2021 Payroll Update

As a service to you, we are pleased to provide this list of updates and reminders regarding payroll. Reach out to our team at HCM@wipfli.com with any questions, or to learn how you can build a better place to work.

This resource is compiled from information in the Bloomberg Tax & Accounting's 2020 Payroll Year-End Special Report, using data as of November 19, 2020. We have updated additional data as it has become available.

Covid-19 relief provisions: At a glance

This year has brought a number of new temporary relief provisions for employers and employees as well as changes to how compensation and benefits programs operate, enacted in response to the coronavirus (Covid-19) pandemic. Many of these changes significantly affect the payroll process, including updates to reporting, withholding and deposit guidelines. Although many of these provisions were enacted or became effective earlier in the year,[1] additional guidance and proposals for updates and new rules continue to be announced. As we close out 2020 and move into 2021, it is important to continue to monitor these changes.

Payroll tax deferrals

The CARES Act: Under the CARES Act, employers and self-employed individuals may defer the deposit of the employer's share of Social Security taxes (or equivalent amount for self-employment individuals) due from March 27, 2020 through December 31, 2020, or due later if related to wages paid during that period. The extended deadline for the deposit or payment of the deferred taxes is:

- December 31, 2021, with respect to 50% of the deferred amount; and
- December 31, 2022, with respect to the remaining deferred amount

Notice 2020-65: In response to the presidential memorandum issued on August 8, 2020, Treasury and the IRS issued Notice 2020-65 permitting employers to defer the withholding and deposit of the employee's share of Social Security taxes for pay periods in which the employee's wages are less than a threshold amount (for biweekly pay periods, less than $4,000) on wages paid during the period from September 1, 2020, to December 31, 2020. Under the notice, the deferred taxes must generally be withheld ratably from the employee's wages paid over the four-month period from January 1, 2021, to April 30, 2021. To the extent the total amount of the deferred taxes is not withheld and deposited in that timeframe, interest and penalties may begin to accrue.

Employee retention credit

Eligible employers[2] affected by Covid-19 may be entitled to a refundable tax credit equal to 50% of qualified wages up to $10,000 (i.e., up to a $5,000 credit) per employee. What counts as qualified wages depends on the size of the employer and may include certain qualified health expenses. Employers that receive a loan under the paycheck protection program generally are not eligible for the credit.

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Required emergency paid sick leave and expanded FMLA
Under the FFCRA, certain employers (generally those with fewer than 500 employees) are required to provide additional emergency paid sick leave and expanded family and medical leave to certain employees who are affected by Covid-19, and may claim a refundable tax credit to offset those additional expenses.

Paycheck Protection Program
Eligible employers may have received loans under the Paycheck Protection Program (PPP) added to the Small Business Act as part of the Covid-19 relief legislation. Certain PPP loans may be forgivable when used for qualified costs with a minimum amount of loan proceeds used to fund "payroll costs."

Qualified retirement plans and IRAs
A number of temporary relief provisions were enacted in 2020 affecting the operation of qualified retirement plans and individual retirement arrangements (IRAs), such as:

- waiver of required minimum distributions from IRAs and retirement plans,
- allowing coronavirus-related distributions from qualified retirement plans that may be taxed or repaid over a three-year period, and
- flexibility to suspend repayments on loans from qualified retirement plans and to increase the maximum loan amount.

[1] Many of these provisions were enacted in March 2020 as part of the Families First Coronavirus Response Act (FFCRA) (Pub. L. 116-127) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136). In addition, on March 13, 2020, the Covid-19 pandemic was declared a disaster by the federal government triggering other existing relief provisions.

[2] Employers are generally eligible for the credit if they carry on a trade or business during 2020 and experience either: (i) full or partial suspension of operations during any quarter in 2020 because of government order limitations from Covid-19; or (ii) more than 50% reduction in quarterly gross receipts measured year over year. Tax-exempt employers may be eligible with respect to all operations, disregarding the trade or business requirement.

Reporting payroll tax deferrals, credits

The new payroll tax deferrals and credits implemented this year give rise to a number of practical and operational questions, such as how to report those items. Form 941, Employer's Quarterly Federal Tax Return, was revised starting with the second quarter of 2020 to provide additional lines to reflect amounts related to these employer deferrals and credits.

