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2020

YEAR END INFORMATION

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2021

PAYROLL TAX PREVIEW

PLEASE READ THIS INFORMATION CAREFULLY AND SHARE IT WITH YOUR
ACCOUNTANT OR TAX PROFESSIONAL

Media Data Services, Inc. does not render tax or accounting advice.

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TAX and TAXABLE WAGE NEWS FOR 2021

Please note that **MEDIA DATA** is prepared to implement any payroll tax and form changes as required, whether detailed below or not yet announced.

SOCIAL SECURITY ADMINISTRATION

2021 Social Security Wage Base Set at \$142,800

The Social Security maximum taxable earnings will increase to \$142,800 in 2021 from \$137,700 in 2020. The Social Security tax rate will remain at 6.2% for employees and employers. Maximum employer and employee social security contributions will be \$8,853.60. Medicare maximum taxable earnings remain unlimited. Medicare tax rates also remain the same as the past several years and are as follows:

Employer rate: 1.45%

Employee withholding rate: 1.45% on wages < \$200,000

Employer withholding rate: 2.35% on wages >\$200,000 (1.45%+0.9%)

IRS NEWS FOR 2021

ALL W-2s FOR 2020 MUST BE FILED BY JANUARY 31

Consistent with previous years, **all W-2s (regardless of whether they are electronically filed or filed by paper) must be reported to the SSA no later than January 31, 2021.** Companies **MUST** give MEDIA the following information **NO LATER THAN YOUR LAST SCHEDULED PAYROLL FOR THE YEAR OR BY DECEMBER 18, 2020, WHICHEVER IS LATER, TO AVOID PENALTIES:**

- 1) **Social Security Number and Address Changes** for your employees. If you access your payroll data through *Media's online product*, you can simply verify your employee data on the system. If you would like online access, please contact your Media Account Representative. If you require a paper report displaying employee information for your review, please ask your Media Account Representative as it is no longer on payroll reports or check stubs due to privacy legislation. Media charges a small fee for a W-2c. Please note **MEDIA WILL NOT BE RESPONSIBLE FOR INCOMPLETE OR INACCURATE INFORMATION ON FORM W-2, FORM 941, NJWR-30 OR OTHER STATE WAGE LISTINGS.** As we have communicated in the

past, the SSA and State of NJ do not recognize social security numbers that start with the number "9". Any such numbers may cause Notices from the SSA, IRS or State of NJ. You will be responsible for any penalties that may result.

2) **Taxable Fringe Benefits Reporting.** According to the IRS rules, the value of certain fringe benefits (e.g., car allowance, owners' health benefits) must be reported as taxable income on the Form 941 as well as on the employee's Form W-2. Please consult your CPA or tax advisor regarding the taxability of benefits for your company and report the information to your Account Representative. You may be subject to additional fees for late submissions.

3) **Disability Reporting.** If you have not already submitted disability income reports to us, please do so IMMEDIATELY. All disability information must be processed through Media BEFORE year end. If you have already reported disability income for any of your employees during this year, this information will automatically be generated on a W-2 for that employee. You may be subject to additional fees for late submissions.

4) **Qualified Pension Reporting.** As required, a qualified pension plan (e.g. 401k, 403b, SEP or SIMPLE) will automatically be marked on an employee's W-2 if there is a salary deferral for the plan from the wage of the employee. However, if the plan is funded entirely by the employer, then you must inform Media BEFORE year end with employee participant information. You may be subject to additional fees for late submissions.

FEDERAL INCOME TAX

For tax year 2021, the IRS has announced various tax changes due to inflation adjustments, including, but not limited to, tax rate schedule changes. Media is prepared to implement these changes promptly.

If you have deferred any of the employer share of FICA Social Security tax during 2020 under the CARES Act, please note that you are responsible for making repayments to the IRS. Fifty percent (50%) of the deferral is due no later than December 31, 2021 and the remaining 50% is due no later than December 31, 2022. Media can help you make your payments. However, you would need to initiate an advanced request to Media in writing, which should include the amount and effective date of the desired repayment.

