

Dear Payroll Client,

We are writing to remind you to update certain information on behalf of your employees, as is either required by law, or is relevant to your company's record keeping needs. Please refer to our web site at WittenbergCPA.com, for relevant government forms including; Form W-4, INS Form I-9 and the DSHS New Hire Reporting information. **Also, if we prepare your company's payroll please provide us with the rate notices you've received from the Department of L&I and Employment Security.**

Minimum Wage: State of Washington's minimum wage will increase to **\$12.00 per hour, effective January 1, 2019.** For planning purposes, the minimum wage will increase to \$13.50 in 2020.

State of WA Payroll Law - Paid Family & Medical Leave – Beginning in 2019 all employers will be subject to the new reporting and withholding requirements under this new law, however employers with fewer than 50 employees will not be required to pay toward the combined .4% tax on their employee's gross wages.

The rules require that all employers withhold 63% of this tax from their employee's wages, and for those employers with 50 or more employees, the remaining 37% of this tax will be paid by the employer. Furthermore, employers will be allowed to pay this combined .4% tax on behalf of their employees, at their discretion.

The tax will be reported and paid on the employer's quarterly Employment Security tax report, beginning with the first quarterly report for the 2019 calendar year, which is due on April 30th of 2019.

Employees who eventually become eligible to receive paid "family" or "medical" leave won't be eligible for benefits until at the earliest the 2020 calendar year, at which time they will be required to submit their request for benefits to Employment Security. The Employment Security office, upon review of the benefit request, will provide the opportunity for review of the request by the employer, which we assume will be similar to the employer's review of benefits relative to their employee's unemployment benefits.

Please note that while this is a fairly complicated new set of rules and reporting requirements, thankfully Employment Security has been and will continue to issue informative correspondence in order to assist in the process throughout 2019.

Federal Payroll Law - Paid Sick Leave Reminder - Effective January 1, 2018: All employees (including part-time & temporary staff) accrue paid sick leave for ALL hours worked (including overtime). For each hour of paid sick leave used, an employee shall be paid their normal hourly compensation. Employees are eligible to use their accrued paid sick leave beginning on the 90th calendar day after the start of their employment.

An employee shall accrue at least one hour of paid sick leave for every 40 hours worked. Accrued, unused paid sick leave balances of 40 hours or less must carry over to the

following year. The default accrual year is January 1 – December 31, however an employer may adopt a different fixed consecutive twelve-month period. Also, it's important to note that the employee's accrued sick leave, use of sick leave, and balance carried forward must be disclosed at least monthly on the employee's wage stub.

Please have each of your **current employees** complete a **2019** Form W-4. The annual completion of this form allows your employees to assess their withholding status, as well as confirm their social security number, marital status and mailing address.

Each **new employee** must complete a **2019** Form W-4 (lines #1-7) along with their signature, date of hire and date of birth. As the employer, you need to complete lines #8-10 of the Form W-4, and you must also complete and retain a form I-9, making sure that all sections are filled out completely. I.C.E. can fine your company up to \$50 per incomplete, and/or incorrectly completed section, which can add up to \$200 per form.

We'd also like to remind you that Washington State law requires (under RCW 50.12.070 and WAC 192-12-050) that the following information be maintained by all employers:

- Name (in full) and date of birth of the employee
- Social Security number
- Days and weeks when work was completed
- Dates and hours worked (specific time in and time out)
- Wages paid for each separate pay period
- Location where work was performed
- Date when hired or re-hired to work
- Date when the individuals name was removed from the payroll
- Cause of separation from work due to discharge, quit, etc.

According to the State of Washington these employee records are to be kept for a period of at least four years, but our office recommends seven years. We also recommend that you maintain an employee policy and procedure manual, and that you review the overall content of your employees' files, at least annually, for completeness.

In addition to maintaining the above employee information, we also recommend that you maintain two binders separate from your employee's files. One that holds copies of your employee's W-4's; present employees first, with past employees in the back. The second one should hold copies of your employee's I-9's, in the same order as your W-4 binder.

Using this approach, you would be able to provide the required employee information to an auditor, if requested, without pulling each employee's personnel file. Please don't hesitate to let us know if we can assist you in completing the required employment forms, or to help you understand the rules, as they apply to your company.

Best Regards and Happy Holidays,
Wittenberg CPA, PS
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