In September 2020, the IRS then issued a Form 941 that is applicable only to quarters 3 and 4 of 2020 to report the employee deferral of Social Security for those employers that chose to participate. In lieu of requesting the credit using the Form 941 process the IRS released Form 7200, Advance Payment of Employer Credits Due to Covid-19, to allow employers to request an advance payment of a Covid-19 related tax credit before filing the Form 941 after quarter-end.

How and when to complete these forms and how the various payroll tax deferrals and credits interact with one another can be difficult to navigate. The payroll tax deferrals generally are taken before claiming one or both of the refundable tax credits. Additionally, rules prevent employers from taking more than one type of tax credit on the same wages.

Deferral of employee portion of Social Security
President Donald Trump issued a memorandum Aug. 8 that established another coronavirus-related tax-relief measure: The ability for employers to defer the 6.2% employee portion of Social Security tax assessed on compensation paid from September 1, 2020, to December 31, 2020.

The IRS issued guidance (Notice 2020-65) on the deferral in late August, and confirmed during an industry teleconference that participation was optional for employers. However, members of the military and employees

of the federal government have since learned that they must participate in the program. Nonetheless, the House, Senate, and the U.S. Supreme Court chose not to participate, as have many large U.S. employers.

The deferral applies to the employer's requirements to withhold the tax from compensation, then to deposit and pay the tax to the government.

If implemented by an employer, the deferral would apply to compensation paid from September 1 to December 31, 2020. Employees generally must be paid less than $4,000 in a biweekly pay period to be eligible. The deferred tax must be withheld from employee compensation, then deposited and paid, from January 1 to April 30, 2021. Because normal withholding would resume January 1, 2021, with respect to compensation paid to employees whose portion of Social Security tax was deferred, this would further reduce such employees' take-home pay received during the repayment period.

The IRS, in Notice 2020-65, said if deferred amounts are not timely deposited and paid to the government, then interest, penalties, and additions to tax with respect to the amounts that are not timely deposited and paid would start to accrue May 1, 2021.

The notice, however, did not provide guidance on what might occur if an employee separates from employment with the employer before all the deferred employee portion of Social Security tax was fully collected. Ultimately, the employer would be responsible for ensuring that the outstanding amount of the deferred employee portion of Social Security tax is paid to the government, the IRS said Sept. 3.

The notice does not make clear whether an employer has the authority to compel an employee who separates from employment to offer the employer any repayment of the deferral. This may be dependent upon state wage laws as well which should be reviewed.

If the employer pays an amount of the deferred employee Social Security tax without having collected that amount from an employee (e.g., because the employee is no longer employed by the employer), there is a possibility that this could cause a taxable fringe benefit to the employee and a gross-up situation to potentially occur with regard to amounts of tax paid by the employer on behalf of the employee if the employer is unable to recover the taxes due from the employee.

A further-revised version of Form 941 was released for 2020, with the third version redesigned to accommodate the deferral of the tax and for use in quarter 3 and quarter 4 of 2020. Line 13b was modified to state "Deferred amount of social security tax," compared with the second version's Line 13b description of "Deferred amount of the employer share of social security tax."

The IRS provided guidance on the Form W-2 reporting for employees that participated in the deferral of their Social Security taxes under Notice 2020-65. If an employee deferred the employee portion of Social Security tax under Notice 2020-65, when reporting total Social Security wages paid to an employee on Form W-2, Wage and Tax Statement, include any wages for which the employee deferred withholding and payment of employee Social Security tax in Box 3 (Social Security wages) and/or Box 7 (Social Security tips). However, do not include in Box 4 (Social Security tax withheld) any amount of deferred employee Social Security tax that has not been withheld.

Employee retention credit and paid-leave tax credits
As a high-level summary of the employee retention credit (ERC) and paid-leave tax credits under the FFCRA:

- Employers who are eligible for the ERC and paid-leave tax credits under the FFCRA claim those credits on a quarterly basis by reporting the credits on their Form 941, Employer's Quarterly Federal Tax Return, but may cover the cost of qualified wages in real-time by reducing their federal employment tax deposits and accounting for the reduction on the Form 941.
- To the extent there are not sufficient federal employment tax deposits to cover the ERC and paid-leave

tax credits during the quarter, employers can request an advance payment of at least $25 by submitting to the IRS via fax a Form 7200. Any amount **received** as an advance is then shown and reconciled on the applicable Form 941.