As previously communicated to you, the IRS issued a new W4 Form in 2020. Employees hired after 12/31/2019 should continue to use the redesigned W4 Form. However, employers are still not required to have existing employees complete the new form. That said, if existing employees want to adjust their withholding in 2021, they are required to use the redesigned form. Employers can encourage their employees to go to www.irs.gov/W4App to use the “estimator” to determine the most accurate federal income tax withholding. Submit any updated Form W-4s to your Media Data Services Account Representative. Please go to www.irs.gov for more information and to download the Form. The Form can also be downloaded from our website at: http://www.mediadataservices.com/resources/payroll_government_forms

The annual dollar limit on employee contributions to employer-sponsored healthcare flexible spending arrangements (FSA) remains \$2,750 in 2021. In 2021, the annual limit on HSA contributions will be \$3,600 (up from \$3,550) for self-only and \$7,200 (up from \$7,100) for family coverage. Any "catch-up" contributions for an HSA must be reported to Media each year. The catch-up contribution limit for those over age 55 will remain at \$1,000.

FUTA CREDIT REDUCTION

A state that has not repaid money it borrowed from the federal government to pay unemployment benefits is a “credit reduction state.” The U.S. Department of Labor (DOL) determines these states. If an employer pays wages that are subject to the unemployment tax laws of a credit reduction state, that employer MUST PAY additional federal unemployment tax when filing its form 940. For 2020, the U.S. Virgin Islands is the only potential credit reduction territory that remains. However, we should be watching this in the future with the large state influxes of unemployment paid in 2020 due to COVID-19.

PENSION PLAN CONTRIBUTION LIMITS FOR 2021

The IRS announced no change to 401(k), SEP, 403(b) and 457 plan contribution limits of \$19,500 in 2021, and no change to the catch-up of \$6,500 for those age 50 and older. The limit on Simple plans will remain \$13,500, with the catch-up staying at \$3,000.

Limits on exclusions for elective	2021	2020	2019	2018	2017
401(k) and SEP plans	\$19,500	\$19,500	\$19,000	\$18,500	\$18,000
403(b) and 457 plans	\$19,500	\$19,500	\$19,000	\$18,500	\$18,000
Simple Plans	\$13,500	\$13,500	\$13,000	\$12,500	\$12,500
"Catch-up"	\$6,500	\$6,500	\$6,000	\$6,000	\$6,000
"Catch-up" Contributions: Simple plan	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000

AFFORDABLE CARE ACT & HEALTH CARE COVERAGE REPORTING

The IRS has again extended its "good-faith effort" transition relief to employers for plan year 2020. Media has the tracking tools necessary to help our clients with Affordable Care Act (ACA) compliance issues including Employer Reporting Responsibilities of the ACA. Media can also produce and electronically file Forms 1094C & 1095C. An applicable large employer (ALE) is any employer who employs a total of 50 full time or full-time equivalent employees in the prior year. The deadline to give 1095C Forms to employees has been extended to March 2, 2021 from January 31. The deadlines to file the Forms with the IRS remain Feb. 28 for paper filing or March 31 for electronic filing. If you qualify as an ALE, we urge you to take action immediately to ensure that your reporting obligations are met. Please call your Media Account Representative if you want our assistance with that process.

Similar to ACA, the health care reporting requirements on the W-2 continue to be optional for small employers. However, employers with 250 or more employees (based on prior year W-2s) are subject to the reporting requirements. It is your responsibility to provide your Media Account Rep with the appropriate information on your health care costs for W-2 reporting on or before December 18, 2020.

Please see www.irs.gov for more information on these two reporting requirements.

Social Security Administration (SSA) Mismatch Letters

In years past, the SSA sent notices to employers if the SSA could not match the name and social security number for the employers' employees on a Form W-2 to the SSA's records. We believe they will continue sending these letters. If you receive such notices, it is likely a W-2c will be required to rectify the mismatch. Please inform your Media Account Representative if you would like an employee listing with social security numbers or if you

receive any notices. For a small fee, we can assist you with any W-2c filings required. As previously mentioned above and in past newsletters, Media is not responsible for incomplete or inaccurate information on Form W-2, Form 941 or NJ WR-30 or any other state wage listings.

