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Isaac M. O'Bannon • Dec. 27, 2022



U.S. businesses have a long list of regulatory issues that affect them, and keeping up with changes can often be a challenge. [Paychex, Inc.](#), a provider of integrated human capital management software solutions for human resources, payroll, benefits, and insurance services, has developed a list of the most prominent compliance-related

topics employers will need to contend with in 2023 and explores the legislative and

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considerations for employers in 2023:

#1 Small Business Funding. Despite the absence of any new federal programs to date, businesses can still take advantage of the funding opportunities carrying over from the COVID-19 pandemic, including:

- **The Employee Retention Tax Credit (ERTC).** Businesses that paid qualified wages to keep employees working from March 12, 2020 through Sept. 30, 2021 (and for some certain businesses identified as Recovery Startups, wages could be paid through Dec. 31, 2021) have until either April 15, 2024 (for three quarters of 2020) or April 15, 2025 (for all four quarters of 2021) to file amended returns and retroactively claim the credit.
- **Paycheck Protection Program (PPP).** The Small Business Administration is still accepting applications for Paycheck Protection Program (PPP) loan forgiveness if submitted before the maturity date of the loan.
- **The Inflation Reduction Act.** The Inflation Reduction Act doubled the maximum amount of the Research and Development Tax Credit, giving certain businesses in tax year 2023 a chance to claim up to \$500,000 annually for qualified research activities.
- **State Incentives.** Some states also continue to sponsor programs that enhance funding efforts to help businesses, including 38 approved State Small Business Credit Initiative programs.

#2 Pay Equity. Pay equity was again on the agendas of state and local legislative bodies in 2022, with more jurisdictions expected to pass legislation in 2023. By the close of 2022, seven states and several local jurisdictions have passed legislation requiring employer pay transparency. Employers will also need to stay on top of federal and state initiatives that may pass in 2023 to address pay inequity through annual reporting similar to the existing California Pay Data reporting and the

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local, and industry-specific regulations and laws.

#4 Encouraging Retirement Savings. There is a significant chance that a version of SECURE 2.0 will pass before the year's end, substantially impacting the retirement space. Building on the framework of the SECURE Act of 2019, SECURE 2.0 has a handful of key provisions, including an expansion of eligibility for the tax credit when a business establishes a workplace retirement plan, an increase in the RMD age, mandated automatic enrollment for certain retirement plans, even student loan payment matching that aims to counter two crises – student loan debt and retirement savings at the same time.

#5 Wage and Hour Regulations. Based on listening sessions held in mid-2022, it's anticipated that the U.S. DOL will release proposed changes to the federal overtime regulations. The changes would reflect the current labor market, including an increase in the salary threshold for exempt workers. Additional regulations at the state and local level are anticipated in areas including fair scheduling ordinances, and the elimination of sub-minimum wage rates and tip credits in certain jurisdictions. An increase in industry-specific requirements, particularly in the hospitality, retail and healthcare sectors, may be on the horizon following efforts like the California FAST Recovery Act which, although potentially subject to voter approval in 2024, proposes to create a council with the authority to set wage and hour standards for fast food workers.

#6 Paid Leave. While a federal paid leave program does not appear to be on the horizon for 2023, several states across the country considered legislation in 2022 to provide employees with paid time off to care for themselves and covered family members. Maryland and Delaware are the latest states to pass mandated paid family leave legislation, joining nine other states and the District of Columbia. In 2023 we will also see the start of the first opt-in, voluntary paid family leave insurance

program, available to employers or directly to employees, with legislation passed in

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“We understand that keeping up with shifting regulations can be a challenge for business owners—and that missteps can have serious consequences,” said [Frank Fiorille](#), vice president of risk, compliance, and data analytics at Paychex. “The past few years have sparked a widespread re-evaluation of the employee-employer relationship, and that wave of change shows no signs of stopping. With more legislative shifts on the horizon, Paychex will continue to support America’s businesses, helping them navigate the compliance landscape and remain successful.”

Other areas of interest for businesses to consider include tax changes, hybrid and remote work, and healthcare reform. For a full list, visit this [top regulatory issues of 2023 article](#).

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