- To the extent there are not sufficient federal employment taxes within the quarter to cover the refundable tax credits, a credit against future quarter employment tax obligations may be claimed or a refund check may be requested on the Form 941. If a third-party payroll vendor is used for tax filing purposes, they may dictate whether they will process a credit or claim a refund check based upon the requirements of their software and filing systems.
- If an employer fails to claim a paid-leave tax credit on their Form 941 for the applicable quarter that the applicable wages are paid, the employer can submit a Form 941-X to reflect the corrections including eligibility for the credit.

The Form 941 now has line items added to address the credit for qualified sick and family leave wages (Line 13c), the employee retention credit (Line 13d), the employer deferral (Line 13b), and advances filed with Form 7200 (Line 13f) and Worksheet 1.

Work anywhere: A new workplace paradigm

The coronavirus pandemic created a seismic shift in the structure of the workplace. Many workplaces have transitioned to partially remote or fully remote workforces in answer to the state-required orders that have been issued because of the pandemic. Employers have been spending 2020 trying to determine where employees are working in this new remote environment. The employees may be in a different city, state, or country. This has led to a myriad of payroll reporting and taxation issues as well as other tax implications.

An employee may now be subject to state income tax withholding in their new work location and that worksite may be one where the company previously had no presence. Some states have issued guidance acknowledging the employees that have entered their jurisdictions, stating that income tax withholding is not required while the employee is sheltering temporarily at the location. The majority of states have not issued such guidance, instead falling back to previously set thresholds for nonresident withholding and continuation of telecommuting and convenience-of-employer regulations.

The general rule of thumb, previous to the pandemic, is that state income tax withholding should be performed based upon the employee's work location. Many states have set thresholds for withholding purposes, dictating that once an employee has passed that threshold, withholding should be performed. For example, New York has a 14-day rule while California expects state withholding on the first day. Some states have also enacted formal telecommuting rules, addressing when you begin state income tax withholding as well as unemployment insurance taxation for the employees that are permanently working from home instead of an employer's physical office location.

An employer should look to the state's rules for state income tax withholding as well as unemployment insurance based upon whether their employee is performing services as a temporary employee in the state, as a traveling employee into the state, as a telecommuter, or as a permanent employee in that jurisdiction.

Multistate reporting

Handling the wage and tax allocation/reporting at yearend for the cross-border business traveler may be onerous and technically challenging. Employers of multistate workers and their third-party providers need to effectively manage the overall compliance issues associated with state-to-state, short-term travel and work.

When working through the complexities of multistate withholding, compounded by the Covid-19 pandemic, also consider the different tax treatment of various types of income, such as base compensation, bonus payments, and equity compensation. Employers need to apply, by state, any de minimis treatment, reciprocity, telecommuting regulations and specific compensation reporting methodologies.

Note: Effective January 1, 2020, Illinois instituted a 30-day de minimis rule with respect to inbound employees. Massachusetts, Rhode Island, Mississippi, and Ohio localities also issued temporary telecommuting regulations, and Pennsylvania and New York clarified the continued applicability of their telecommuting regulations.

Employers need to capture all the employee-level data detailing how many days each employee performed services in the states where work was performed. If the travel data was tracked throughout the year and the employee's pay allocated accordingly, time in December may be used to make adjustments.

December also is a good time to communicate the issue of nonresident taxation to the affected employees.

Reminder: Form W-2 has space to include wage and tax amounts for up to two states. If three or more states are involved, multiple Forms W-2 would be necessary. See the IRS Form W-2/W-3 instructions for details.

Amounts in Box 16, State Wages, should take into account unusual reporting requirements. For example, New York requires the amount in Box 16 to be the same as the wages in Box 1. When reporting two states including New York, the total of both Box 16s will not match Box 1. This may confuse employees, and so employers should consider providing an explanation to employees when delivering Forms W-2.

The explanation also could be used to alert the employee that they may want to seek help from a tax adviser because they may need to file more than one state individual income tax return.

Items of note

Section 125 crossing years: Sometimes, after employees' returns from leaves of absence, money is owed to the employer for pre-tax medical benefits. If the deduction continues into 2021 for amounts owed on insurance coverage from 2020, it must be a post-tax deduction. The employee cannot pay for benefits on a pre-tax basis in a different year than the coverage.

State and local requirements: The focus at year-end for payroll involves the true-up not only for federal tax requirements but also applicable state taxes. Note that while most states that have income taxes generally conform to federal definitions, there can be some significant differences. California and New Jersey, for example, do not follow the federal exclusion for contributions to health savings accounts.

