

Tax Letter

January 2020



GOLD GERSTEIN GROUP LLC

Certified Public Accountants and Consultants

505 Pleasant Valley Avenue, Moorestown, New Jersey 08057 • 856.727.0100 • www.g3cpa.com

January 2020

We wish all of our friends a Happy and Healthy New Year!

This letter contains important payroll tax related information that you may need for 2019 and 2020. As always, please contact us if you have any questions.

Topic	Page
Important Websites	3
Due Dates for All 2019 Tax Returns	3
Automobile Mileage Rates	3
Flexible Spending Account Changes	3
Health Savings Account Limits (HSA)	4
Social Security	4
Minimum Wage	5
1099 Reporting Requirements	5
Retirement Plan Benefits and Limits	6
Federal & State Tax Filings and Payments for Business Taxpayers	7
Unified Estate and Gift Tax Exclusion Amount	8
New Jersey's New Earned Sick Leave	8
2020 Payroll Tax Rates	8



GOLD GERSTEIN GROUP LLC

Certified Public Accountants and Consultants

505 Pleasant Valley Avenue, Moorestown, New Jersey 08057 • 856.727.0100 • www.g3cpa.com

Important Websites

Internal Revenue Service:

- United States Department of Treasury: www.irs.gov
- Electronic Federal Tax payments (EFTPS): <https://www.eftps.gov/eftps/>

New Jersey:

- Division of Taxation: www.state.nj.us/treasury/taxation/index.shtml
- Annual Report & other miscellaneous business filings: <http://www.nj.gov/treasury/revenue/>
- Electronic Services: <http://www.state.nj.us/treasury/taxation/eservicesother.shtml>
- New hires: www.nj-newhire.com

Pennsylvania:

- Department of Revenue: www.revenue.state.pa.us/
- e-TIDES (Electronic tax payments): <https://www.etides.state.pa.us/>
- New hires: <https://www.cwds.state.pa.us/>

Social Security Administration:

- www.ssa.gov

DUE DATES FOR ALL 2019 TAX RETURNS

Type of Tax Return:	Due Date:
Partnership and S corporations	March 16, 2020
C corporations and individuals	April 15, 2020
Exempt organizations	May 15, 2020
Final deadline for partnerships and S corporations	September 15, 2020
Final deadline for C corporations and individuals	October 15, 2020
Final deadline for exempt organizations	November 16, 2020

AUTOMOBILE MILEAGE RATES

	2019	2020
Business	\$0.58/mile	TBD
Medical / Moving	\$0.20/mile	TBD
Charitable	\$0.14/mile	TBD

FLEXIBLE SPENDING ACCOUNT CHANGES

Pre-tax dollar limit:

- 2020: \$2,750 maximum per employee
- 2019: \$2,700 maximum per employee

All clients who sponsor an FSA should review their plan documents and amend the plan, if applicable, to provide for the new mandatory limit.

Health Savings Account Limits (HSA)

Minimum Plan Deductible	2019	2020
Single coverage	\$1,350	\$1,400
Family coverage	\$2,700	\$2,800
Maximum HSA Contribution Level	2019	2020
Single coverage	\$3,500	\$3,550
Family coverage	\$7,000	\$7,100
Catch up – age 55 and over	\$1,000	\$1,000
Out of Pocket Maximum	2019	2020
Single coverage	\$6,750	\$6,900
Family coverage	\$13,500	\$13,800

Social Security

Social Security Cost of Living Adjustment

The cost of living adjustment for 2020 will be 1.6 percent.

Social Security While Continuing to Work

The maximum Social Security Benefit eligibility is based on the following chart:

Year of Birth	2019
1937 and prior	65
1938 – 1942	65 – 66
1943 – 1954	66
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 and later	67

The following chart reflects the annual retirement earnings test exempt amounts for 2019 and 2020.

Year NRA Attained	2019	2020	Social Security Benefits Withheld
The year reaching full retirement age	\$46,920 \$3,910/mo.	\$48,600 \$4,050/mo.	\$1 in benefits for every \$3 of earnings in excess of the higher exempt amount, but only for months prior to the reaching of NRA
Under full retirement age	\$17,640 \$1,470/mo	\$18,240 \$1,520/mo.	\$1 in benefits for every \$2 in earnings in excess of lower exempt amount

The maximum social security benefit for a worker retiring at full retirement age is \$2,861 per month for 2019 and \$3,011 for 2020.

