

RLB CPA'S, INC.

ACCOUNTING & TAX SERVICES

Bradley L. Hostettler, CPA
Scott A. Arnold, CPA
Brian S. Nikolaus, CPA

1600 Lexington Avenue
Mansfield, Ohio 44907
Telephone: 419-756-3400
Fax: 419-756-7198
www.rlbcpa.com

January 4, 2022

Every **person, partnership or corporation** engaged in a trade or business must file information returns for each calendar year for certain payments made during such year in the course of the Payee's trade or business.

NEW FORM 1099-NEC - Use Form 1099-NEC to report nonemployee compensation payments of \$600.00 or more instead of Form 1099-MISC, box 7.

THE FILING DEADLINE FOR FORM 1099-NEC TO THE IRS – When reporting payments for non-employee compensation, file Form 1099-NEC to both the recipient and to the IRS by JANUARY 31, 2022.

The following information returns are to be furnished to both the **RECIPIENTS** and the **INTERNAL REVENUE SERVICE**:

FORM 1099-DIV Corporate payer of dividends of \$10.00 or more, except \$600 or more for liquidations.

FORM 1099-INT Payer of interest of \$10.00 or more.

FORM 1099-MISC Payer of \$600.00 or more in: rents, royalties, prizes and awards that are not for services, and medical and health care payments. Please note that you must include the actual name of the proprietor if sending a Form 1099 to a sole proprietorship. Including the trade name of the business is optional and should go on the second line.

Payer of gross proceeds to attorneys for \$600.00 or more.

For the Taxpayer Identification Number (TIN), enter either the individual's SSN or the Employer Identification Number (EIN) of the business (sole proprietorship). The TIN must match the name reported.

FORM 1099-NEC Payer of \$600.00 or more of payments for services performed for a trade or business by entities not treated as employees. Please note that you must include the actual name of the proprietor if sending a Form 1099 to a sole proprietorship. Including the trade name of the business is optional and should go on the second line.

FORM 1099-R Payer of \$10.00 or more of Distributions from Retirement or Profit Sharing Plans.

FORM 1098 File this form if you are engaged in a trade or business and, in the course of such trade or business, you receive from an individual \$600 or more of mortgage interest on any one mortgage during the calendar year.

INFORMATION RETURNS FOR PAYMENTS TO A CORPORATION ARE NOT REQUIRED, EXCEPT FOR PAYMENTS FOR LEGAL SERVICES AND MEDICAL OR HEALTH CARE SERVICES.

The federal government requires ELECTRONIC FILING (previously magnetic media) of 1099 forms by some employers. If you are required to file **250 or more information returns**, you **MUST FILE ELECTRONICALLY**. The 250 or more requirement applies separately to each type of form.

Although employers may file hardship waivers for exemption from this requirement, it is our opinion that few who file waivers will be granted exemptions.

If you are subject to the electronic filing requirements and we do not prepare your 1099 forms, please contact our office so we can advise you as to how to proceed.

The due dates for the information returns are JANUARY 31, 2022 to the recipient and **JANUARY 31, 2022 to the Internal Revenue Service for Form 1099-NEC**. File all other paper returns to the Internal Revenue Service by FEBRUARY 28, 2022, MARCH 31, 2022 if filing electronically. All returns must have the recipient's taxpayer identification number on them.

Penalties apply for:

- a) Each failure to furnish the recipient's taxpayer identification number on information returns.
- b) Each failure to timely furnish correct statements to payees.
- c) Each failure to timely file correct information returns.

You should also be aware that there are questions on all business returns asking if 1099s are required to be filed and, if yes, have they been filed.

The Mansfield Income Tax Department requires the filing of earnings reports. Businesses located within Mansfield City limits are required to file an annual reconciliation for the year 2021 report. Copies of all 1099-NEC with non-employee compensation should be attached.

Businesses not located within Mansfield City Limits are required to report only amounts paid to recipients who are performing services in Mansfield.

Other cities may have different requirements, please check with that city or contact our office for guidance.

For those of you, who file your own information returns, be sure they are filed by JANUARY 31, 2022.

For those of you who have us file the information returns, please supply to us by JANUARY 14, 2022 the following information:

Both the recipient's NAME and recipient's BUSINESS NAME, address, taxpayer identification number, amount paid and what the payment was for i.e.; dividend, interest, rent, commissions, etc. The recipient's name must match the taxpayer identification number. This will enable us to prepare the returns and send to you for mailing by JANUARY 31, 2022.