Several states continue to exclude from income some employer-paid moving expenses. These differences, if identified early enough, can translate to a smoother state year-end process, and mitigate post-close issue identification and filings of Form W-2c, Corrected Wage and Tax Statement.

States continue to react to changes in the federal tax requirements that affect payroll. Oklahoma, for example, no longer accepts the federal Form W-4, Employee's Withholding Allowance Certificate, for state purposes. New York instituted a volunteer corporate payroll tax in reaction to the newly imposed $10,000 state tax deduction limit for individuals.

Some states have started to enact legislation requiring that certain payments by third parties, such as pharmaceutical companies, be counted toward cost sharing requirements under applicable health plans, including annual deductible requirements. Employers should consider whether these rules apply and the potential effect on the employer's ability to offer a high deductible health plan for federal tax purposes and, therefore, insureds' eligibility to participate in a tax favored health savings account.

Keep in mind

Moving expenses still are 100% taxable through 2025, except for active military. However, state policies differ on moving expenses, so they should be monitored. Several states do not follow federal treatment on such expenses and may exclude taxes on the benefit.

Qualified transportation fringe benefits may still be provided tax-free to employees, except for bicycle commuting, up to stated monthly limits. Employers, however, may no longer take a deduction for most expenses related to providing this type of benefit, except in limited circumstances. As a result, some employers are making changes to transportation benefits programs and policies, which may affect taxability to employees.

Family- and medical-leave credits may still be available for some employers, based on wages paid to qualifying employees while on leave that is not Covid-19 related.[3] Specific conditions and requirements must be met. The credit no longer is available for wages paid in employer tax years starting after December 31, 2019.

For other taxes related to payroll, several jurisdictions are using withholding on employee wages to fund paid-leave programs or, in the case of Oregon, a new payroll tax to fund the state's transportation infrastructure program.

Also, at year-end, payroll professionals must monitor and properly account for such items as minimum wage, paid- leave requirements, unemployment insurance, temporary disability, and workers' compensation, all of which are administered on a state and local basis.

On the horizon: 2021 may bring additional credits or items to be separately accounted for on Forms 941 and W2.[4] Repayment of the employee Social Security deferral will be occurring as well as the employer deferral.

[3] Treasury Regulation Section 1.132-6(e)(1); IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits.
[4] Treasury Regulation Section 1.132-6(e)(1); IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits.

Form W-2 year-end basics

The timely processing of accurate Forms W-2 is a key function of any payroll department. However, there are several potential pitfalls that can easily derail this most basic of requirements.

Form W-2 formatting: A common mistake is filing Forms W-2 labeled with the incorrect year. A 2020 form must be used and filed by February 1. Entries for approved print copies are to be in 12-point Courier font and black ink. Dollar amounts are to have a decimal point and two decimal places. Do not use a dollar sign or commas. Test the form to ensure that no negative dollar amounts are reported.

Social Security numbers: Ensure that Social Security numbers have nine digits. The employee forms for tax year 2020 will allow employers the option of truncating the Social Security numbers.

Employee name: The Social Security Administration will not process Forms W-2 with misspelled names, incorrect formatting, and Social Security numbers that do not match those in the Social Security Administration (SSA) system. Consider using the SSA's Social Security Number Verification Service, which is fast, easy, and accurate.

Balance checks: Dollar limits exist for some boxes. Examples for 2020 include:

- Box 3, Social Security wages, should not exceed $137,700;
- Box 4, Social Security tax withheld, should not exceed $8,537.40; and
- Box 12 Codes D and E should not exceed $19,500 for employees younger than 50 and $26,000 for employees 50 and older.

Codes: Codes for Box 12 may be a challenge. Report as Code DD, the combined cost of the employer-provided health coverage, which is the employee and employer portions. Similarly, Code W is to include all employer contributions, including an employee's contributions through a cafeteria plan, to a health savings account. Ensure that earnings and deductions requiring Box 12 reporting include the correct code, especially after a system upgrade. Employers will be required to report FFCRA amounts either on Form W-2, Box 14, or in a statement provided with the Form W-2.[5]

State and local reporting: Include state account numbers in Box 15 and follow special state reporting rules.

AccuWage online: SSA can check Form W-2 files before submission for common problems and provide a report on issues that may prevent the submission from being accepted.