Minimum Wage

Jurisdiction	Minimum Wage	Minimum Wage with Tips
Federal	\$7.25	\$2.13
Delaware	\$9.25	\$2.23
New Jersey (most employers)	\$11.00	\$3.13
New Jersey (seasonal and fewer than 6 employees)	\$10.30	
Pennsylvania	\$7.25	\$2.83

Full minimum wage information listed by state can be found at:
<http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>



1099 Reporting Requirements

Clients are required to file Form 1099-MISC (for Miscellaneous Income) if you have paid during the year to an unincorporated business, including LLC's, the following:

1. At least \$10 in royalties.
2. At least \$600 in rents, services, prizes & awards, and other income payments. Report only when payments are made in the course of your trade or business. Personal payments are not reportable.
3. At least \$600 in fees or gross proceeds paid to an attorney in connection with legal services.

Exceptions are generally:

1. Payments made to a corporation (except in the case of gross proceeds or fees paid to an attorney).
2. Payments for merchandise, telephone, freight, storage, and similar items.
3. Payments of rent to real estate agents.

Due dates for 1099's for the 2019 tax year are as follows:

You must provide the recipient with their respective Form 1099 and you must file Form 1096 & the 1099's with the government (Social Security and the IRS) by January 31, 2020.

Retirement Plan Benefits and Limits

Type			2019	2020
Traditional and Roth IRA contribution			\$6,000	\$6,000
Traditional and Roth IRA contribution			\$1,000	\$1,000
SIMPLE IRA and SIMPLE 401(k) salary deferral			\$13,000	\$13,500
SIMPLE IRA and SIMPLE 401(k) catch-up contribution (50 years old & above)			\$3,000	\$3,000
401(k), 403(b), 457(b), and SARSEP salary deferral contribution			\$19,000	\$19,500
401(k), 403(b), 457(b), and SARSEP catch-up contribution (50 years old & above)			\$6,000	\$6,500
SEP minimum compensation			\$600	\$600
SEP maximum compensation			\$280,000	\$285,000
Retirement Savings Contribution Credit Married filing jointly			\$64,000	\$65,000
Married filing separately and single			\$32,000	\$32,500
Head of Household			\$48,000	\$48,750
Roth IRA eligibility compensation	Married filing jointly	100%	\$193,000 or less	\$196,000 or less
		Partial	\$193,000 – \$203,000	\$196,000 – \$206,000
		None	\$203,000 or more	\$206,000 or more
	Married filing separately	Partial	Less than \$10,000	Less than \$10,000
		None	\$10,000 or more	\$10,000 or more
	Single/Head of Household	100%	\$122,000 – \$137,000	\$124,000 or less
		Partial	\$137,000 or more	\$124,000 – \$139,000
		None	\$137,000 or more	\$139,000 or more
	IRA deductibility compensation	Married filing jointly	100%	\$103,000 or less
Partial			\$103,000 – \$123,000	\$104,000 – \$124,000
None			\$123,000 or more	\$124,000 or more
Married filing separately		Partial	Less than \$10,000	Less than \$10,000
		None	\$10,000 or more	\$10,000 or more
Single/Head of Household		100%	\$64,000 or less	\$65,000 or less
		Partial	\$64,000 – \$74,000	\$65,000 – \$75,000
		None	\$74,000 or more	\$75,000 or more
Annual addition/contribution limit under a defined contribution plan or SEP IRA			\$56,000	\$57,000
Annual benefit under a defined benefit plan			\$225,000	\$230,000
Compensation cap			\$280,000	\$285,000
Key employee definition			\$180,000	\$185,000
Highly compensated employee definition			\$125,000	\$130,000
Social Security (FICA) wage base			\$132,900	\$137,700



Federal & State Tax Filings and Payments for Business Taxpayers

Electronic Federal Tax Payments

Electronic federal tax payments are **mandatory**.

All business tax deposits (Forms 941, 943, 944, 945 and 1120) are now required to be paid using Electronic Federal Tax Payment System (EFTPS). Form 8109, Federal Tax Deposit Coupon, will no longer be accepted by the IRS.

To enroll, you will need your taxpayer ID number (EIN) and your financial institution information, including routing number, account number, and account type.