*We offer electronic filing of 1099 forms for our clients. If for some reason you wish to file paper returns, please contact our office.

STATE OF OHIO NEW HIRE REPORTING PROGRAM

Ohio law requires that Independent Contractors must be reported as new hires. The Ohio Revised Code defines an employee as an individual who is employed to provide services for compensation to an employer **and includes an individual who provides services to an employer as an independent contractor for compensation that is reported as income other than wages and who is an individual, the sole shareholder of a corporation, or the sole member of a limited liability company.** No reporting is required for a professionally licensed person performing services under that license or for any payments where the contract for services is less than \$2,500.

All Ohio employers are required to report certain information on newly hired and rehired employees/subcontractors. If you have any questions relating to these reporting requirements, please contact our office.

OHIO ANNUAL REPORT OF UNCLAIMED FUNDS

The Ohio Annual Report of Unclaimed Funds is required to be filed annually by November 1, even if you have no unclaimed funds to report. All businesses that operate in the State of Ohio or hold funds due to Ohio residents are required to file an Annual Report of Unclaimed Funds. The only entities exempt from reporting are political subdivisions of the State, Counties, Cities, Townships and I.R.C. 501(C)(3) hospitals (Per section 169.01(D)(2) O.R.C.). If you have questions or need filing assistance, please contact our office.

OTHER IMPORTANT ITEMS FOR 2022

1. You should contact your accounting software vendor to get updated tax tables that support the 2022 tax requirements.
2. For the year 2022, the standard mileage rate for business driving will be 58.5 cents per mile.
3. The Ohio CAT annual return is due May 10th. The quarterly return filing due date is the tenth day of the second month after the quarter's end (May 10th, Aug 10th, Nov 10th & Feb 10th). If the filing due date falls on a weekend or holiday, the return is due on the next business day. A business with greater than \$150,000 gross receipts is required to register and pay the Ohio Commercial Activity Tax. All Ohio CAT returns are required to be filed electronically.
4. The current sales tax rate for Richland County is 7.00%. The current sales tax rates are available at the Ohio Department of Taxation's website at www.tax.ohio.gov.

Respectfully,

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January 4, 2022

Dear Client:

Following are important changes for 2022 and a summary of various payroll tax rules. You should also retain and review all information received from federal, state and local taxing authorities for additional information and changes in the law. Please review this information carefully and contact us if you have any questions.

IMPORTANT CHANGES FOR 2022

OHIO DEPARTMENT OF TAXATION CHANGES FOR EMPLOYERS TO REPORT TAX YEAR 2021 W-2/1099-R INFORMATION - the Ohio Department of Taxation is lowering the threshold for the electronic filing of W-2 and 1099-R information for calendar year 2021 information (submitted in 2022). Ohio law requires all employers and retirement system payers to electronically file returns and submit income statements (W-2s & 1099-Rs) to the Department. **Going forward, all employers and retirement system payers that issue 10 or more W-2/1099-Rs will be required to upload their W-2/1099-R information electronically through the Ohio Business Gateway.** To aid in this new requirement for 2021 (filed in 2022) the Department will also grant a filing extension from the traditional January 31, 2022 due date to March 2, 2022 for the W-2s, 1099-Rs, Employer Withholding reconciliation returns (IT 941 and IT 942 4th Quarter/Annual), and the School District Withholding reconciliation return (SD 141). The Simplified W-2 Upload format specifications and helpful content are posted to the W-2/1099 Information page at tax.ohio.gov/W2upload. Those employers who issue less than 10 W-2s that choose **not** to file their W-2 information using one of the two electronic approaches will be required to file a paper version of the IT 3 **AND** attach a copy of the W-2s that were issued to their employees.

EMPLOYEE RETENTION TAX CREDIT - The employee retention credit had been extended and expanded, changing the ERTC program's end date several times. The employee retention tax credit ended on September 30, 2021 for most businesses. Recovery startup businesses were eligible to pay qualified wages through December 31, 2021. There were also retroactive provisions made to the credit. One major change was that employers who received the PPP loan may still qualify for this credit. However, there is no double-dipping for credits. Employers who take the employee retention credit cannot take credit on those same qualified wages for paid family medical leave or for wages used in obtaining PPP loan forgiveness. Eligible employers that have not yet claimed (or incorrectly claimed) any ERC for qualified wages paid between March 13, 2020, through and including September 30, 2021, may still obtain the ERC by amending their quarterly employment tax returns, i.e., Forms 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund*.