[5] IRS Notice 2020-54.

Health savings accounts

Health savings accounts, available only when qualified high-deductible health insurance plans are offered, provide a tax-favored savings mechanism to offset the costs of health care.[6] Although the basic rules on HSA contributions and reporting are fairly straightforward, these rules may create some confusion at year-end in a few areas:

Form W-2 reporting
Employers generally are required to report HSA contributions made in the year on the employee's Form W-2, in Box 12 with Code W.

Box 12 should report all employer contributions to the HSA in the applicable year, including employee contributions through an I.R.C. Section 125 cafeteria plan and those designated as made for the prior year. Employee contributions made to an HSA outside of a Section 125 cafeteria plan are generally included in gross income and should be reported as wages on Form W-2 in Box 1. If the wrong amount is reported in Box 12, such as not counting employee contributions made through a cafeteria plan, the Form W-2 should generally be amended to provide the correct amount.

Note that some states, including California and New Jersey, do not exempt contributions to HSAs from state income tax.

Maximum annual contributions
The tax-free limits on combined employer and employee HSA contributions are indexed for inflation.

For 2021, the limits are $3,600 for individual policies and $7,200 for family policies. (For 2020, the limits are $3,550 for individual policies and $7,100 for family policies.)

Recovering HSA contributions made in error
In general, employers may not recoup funds deposited into an employee's HSA. In some cases, employers may recover contributions made in error, but action generally must be taken before the end of the year.

Employer contributions inadvertently made to employees who were never considered eligible may be recovered through a request made to a financial institution.

Employer contributions exceeding the maximum annual contributions allowed because of errors, including administrative mistakes and employee elections not processed on time, may be corrected by requesting that the funds be returned. To the extent not recovered by the end of the tax year, excess employer contributions must generally be reported as wages on the employee's Form W-2.

[6] I.R.C. Sections 106(d), 223.

Group-term life insurance

Employers generally are required to impute amounts as taxable income for employer-provided group-term life (GTL) plans that exceed $50,000 in benefit value.[7] Although federal income taxes need not be withheld for this income, FICA taxes generally must be withheld when the income is assigned, and these amounts are reportable on Form W-2. The cost of the additional benefit value, in addition to being added to taxable compensation on Form W-2 in Boxes 1, 3, and 5, must be reported in Box 12, using Code C. The amount included as wages is reduced by any amount paid by the employee with after-tax dollars for the insurance. These rules may be different for key employees if they are favored under the GTL plan.

While the basic calculation for employers providing GTL is not difficult, one area that often is forgotten is when employers offer employees the ability to purchase additional GTL coverage, often referred to as "optional life" or "supplemental life." When employees pay for the entire additional coverage, sometimes the employee-purchased coverage amount should be added to the calculation for the overall valuation of GTL.

Under the I.R.C., amounts carried directly or indirectly by the employer through arranged payments, negotiated rates, and other arrangements for the coverage to be available should be included when calculating the attributed income. These amounts may be figured using IRS Uniform Table 1, which is included in Publication 15-B, Employer's Tax Guide to Fringe Benefits.

More complexity occurs when supplemental term life insurance rates qualify under the "straddle test," in which case that coverage should be included in the overall GTL calculation. The definition of the straddle test is when at least one employee is charged a rate lower than the IRS Uniform Table I rates and at least one employee is charged a rate higher than those in the IRS Uniform Table I.

If all age bracket rates charged to the employees are higher, or are all lower than the IRS Uniform Table I rates, the amounts generally are not considered carried by the employer. Thus, the coverage should not be included in the overall group-term life calculation.

[7] I.R.C. Section 79(a).

State, local paid leave

In 2020, employers experienced changes to existing family-leave programs in some states. California expanded its family-leave program to eight weeks from six weeks, starting July 1, 2020.

Under New Jersey's family-leave insurance program, benefits for a leave period that started July 1, 2020, or later are payable for up to 12 weeks in a 12-month period, up from six weeks, or up to 56 days during a 12-month period if the leave is taken on an intermittent basis.

Connecticut is to allow employees to take up to 12 weeks of benefits for family and medical leave in a 12-month period, plus two weeks of compensation for incapacitating pregnancy conditions. Employee contributions of a percentage of their earnings to the trust fund are to start January 1, 2021, while benefits are to be paid to covered employees starting January 1, 2022. A public-education campaign about the paid family and medical leave started January 1, 2020.

