



## News From Your JCCS Accounting and Payroll Professionals

Volume IV  
December 15, 2020

As we near the end of this epic year, we truly hope you and your family are healthy and happy. We also hope that even with all the changes and struggles, you have some happy memories to reflect on.

We want to pass along some payroll updates and news and encourage you to reach out to your payroll professional if you have any questions.

### **Minimum Wage:**

As of January 1, 2021, the **minimum wage for Montana increases to \$8.75 an hour**. This increase applies to any hours worked in 2021, if you are paying wages in January for hours worked in December the old minimum rate would still apply.

### **2021 Social Security Wage Base:**

\$142,800

### **2021 Montana Unemployment Wage Base:**

\$35,300

### **2021 401(k) & 403(b) Contribution Limits:**

\$19,500 and additional \$6,500 for those over 50

### **Simple IRA Plan:**

\$13,500 and additional \$3,000 for those over 50

### **2021 HSA Contribution Limits:**

\$3,600 individual/\$7,200 family

\$1,000 catch-up for those over 55

### **Families First Coronavirus Response Act (Emergency Paid Sick Leave):**

The FFCRA took effect in April and is set to expire December 31, 2020. This temporary relief provided Covid-19 related paid-sick-leave and paid-family-leave benefits to eligible workers. An extension has been proposed in Congress via the HEROES Act. The House of Representatives passed the bill in May, largely along partisan lines, but the U.S. Senate has not yet taken up the legislation. The bill would extend the FFCRA's leave provisions through the end of 2021. We will send out further communication if we hear this Act has been extended.

Many of you have taken advantage of this benefit. Please note there are special reporting requirements when completing your quarterly and annual payroll reports. If you are self-preparing those reports and have questions or would like a review, please contact your payroll professional at JCCS.

### **Payroll Tax Holiday Update:**

With the Executive Memorandum, the Payroll Tax Holiday took effect on September 1, 2020. This was not a tax cut, but rather a deferral of employee paid social security tax. Employers could defer withholding and payment of payroll taxes from September-December 2020 to be withheld and paid January-April 2021.

If you have participated in this Payroll Tax Holiday, you will need to ratably withhold the amount of Social Security tax deferred from the employees' paychecks from January 1, 2021 to April 30, 2021. This may require special tracking to ensure the correct amount is withheld and paid.

Additionally, there will be additional reporting requirements at year end. Any deferred amounts paid in 2021 will be reported on a 2020 Form W-2c.

We strongly recommend you contact your payroll professional to discuss the tracking and reporting of these deferred taxes.

### **PTO Policies:**

In Montana, once vacation has been earned according to the employer's policy, it is considered wages earned and must be paid out upon termination.

PTO (Paid Time Off) can be an accumulation of vacation pay, sick pay, personal time, etc. These are considered benefits and may be paid based on the employer's policies. There is no requirement in state law to pay these benefits upon termination, however employers may choose a payout policy. Please contact your payroll professional at JCCS if you would like any further assistance with employee policies.

### **Direct Deposit & Employee Self-Service Portals:**

*\*Please note in the state of Montana you cannot require employees to be paid by direct deposit.*

#### Employer Benefits

- Reduced time spent on certain payroll-related tasks
- Reduced cost in writing, printing and mailing checks
- Timely payments to employees
- Reduced risk of check fraud

#### Employee Benefits

- Immediate access to funds on payday
- Time saved not having to cash their checks
- No more lost or stolen checks
- They can control where their money goes (ie multiple bank account options)

If you are a current payroll client, please ask your JCCS team member about Direct Deposit and the Employee Self-Service Portals we have available. These portals allow your employees access to their paystubs, W-2's, W-4's, etc.

### **JCCS Portals:**

<https://www.jccscpa.com/login/>

This last year we rolled out the use of our Client Portals. This allows us to securely transfer information as well as receive information from our clients. If you haven't already started using our portal, please let us know and we will help you get set up.

We will begin deleting the 2020 payroll files from the Portal in April 2021. This may include accounting and other 2020 files as well. The Portal is not intended to be a permanent storage facility, but a temporary folder to allow you, the clients, access to your documents, download them and save them to your own systems. We do retain the records in archived folder for the IRS required amount of time.

Note: Copies of your employees W-2's are saved on the portal. If they request another copy, please note you can download and print them a copy from the Portal.

### **Work Opportunity Tax Credit Program**

WOTC is a federal tax credit available to employers who hire & retain individuals from IRS designated target groups. This credit allows employers to reduce their federal tax liability for each qualifying new hire. Add IRS forms 8850 and 9061 to your New Hire Packets today!

### **2021 QuickBooks Desktop is available now!**

QuickBooks will only support the 2018 version for payroll services until May 2021. If you need assistance with upgrading or are interesting in learning about switching to QBO, please contact your local QuickBooks ProAdvisor.