For 2020 - employers who qualify, including borrowers who took a loan under the initial PPP, the credit can be claimed against 50 percent of qualified wages paid, up to \$10,000 per employee annually for wages paid between March 13 and Dec. 31, 2020.

For 2021 - Employers who qualify, including PPP recipients, can claim a credit against 70% of qualified wages paid. Additionally, the amount of wages that qualifies for the credit is now \$10,000 per employee per quarter through September 30 of 2021 for most businesses. However, Recovery Startup Businesses are still eligible for ERTC through the end of the year. A Recovery Startup Business is one that started *after Feb. 15, 2020* and, in general, had an average of \$1 million or less in gross receipts. They could be eligible to take a credit of up to \$50,000 for the third and fourth quarters of 2021.

IMPORTANT CHANGES FOR 2022 (CONTINUED)

STANDARD MILEAGE RATE - For the year 2022, the standard mileage rate for business driving will be 58.5 cents per mile.

INCREASE IN SOCIAL SECURITY WAGE BASE -The wage base for **Social Security** has increased to **\$147,000** for 2022.

OHIO MINIMUM WAGE TO INCREASE FOR 2022 - Ohio's minimum wage will increase to \$9.30 per hour for non-tipped employees and to \$4.65 per hour for tipped employees, plus tips. Employers that gross under \$342,000 per year may pay the federal minimum of \$7.25 per hour instead of the Ohio minimum wage. Employees under the age of 16 may also be paid the lower federal minimum wage.

INFORMATION REPORTING FOR 2021 FOR FORM 1095-C- YET AGAIN, THE DUE DATE FOR FURNISHING STATEMENTS TO INDIVIDUALS IS EXTENDED FROM JANUARY 31, 2022 TO MARCH 2, 2022.— Employers with 50 or more full time equivalent employees must use **Form 1095-C, Employer-Provided Health Insurance Offer and Coverage** to report the information required about offers of health coverage and enrollment in health coverage for their employees. For 2021, an employer must furnish a Form 1095-C to each of its full-time employees by March 2, 2022 and to the IRS by February 28th (March 31 if filed electronically).

SUMMARY OF VARIOUS PAYROLL TAX RULES

The Social Security tax rate for 2022 is **6.2% for both the employee and the employer**. As stated above, the wage base for **Social Security** has increased to **\$147,000** for 2022. The wage base for **Medicare** is unlimited while the tax rate is **1.45%** each for the employer and the employee.

Employers are responsible for withholding the **0.9% Additional Medicare Tax** on an individual's **wages and compensation paid in excess of \$200,000 in a calendar year**. An employer is required to begin withholding additional Medicare tax in the pay period in which the year to date compensation exceeds \$200,000 to an employee. **There is no employer match for the additional Medicare tax.**

Employers with \$1,000 or less than in annual employment taxes will be filing an annual employment tax form 944 instead of the quarterly forms 941. However, if the business grows and the tax liability exceeds \$2,500, tax deposits will be required as discussed below. If you received notification to file Form 944, you must file Form 944 to report your employment taxes unless you contact the IRS to request to file quarterly Form 941 instead. To request to file quarterly Form 941 for the current calendar year call the IRS at 1-800-829-4933 by April 1 of the applicable year, or send a written request postmarked by March 15 of the applicable year. Employers already filing form 944 will not receive notices.

The State Unemployment taxable wage base limit remains at \$9,000 for 2022. The contribution rate is based on your individual experience rate.

The Federal Unemployment wage base remains at \$7,000 per employee and the tax rate remains unchanged at .6%. Federal Unemployment tax is to be deposited within one month of the end of the quarter in which it reaches \$500 or more on a cumulative basis.

SUMMARY OF VARIOUS PAYROLL TAX RULES (CONTINUED)

IRS Form W-4 was redesigned in 2020. Allowances are no longer used for the redesigned Form W-4 since changes in the tax law no longer allow personal exemptions and/or dependency exemptions. All new employees first paid after 2019 must use the redesigned form. Similarly, any other employee who wishes to adjust their withholding must use the redesigned form.

HOUSEHOLD WORKERS

Social Security and Medicare taxes apply to the wages of household workers you pay \$2,400 or more in cash for 2022.

ELECTRONIC FEDERAL TAX PAYMENT SYSTEM (EFTPS)

The IRS requires all Federal tax deposits to be made using the Electronic Federal Tax Deposit System (EFTPS). To use the EFTPS system, you must be enrolled. If you have questions or need help, call 1-800-555-4477. Once enrolled, you will receive a personal identification number (PIN). If you prefer to make your payment online, once you have received your PIN, you can go to www.EFTPS.gov and create a password by following the instructions on the website. To use EFTPS by phone, you will need your employer identification number (EIN) and PIN. To use EFTPS online, you will need your EIN, PIN and password. **Payments must be scheduled by 8 p.m. ET the day before the due date** to be received timely.