Oregon passed a paid family- and medical-leave insurance program that would be funded by mandatory contributions from employers and employees. The program is to start January 1, 2022, and benefits are to become available January 1, 2023. Connecticut, Oregon, Massachusetts, New York, Rhode Island, Washington, and the District of Columbia all have family leave programs in place. Nevada has also joined the ranks of states to provide paid family leave in 2020.

Colorado Proposition 118, the Paid Medical and Family Leave Initiative, is on the ballot in Colorado as an initiated state statute on November 3, 2020. The paid family and medical leave program in Colorado is set to provide 12 weeks (up to 16 weeks in certain cases) of paid leave (with a maximum benefit of $1,100 per week) funded through a payroll tax to be paid for by employers and employees in a 50/50 split.

Nevada's paid-leave requirements took effect January 1, 2020. Employers in the state with at least 50 employees must provide a minimum of 0.01923 hours of paid leave for each hour worked starting 90 days after employment starts.

Although no action has occurred on the federal level regarding the proposal by President Donald Trump to provide paid time off for new parents, several states and localities have requirements in place for employers to provide paid leave to employees.

Employers that have existing paid-leave programs should ensure those policies meet or exceed any accrual requirements for these jurisdictions.

For localities, California has six jurisdictions requiring employers to provide paid leave in 2019. Other states with these local requirements are Illinois (Chicago and Cook County), Maryland (Montgomery County), Minnesota (Duluth, Minneapolis, and St. Paul), New Mexico (Bernalillo County), New York (New York City and Westchester County), Oregon (Portland), Pennsylvania (Philadelphia and Pittsburgh), Texas (Austin, Dallas, and San Antonio), and Washington (Seattle and Tacoma).

Major jurisdictions with paid-leave requirements in 2020: Arizona, California, Connecticut, Georgia, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, Oregon, Puerto Rico, Rhode Island, Vermont, Washington, and the District of Columbia.

Local requirements: California, Illinois, Maryland, Minnesota, New Mexico, New York, Oregon, Pennsylvania, Texas, and Washington.

Have questions about your payroll will be affected? Let's connect.

Visit us at **wipfli.com/HCM** or contact our team at **HCM@wipfli.com**.

By the Numbers

Federal limits

	2020	2021
Social Security (OASDI) wage base	$137,700	$142,800
Basic deferral limits		
Sec. 401(k), 403(b), 457	$19,500	$19,500
Catch-up (age 50+)	$6,500	$6,500
SIMPLE	$13,500	$13,500
Catch-Up (age 50+)	$3,000	$3,000
Defined contribution max. annual addition	$57,000	$58,000
Defined-benefit plan limits	$230,000	$230,000
Compensation limits, credits and triggers		
Qualified plans	$285,000	$290,000
Highly compensated employee	$130,000	$130,000
Compensation limit	$425,000	$430,000
Dollar limit for key employee (top-heavy plan)	$185,000	$185,000
Compensation amount for control employee	$115,000	$115,000
Foreign-earned income exclusion limit	$107,600	$108,700
Adoption assistance	$14,300	$14,440
Per diem rates		
Standard	$151	$151
High-low method	$297, $200	$292, $198
Health plan limits		
Health flexible spending arrangements	$2,750	$2,750
Health savings account contributions — single	$3,550	$3,600
Health savings account contributions — family	$7,100	$7,200
Catch-Up (HSA single/family contributions) (age 55+)	$1,000	$1,000

By the Numbers

Federal limits (continued)

	2020	2021
Federal vehicle valuations *(mileage rates, per mile)*		
Business	57.5 cents	56 cents
Charitable	14 cents	14 cents
Medical	17 cents	16 cents
Luxury car definition *(ineligible for cents-per-mile use valuation)*		
Fair market value greater than listed for employer-provided	$50,000+ (car)	TBD
Vehicles first made available in 2018 and 2019	$50,000+ (truck)	TBD
Tax-free transportation benefits (monthly)	$270	$270
Fleet average maximum value		
Fair market value (before averaging) cars	at least $50,000	TBD
Fair market value (before averaging) trucks	at least $50,000	TBD

