (AHPs), Short-Term Limited Duration Insurance (STLDI), and Individual Coverage Health Reimbursement Arrangements (ICHRAs). Additional changes include the removal of the federal penalty under the individual mandate. In some cases, these changes have prompted states to take legal action to shape the health coverage in their geographies, including instituting their own individual mandate or further limiting the federal rules of AHPs and STLDI in their jurisdiction. As a result, employers may have some

new alternatives and new obligations when it comes to employees' health care

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IRS has begun assessing penalties for untimely or non-filing of the information returns 1094-C/1095-C. The good-faith-effort relief for filing inaccurate or incomplete returns was recently extended, but this relief did not apply if the returns were not filed timely and these penalties can be substantial. As the IRS continues to enhance its enforcement efforts, applicable large employers (ALEs) should ensure they do their due diligence to report information on Forms 1094-C/1095-C in a timely and accurate manner, as well as respond promptly to any notice received from the IRS.

#8 Sexual Harassment Prevention. The #MeToo movement continued to drive increased attention to the prevention of sexual harassment in the workplace in 2019. In response, state and city legislatures, including California, Connecticut, Illinois, New York state, and New York City, passed legislation and developed regulations that included provisions to implement or expand employer requirements for workplace sexual harassment prevention policies and/or training. All employers should consider examining their internal processes for addressing inappropriate behavior in the workplace and creating a safe, respectful environment for all employees and non-employees.

#9 Paid Family Leave and Paid Sick Leave. Many state and local jurisdictions have implemented paid sick leave laws, and eight states and Washington, D.C., have passed legislation to implement paid family and medical leave programs to provide eligible employees with benefits in the form of partial wages when taking leave to care for themselves or a covered family member. Bipartisan interest in a paid family leave law at the federal level also exists, with several proposals being considered at this time. Also trending in 2019, Maine; Nevada; and Bernalillo County, New Mexico passed paid leave laws requiring employers to provide paid time off to eligible employees without requiring a reason for the leave.

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For a slideshow of 2020's top 10 regulatory issues, visit [Paychex WORX](#). Paychex is a provider of HR technology solutions for human resources, payroll, benefits, and insurance services.

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