Prior to the beginning of each calendar year, you must determine which of the two deposit schedules you are required to use. The deposit schedule you must use is based on the total tax liability you reported on Form 941 during a four-quarter **lookback period** discussed below. Your deposit schedule is **not** determined by how often you pay your employees or make deposits.

Lookback period. Your deposit schedule for a calendar year is determined from the total taxes (not reduced by any advance EIC payments) reported on your Forms 941 (line 10) in a four-quarter lookback period. The lookback period begins July 1 of the second preceding year (2019) and ends June 30 of the prior year (2020). If you reported \$50,000 or less of taxes for the lookback period, you are a monthly schedule depositor; if you reported more than \$50,000, you are a semiweekly schedule depositor. If you have any questions regarding your deposit schedule, please call our office.

Monthly filers must deposit the cumulative tax liability for the month by the 15th day of the following month. **If your tax liability for the return period is less than \$2,500, you are not required to make deposits and may pay the taxes with the return.**

Semi-Weekly filers must deposit amounts accumulated on payments made on **Wednesday, Thursday and/or Friday by the following Wednesday**, while amounts accumulated on payments made **Saturday, Sunday, Monday and/or Tuesday must be deposited by the following Friday.**

EMPLOYER-PROVIDED HEALTH COVERAGE REPORTING — NOT TAXABLE

The Affordable Care Act requires employers filing 250 or more forms W-2 in the prior year to report the value of the health insurance coverage they provide employees on each employee's annual Form W-2 in Box 12 with Code DD. The W-2 reporting requirement is informational only and it does not require taxation on any health plan coverage. Employers with fewer than 250 W-2s in the prior calendar year are not required to report employer provided health care coverage at this time.

STATE OF OHIO

The calendar year 2021 W-2 and 1099-R information (submitted in 2022) for all employers and retirement system payers that issue 10 or more W-2/1099-Rs will be required to upload their W-2/1099-R information electronically through the Ohio Business Gateway. To aid in this new requirement for 2021 (filed in 2022) the Department will also grant a filing extension from the traditional January 31, 2022 due date to March 2, 2022 for the W-2s, 1099-Rs, Employer Withholding reconciliation returns (IT 941 and IT 942 4th Quarter/Annual), and the School District Withholding reconciliation return (SD 141). See the W-2/1099 Information page at tax.ohio.gov/W2upload.

Effective January 1, 2015, Ohio Employers are required to file and remit state and school district income tax withholding returns and payments using Ohio Business Gateway. This requirement applies to all withholding tax returns, including Ohio forms IT 501, annual IT 941, SD 101 and SD 141.

The State of Ohio requires employers to have the Form IT-4 signed by employees with the appropriate withholding exemptions as they apply to the State of Ohio. **The employee's school district residence is also required on this form. The Federal Form W-4 should not be used as a substitute for the Ohio Form IT-4.** If you do not have the IT-4 in your employees file you should obtain one when you update the employees' files for 2022. The current withholding tables are effective for pay periods ending on or after September 1, 2021 and are available at Ohio's web site at www.tax.ohio.gov.

Ohio law requires you to canvass your employees and ask each employee for the school district in which they reside. If you have an employee who resides in a school district with a school district income tax in effect, then you must withhold this tax from the employee's compensation – even if you conduct no business or operations in that school district. Employers not fulfilling these requirements are subject to penalties and interest for any unpaid school district income taxes **even if the taxes were not withheld**. To find out if a school district has income tax, check the list at tax.ohio.gov. You may also look up specific taxing information by address by using The Finder, which can be found at www.tax.ohio.gov.

OHIO BUREAU OF WORKERS' COMPENSATION

Effective July 1, 2015, Ohio Bureau of Workers' Compensation switched to prospective billing. Each May, you will receive a new notice of estimated annual premium along with a certificate of coverage and installment plan details. Each July, you will receive a notice regarding filing an annual payroll true up (your annual payroll report) for the prior policy year (July 1 – June 30). This payroll true-up report is due August 15, 2022 and must be completed online or over the phone. For further details, contact your local BWC office at 419-529-4528 or visit www.bwc.ohio.gov.