To avoid being considered "late" on your payments, you must submit your payment no later than 8pm ET the day prior to the due date.

The IRS provides two options for electronic tax payments:

1. EFTPS online: <https://www.eftps.gov/eftps/>
2. EFTPS Voice Response System at 1-800-555-3453

New Jersey Wage Taxes

All New Jersey tax payments and returns (NJ927, NJ927-W, NJ927-H and WR-30) must be remitted by electronic means.

The following website may be used for various NJ business tax payments:
<http://www.state.nj.us/treasury/taxation/online.shtml>.

NOTE: Electronic transfers must be done one (1) day prior to the withdrawal from your account.

New Jersey Annual Reports

Corporate Annual Reports must be filed electronically. Businesses will receive notification by mail of the filing requirements and instructions from the Division of Revenue.

The website for filing the Annual Report is: <https://www.njportal.com/dor/annualreports>.

Annual report filing is a prerequisite for maintaining an active business status. In accordance with State law, businesses that fail to file annual reports for two consecutive years will be revoked.

Annual reports due after 7/1/2019 increased to:

- \$75 for profit corporations, LPs, LLPs, and LLCs
- \$30 for non-profits

Additional fees may apply to change a registered agent or office for the business.

Pennsylvania

Pennsylvania provides two options for electronic payroll, corporation taxes, and sales and use tax payments:

1. TeleFile: 1-800-748-8299
2. e-Tides: <https://www.etides.state.pa.us/>

PA Cities: All employers in Pennsylvania must withhold the earned income tax for individual cities, if applicable. To find your employees withholding rates by address use the link below or contact your payroll company: <https://munstats.pa.gov/public/findlocaltax.aspx>.

UNIFIED ESTATE AND GIFT TAX EXCLUSION AMOUNT

For gifts made and estates of decedents dying in 2020, the exclusion amount will be \$11,580,000 (up from \$11,400,000 in 2019). The federal gift limitation remains at \$15,000 per recipient per year without gift tax implications.

NEW JERSEY'S NEW EARNED SICK LEAVE

New Jersey enacted the statewide earned sick leave effective October 29, 2018. This new law will allow New Jersey employees to earn/accrue up to 40 hours (five days) of paid sick and safe leave annually. Employers may require their employees to accrue leave at a rate of one hour per 30 hours worked. Alternatively, employers may choose instead to "front-load" their employees' sick and safe leave. Front-loading leave provides the entire amount of leave that an employee is entitled to, i.e. 40 hours annually, at the beginning of the year.

For more information, visit: <https://www.nj.gov/labor/earnedsick/index.html>.

2020 Payroll Tax Rates

Jurisdiction & Tax Type	Employee Rate	Employer Rate	Limits, if any
Federal			
Federal Unemployment	N/A	0.60%	Maximum wages \$7,000 Maximum of \$42 per employee
FICA	6.20%	6.20%	Maximum wages \$137,700 Max deduction: \$8,537.40
Medicare	1.45% 0.09%	1.45% N/A	No wage base limit Additional tax on wages above \$200,000
Federal Income Tax	Based on Circular E	N/A	Rates vary (10% – 37%)
New Jersey			
NJ State Unemployment Workforce/S.W.F.	0.425%	Rates Vary (0.4% – 5.4%)	Maximum wages: \$35,300 Max employee deduction: \$150.03
NJ Disability Rate	0.26%	Rates Vary (0.1% – 0.75%)	Maximum wages employee: \$134,900 Maximum wages employer: \$35,300 Max employee deduction: \$350.74 Standard New Employer Rate is 0.5%
NJ Paid Family Leave Rate	0.16%	N/A	Maximum employee wages \$134,900 Max employee deduction: \$215.84
NJ Income Tax	See Withholding Charts	N/A	Rates vary (1.4% – 8.97%) and 10.75% over \$5 million
Pennsylvania			
PA State Unemployment	0.06%	Rates Vary (1.2905% – 9.9333%)	Maximum wages for employers \$10,000 New Employer Rate: 3.6890% (non-construction) Construction Rate: 10.2238%
PA Income Tax	3.07%	N/A	
Philadelphia			
Wage Tax:			
Residents	3.8712%	N/A	Effective July 1, 2019 through June 30, 2020
Non-Residents	3.4481%	N/A	Effective July 1, 2019 through June 30, 2020