NEW JERSEY PAYROLL NEWS

The State of NJ increased the **EMPLOYER** taxable wage base for unemployment (UI) and temporary disability (TDI) to \$36,200 for 2021 from \$35,300 in 2020. **FOR THE EMPLOYEE**, the wage base will be \$36,200 for unemployment, and will **INCREASE to \$138,200** for TDI and family leave insurance (FLI) in 2021 from \$134,900 in 2020. The State has also **increased** the employee TDI rate to 0.47% from 0.26% and the FLI rate to 0.28% from 0.16%. There is no change to the employees' UI rate of 0.425%.

	2021	2020	2019	2018	2017
The maximum employee contributions					
UI $\$36,200 \times 0.425\% =$	\$153.85	\$150.03	\$146.20	\$143.23	\$142.38
TDI $\$138,200 \times 0.470\% =$	\$649.54	\$350.74	\$58.48	\$64.03	\$80.40
FLI Employee $\$138,200 \times 0.28\% =$	\$386.96	\$215.84	\$27.52	\$30.33	\$33.50
Maximum Employee Total =	\$1,190.35	\$716.61	\$232.20	\$237.59	\$256.28
Maximum Workers' Compensation weekly benefit	\$969.00	\$945.00	\$921.00	\$903.00	\$896.00
Maximum Unemployment Insurance weekly benefit	\$731.00	\$713.00	\$696.00	\$681.00	\$677.00
Maximum Temp. Disability Insurance weekly benefit	\$903.00	\$667.00	\$650.00	\$637.00	\$633.00
Base week amount increases to	\$220.00	\$200.00	\$172.00	\$169.00	\$168.00
Alternative earnings test amount is	\$11,000.00	\$10,000.00	\$8,600.00	\$8,500.00	\$8,400.00
NJ Minimum Wage (for most employers)	\$12.00	\$11.00	\$8.85	\$8.60	\$8.44
For seasonal and small employers (under 6)	\$11.10	\$10.30			
For tipped employees	\$4.13	\$3.13			

In the third quarter of 2020, Media implemented each employer's unemployment and disability rates as dictated by the State of NJ's Department of Labor and Workforce Development Employment Security Agency (DOL). Employers received a notice from the state describing the final unemployment experience rate (allocated between Unemployment and Workforce Funds) and Disability insurance experience rate. The new

rates were retroactively implemented from July 1, 2020 and will remain in effect until June 30, 2021.

NJ LAW REQUIRES EMPLOYERS TO PROVIDE PAID SICK LEAVE (PSL)

The State of NJ requires employers to pay up to 40 hours of sick leave (PSL) per year for all employees. Employees accrue one hour of paid sick leave for every 30 hours worked, up to 40 hours in a year.

Employers are required to post a notice of the law in a conspicuous place and provide a notice to all employees within 30 days after it is issued by the Department of Labor and Workforce Development (DOLWD). You may download the poster from the DOLWD website at: https://www.state.nj.us/labor/forms_pdfs/mw565sickleleaveposter.pdf

Please see our previous communications for more information or go to <https://nj.gov/labor/earnedsick/index.html> for more details. The State has issued answers to Frequently Asked Questions that you may find helpful as you navigate this new law.

Please note that if you are utilizing Media's payroll system to help you monitor PSL, it is your responsibility to check the accuracy of the accrual and tracking process. Media indemnifies itself of any legal responsibility to do so. Your payroll report package includes a report to help you monitor the PSL accrual or "front loaded" PSL hours. Please review this report after each pay period. Please alert your Media Account Representative promptly if you find errors or require changes to this report. If your report package does not include the Time Off Accrual report, please let your Media Account Representative know and we will rectify that with your next payroll.