ELIGIBILITY FOR EMPLOYMENT

In addition to having each new employee complete Form W-4 and Ohio Form IT-4, you must verify that each new employee is legally eligible to work in the United States. This will include completing the **Immigration and Naturalization Service (INS) Form I-9, Employment Eligibility Verification**. Contact our office to obtain the form.

NOTICE OF HEALTH CARE COVERAGE

The Affordable Care Act requires all employers to provide their employees with a notice of health care coverage options. New employees should be given notice at the time they are hired. The Department of Labor (DOL) has model notices for employers that provide coverage and for employers that provide no coverage. Please contact our office if you need assistance in providing these notices.

STATE OF OHIO NEW HIRE REPORTING PROGRAM

All Ohio employers are required to report certain information on newly hired and rehired employees. If you have any questions relating to these reporting requirements, please contact our office.

CITY OF MANSFIELD

CITY WITHHOLDING TAXES (INCLUDING MANSFIELD) - Beginning January 1, 2016, the Ohio Municipal Income Tax Reform Act is in effect. The Act provides a uniform schedule for remitting withholding taxes. Businesses with withholding taxes exceeding \$2,399 in the previous calendar year or exceeding \$200 in any month during the previous calendar quarter must file and pay monthly. If these thresholds are not met, then tax must be remitted quarterly. New deadlines for filing employers' withholding tax returns: Monthly filers must file within 15 days of the end of each month and quarterly filers by the last day of the month following the end of each calendar quarter.

SEMI-MONTHLY CITY WITHHOLDING - Effective January 1, 2016, Mansfield enacted a provision of the Act requiring businesses with withholding taxes exceeding \$11,999 in the previous calendar year or exceeding \$1,000 in any month during the previous calendar year to file and pay semi-monthly. For Semi-monthly filers, the first filing of that month must be received by the 3rd banking day after the 15th of the month; the second filing by the 3rd banking day after the last day of the month. For other cities enacting this provision, check with that city income tax department.

For W-2 filing, employers having 100 or more employee records are required to submit the required information on magnetic media.

OTHER CITIES

Other cities must also follow the Ohio Municipal Income Tax Reform Act. Please check with that city income tax department or contact our office for guidance for filing requirements.

ELECTRONIC FILING

We offer electronic filing of payroll tax returns and Forms W-2 for our clients. Most forms can be electronically filed therefore minimizing the number of items requiring mailing to taxing authorities. To take advantage of this service, please let us know and we will complete the appropriate authorization forms to allow us to provide the service to you.

OTHER IMPORTANT ITEMS FOR 2022

1. You should contact your accounting software vendor to get updated tax tables that support the 2022 tax requirements.
2. The Ohio CAT annual return is due May 10th. The quarterly return filing due date is the tenth day of the second month after the quarter's end (May 10th, Aug 10th, Nov 10th & Feb 10th). If the filing due date falls on a weekend or holiday, the return is due on the next business day. A business with greater than \$150,000 gross receipts is required to register and pay the Ohio Commercial Activity Tax. All Ohio CAT returns are required to be filed electronically.

IMPORTANT ITEMS FOR 2022 (CONTINUED)

3. The Ohio Annual Report of Unclaimed Funds is required to be filed annually by November 1, even if you have no unclaimed funds to report. All businesses that operate in the State of Ohio or hold funds due to **OTHER** Ohio residents are required to file an Annual Report of Unclaimed Funds. The only entities exempt from reporting are political subdivisions of the State, Counties, Cities, Townships and I.R.C. 501(C)(3) hospitals (Per section 169.01(D)(2) O.R.C.). If you have questions or need filing assistance, please contact our office.
4. The current sales tax rate for Richland County is 7.00%. The current sales tax rates are available at their website at www.tax.ohio.gov.

AFFORDABLE CARE ACT

- ★ Employers with 50 or more full time equivalent employees in 2021 must provide affordable health care coverage to their full-time employees (30 hours per week or more) in 2022 or pay a penalty.
- ★ If you have any questions regarding these items, please contact our office.

If you have any questions, do not hesitate to contact us.

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EMPLOYEE RETENTION TAX CREDIT - The employee retention credit had been extended and expanded, changing the ERTC program's end date several times. The employee retention tax credit ended on September 30, 2021 for most businesses. Recovery startup businesses were eligible to pay qualified wages through December 31, 2021. There were also retroactive provisions made to the credit. One major change was that employers who received the PPP loan may still qualify for this credit. However, there is no double-dipping for credits. Employers who take the employee retention credit cannot take credit on those same qualified wages for paid family medical leave or for wages used in obtaining PPP loan forgiveness. Eligible employers that have not yet claimed (or incorrectly claimed) any ERC for qualified wages paid between March 13, 2020, through and including September 30, 2021, may still obtain the ERC by amending their quarterly employment tax returns, i.e., Forms 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund*.