By the Numbers

2021 hourly minimum wage rates

Jurisdiction	Base hourly minimum wage
Federal	$7.25
Federal Contractor	$10.95
Alabama	$7.25
Alaska	$10.34
Arizona	$12.15
Arkansas	$11
California	$14, $13 ‡
Colorado	$12.32
Connecticut	$13
Delaware	$9.25
District of Columbia	$15 *
Florida	$8.65
Georgia	$5.15
Hawaii	$10.10
Idaho	$7.25
Illinois	$11
Indiana	$7.25
Iowa	$7.25
Kansas	$7.25
Kentucky	$7.25
Louisiana	$7.25
Maine	$12.15
Maryland	$11.60, $11.75 ‡
Massachusetts	$13.50
Michigan	$9.65
Minnesota	$10.08, $8.21 ‡
Mississippi	$7.25

Jurisdiction	Base hourly minimum wage
Missouri	$10.30
Montana	$8.75
Nebraska	$9
Nevada	$9.75, $8.75 ‡
New Hampshire	$7.25
New Jersey	$12, $11.10, $10.30 ‡
New Mexico	$10.50
New York	$15 – $12.50 ‡
North Carolina	$7.25
North Dakota	$7.25
Ohio	$8.80
Oklahoma	$7.25 **
Oregon	$14 – $12 ‡ *
Pennsylvania	$7.25
Puerto Rico	$7.25 **
Rhode Island	$11.50
South Carolina	$7.25
South Dakota	$9.45
Tennessee	$7.25
Texas	$7.25
Utah	$7.25
Vermont	$11.75
Virginia	$7.25 *
Washington	$13.69
West Virginia	$8.75
Wisconsin	$7.25
Wyoming	$5.15

‡ Varies by employer size, location, benefits provided

* Subject to change

** Exceptions apply

By the numbers

Unemployment insurance wage bases

State	2020	2021
Alabama	$8,000	$8,000
Alaska	$41,500	**$43,600**
Arizona	$7,000	$7,000
Arkansas	$7,000	**$10,000**
California	$7,000	$7,000
Colorado	$13,600	$13,600
Connecticut	$15,000	$15,000
Delaware	$16,500	$16,500
District of Columbia	$9,000	$9,000
Florida	$7,000	$7,000
Georgia	$9,500	$9,500
Hawaii	$48,100	**$47,400**
Idaho	$41,600	**$43,000**
Illinois	$12,740	**$12,960**
Indiana	$9,500	$9,500
Iowa	$31,600	**$32,400**
Kansas	$14,000	$14,000
Kentucky	$10,800	$10,800
Louisiana	$7,700	$7,700
Maine	$12,000	$12,000
Maryland	$8,500	$8,500
Massachusetts	$15,000	$15,000
Michigan	$9,000; $9,500 [8]	**$9,500**
Minnesota	$35,000	*
Mississippi	$14,000	$14,000
Missouri	$11,500	**$11,000**
Montana	$34,100	**$35,300**

State	2020	2021
Nebraska	$9,000; $24,000 [9]	$9,000; $24,000 [9]
Nevada	$32,500	**$33,400**
New Hampshire	$14,000	$14,000
New Jersey	$35,300	**$36,200**
New Mexico	$25,800	**$27,000**
New York	$11,600	**$11,800**
North Carolina	$25,200	**$26,000**
North Dakota	$37,900	**$38,500**
Ohio	$9,000	$9,000
Oklahoma	$18,700	**$24,000**
Oregon	$42,100	**$43,800**
Pennsylvania	$10,000	$10,000
Puerto Rico	$7,000	*
Rhode Island	$24,000; $25,500 [9]	**$24,600; $26,100** [9]
South Carolina	$14,000	$14,000
South Dakota	$15,000	$15,000
Tennessee	$7,000	*
Texas	$9,000	$9,000
Utah	$36,600	**$38,900**
Vermont	$16,100	**$14,100**
Virginia	$8,000	$8,000
Washington	$52,700	**$56,500**
West Virginia	$12,000	$12,000
Wisconsin	$14,000	$14,000
Wyoming	$26,400	**$27,300**

Changes for 2021 are **in bold**. Wage bases that decreased are in ***bold italic***.

* wage bases to be announced

[8] For each year when Michigan's unemployment trust fund balance was sufficiently high during the previous year, Michigan employers not delinquent in paying unemployment-related amounts are assigned a reduced taxable wage base.

[9] Experienced Nebraska and Rhode Island employers that are assessed the maximum unemployment tax rate are assigned a higher wage base.