NJ LAW REQUIRES EMPLOYERS TO PROVIDE RETIREMENT SAVINGS

In March 2019, Governor Murphy signed into law the New Jersey Secure Choice Savings Act. The NJ savings program is scheduled to begin late March 2021. However, given the effects of COVID-19 that date might be pushed back. The Board of the New Jersey Secure Savings program can delay the program for up to 12 months. Once a start date is confirmed, employers will have 9 months to comply.

The Act mandates certain businesses must implement a retirement savings program for

employees. Qualifying business include those employers who have:

- 25 or more employees
- Been in business for at least two (2) years
- **Not** offered a qualified retirement plan in the past two years (eg., 401(k), SIMPLE plan)

Although businesses with fewer than 25 employees are not mandated, they are still eligible to participate if they choose.

Employer responsibilities will include:

- Offering open enrollment periods at least once a year
- Enrolling new hires in the program within three months of their hire date
- Providing employees information about the program
- Depositing employee payroll deductions

If the employee is 18 years of age or older and his/her wages are subject to New Jersey Gross Income Tax, then that employee is eligible to participate in the program. Enrollment is automatic at a default rate of 3% to be withheld from each paycheck, unless the employee chooses to opt out of the program.

Employer responsibilities do not include matching employee contributions. In fact, employers will not be able to match contributions by employees in the program even if they wanted to.

If employers do not comply with the Act, they can be subject to penalties. In the first calendar year of non-compliance, they would get a written warning from NJ; the second calendar year could bring a \$100 fine per non-enrolled employees who have not opted out; third and fourth calendar years call for a \$250 fine for such employees; and the fifth calendar year and all subsequent calendar years could bring a \$500 fine per non-enrolled employees who have not opted out.

Please note that employers shall retain the option at all times to set up any type of employer-sponsored retirement plan, such as a defined benefit plan, 401(k), SIMPLE plan, or to offer an automatic enrollment payroll deduction IRA instead of participating in the state's plan. If you would like to set up an employer-sponsored retirement plan please call your Media Account Representative.

NEW MINIMUM WAGE ACTIONS

The Federal minimum wage remains \$7.25 per hour except for employers who do business with the government, which should receive at least \$10.95 per hour. However, as you know, some states have a higher minimum wage rate. When the state minimum wage rate is higher than the federal rate, workers need to be paid at the higher rate. Below is only a summary of certain state minimum wage actions for 2021. For more information and if you operate in states not listed below, please go to the particular state department of labor website.

New Jersey: see prior page under New Jersey Payroll News

New York: Starting 2021, annual increases to minimum wage will be published by the NY Commissioner of Labor on or before October 1. Please be aware that changes in the New York Paid Family Leave (PFL) contribution, which began 1/1/2018, is also displayed.

<i>Non-tipped Employees by Location</i>	2021	2020
NYC – Large & Small Employers	\$15.00	\$15.00
Long Island & Westchester	\$14.00	\$13.00
Remainder of New York State	\$12.50	\$11.80
<i>Tipped Employees by Location – Cash (min)</i>	2021	2020
NYC – Large & Small Employers	\$10.00	\$10.00
Long Island & Westchester	\$9.35	\$ 8.65
Remainder of New York State	\$8.35	\$ 7.85
<i>Tipped Employees by Location – Tip Credit (max)</i>		
NYC – Large & Small Employers	\$5.00	\$5.00
Long Island & Westchester	\$4.65	\$4.35
Remainder of New York State	\$4.15	\$3.95
<i>NY Family Leave Insurance Rate</i>	0.511%	0.27%
<i>NY Family Leave Insurance Wage Base</i>	\$75,409.00	\$72,860.84

Massachusetts: Massachusetts’ minimum wage will rise to \$13.50 from \$12.75 per hour. The rate for Massachusetts’ Family and Medical leave will remain unchanged at 0.75% in 2021.

Connecticut: The minimum wage in CT rose to \$12.00 on September 1, 2020 (from \$11.00). The rate will increase to \$13.00 on August 1, 2021.

California: The minimum wage for CA will increase to \$14.00 for employers with 26 employees or more (vs. \$13.00 in 2020), and to \$13.00 (vs. \$12.00 in 2020) for employers with 25 employees or less, unless the employees perform work in one of the many cities that have their own local minimum wage. For more information on these rates and changes go to www.dir.ca.gov/dlse.

North Carolina: North Carolina's minimum wage remains \$7.25.

Florida: The minimum wage in Florida will increase to \$8.65 per hour from \$8.56.

2021 has minimum wage updates in 24 States! Please consult the Wage and Hour Divisions of every state in which you do business to ensure that you are in compliance with the requirements.

It is the employer's responsibility to instruct your Media Account Representative to make any necessary wage rate changes for each employee. Media indemnifies itself of any legal responsibilities if such changes are not requested of us. In addition, it is the employer's responsibility to ensure that any requested changes are made promptly and accurately. Media indemnifies itself of any legal responsibilities if you do not alert us to errors or omissions promptly. Wage rates are visible on all payroll registers. However, if you need a pay rate schedule for your employees, please ask your Media Account Representative.

MEDIA DATA SERVICES, INC.

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• THE PAYROLL COMPANY •

2021 PAYROLL FACTS AT A GLANCE

	FICA SOCIAL SECURITY	FICA MEDICARE
MAXIMUM TAXABLE WAGE BASE	\$142,800	NO LIMIT
TAX RATE	6.2%	1.45% ON WAGES <\$200,000 2.35% ON WAGES >\$200,000
MAXIMUM TAX	\$8,853.60	NO MAXIMUM

NJ EMPLOYEE SUI/DI/FLI CONTRIBUTIONS	NJ UNEMPLOYMENT	NJ DISABILITY	NJ FAMILY LEAVE
MAXIMUM TAXABLE WAGE BASE	\$36,200	\$138,200	\$138,200
TAX RATE	0.425%	0.470%	0.28%
MAXIMUM TAX	\$153.85	\$649.54	\$386.96
EMPLOYEE TOTAL CONTRIBUTION	\$1,190.35		
BASE WEEK	\$220.00		
NJ MINIMUM WAGE	\$12.00 (most ERs), \$11.10 (seasonal/small), \$4.13 (tipped)		

RETIREMENT PLAN INFO	401K/403B/457	SIMPLE IRA
MAXIMUM PRETAX CONTRIBUTION	\$19,500	\$13,500
CATCH UP (50 YEARS OLD AND OVER)	\$6,500	\$3,000
MAXIMUM ON CATCH UP	\$26,000	\$16,500

MEDIA'S PAYROLL PLATFORM FEATURES

Media's payroll system is a robust platform that offers many additional features that include unlimited pay types and deductions as well as customized reports. Additional features include:

ON-LINE PAYROLL Media currently offers on-line payroll services to allow for a completely paperless payroll.

QUICK BOOKS AND OTHER GL DOWNLOADS... Formats compatible with certain general ledger systems can be sent to you via email after every payroll to expedite your bookkeeping processes.

PAY AS YOU GO WORKERS' COMP.... Payroll data is transmitted electronically with each payroll to Media's insurance partners such as The Hartford & E-Comp.

TIMEKEEPING SERVICES....Media partners with a timekeeping services provider where the data from the time clocks can be imported directly into our system.

DIRECT DEPOSIT.... Media can transmit data for the automatic transfer of money into the individual employee's bank account to ensure the money is available on the pay date.

RETIREMENT PLAN REPORTING.... Annual compliance reports for 401(k), 403(b), 457, etc. are available. We can also transmit information to your plan provider after each payroll. We also have partners that integrate with our payroll software for a more seamless approach to retirement savings with payroll.

ADDITIONAL PRODUCTS AND SERVICES.....Employee address list, Payroll check signing, stuffing and sealing in envelopes, individual earnings reports (Ledger cards); Vacation, Sick, Holiday accumulators, Automatic New Hire reporting (unless you opt out).

MEDIA'S WEBSITE HAS MANY RESOURCES FOR YOU, INCLUDING LINKS TO FEDERAL AND STATE POSTERS, FORM W-4 AND I-9. PLEASE GO TO www.mediadaservices.com