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IMPORTANT CHANGES FOR 2022 (CONTINUED)

STANDARD MILEAGE RATE - For the year 2022, the standard mileage rate for business driving will be 58.5 cents per mile.

INCREASE IN SOCIAL SECURITY WAGE BASE -The wage base for **Social Security** has increased to **\$147,000** for 2022.

OHIO MINIMUM WAGE TO INCREASE FOR 2022 - Ohio's minimum wage will increase to \$9.30 per hour for non-tipped employees and to \$4.65 per hour for tipped employees, plus tips. Employers that gross under \$342,000 per year may pay the federal minimum of \$7.25 per hour instead of the Ohio minimum wage. Employees under the age of 16 may also be paid the lower federal minimum wage.

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SUMMARY OF VARIOUS PAYROLL TAX RULES

The Social Security tax rate for 2022 is **6.2% for both the employee and the employer**. As stated above, the wage base for **Social Security** has increased to **\$147,000** for 2022. The wage base for **Medicare** is unlimited while the tax rate is **1.45%** each for the employer and the employee.

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Employers with \$1,000 or less than in annual employment taxes will be filing an annual employment tax form 944 instead of the quarterly forms 941. However, if the business grows and the tax liability exceeds \$2,500, tax deposits will be required as discussed below. If you received notification to file Form 944, you must file Form 944 to report your employment taxes unless you contact the IRS to request to file quarterly Form 941 instead. To request to file quarterly Form 941 for the current calendar year call the IRS at 1-800-829-4933 by April 1 of the applicable year, or send a written request postmarked by March 15 of the applicable year. Employers already filing form 944 will not receive notices.

The State Unemployment taxable wage base limit remains at \$9,000 for 2022. The contribution rate is based on your individual experience rate.

The Federal Unemployment wage base remains at \$7,000 per employee and the tax rate remains unchanged at .6%. Federal Unemployment tax is to be deposited within one month of the end of the quarter in which it reaches \$500 or more on a cumulative basis.

SUMMARY OF VARIOUS PAYROLL TAX RULES (CONTINUED)

IRS Form W-4 was redesigned in 2020. Allowances are no longer used for the redesigned Form W-4 since changes in the tax law no longer allow personal exemptions and/or dependency exemptions. All new employees first paid after 2019 must use the redesigned form. Similarly, any other employee who wishes to adjust their withholding must use the redesigned form.

HOUSEHOLD WORKERS

Social Security and Medicare taxes apply to the wages of household workers you pay \$2,400 or more in cash for 2022.

ELECTRONIC FEDERAL TAX PAYMENT SYSTEM (EFTPS)

The IRS requires all Federal tax deposits to be made using the Electronic Federal Tax Deposit System (EFTPS). To use the EFTPS system, you must be enrolled. If you have questions or need help, call 1-800-555-4477. Once enrolled, you will receive a personal identification number (PIN). If you prefer to make your payment online, once you have received your PIN, you can go to www.EFTPS.gov and create a password by following the instructions on the website. To use EFTPS by phone, you will need your employer identification number (EIN) and PIN. To use EFTPS online, you will need your EIN, PIN and password. **Payments must be scheduled by 8 p.m. ET the day before the due date** to be received timely.

Prior to the beginning of each calendar year, you must determine which of the two deposit schedules you are required to use. The deposit schedule you must use is based on the total tax liability you reported on Form 941 during a four-quarter **lookback period** discussed below. Your deposit schedule is **not** determined by how often you pay your employees or make deposits.

Lookback period. Your deposit schedule for a calendar year is determined from the total taxes (not reduced by any advance EIC payments) reported on your Forms 941 (line 10) in a four-quarter lookback period. The lookback period begins July 1 of the second preceding year (2019) and ends June 30 of the prior year (2020). If you reported \$50,000 or less of taxes for the lookback period, you are a monthly schedule depositor; if you reported more than \$50,000, you are a semiweekly schedule depositor. If you have any questions regarding your deposit schedule, please call our office.

Monthly filers must deposit the cumulative tax liability for the month by the 15th day of the following month. **If your tax liability for the return period is less than \$2,500, you are not required to make deposits and may pay the taxes with the return.**

Semi-Weekly filers must deposit amounts accumulated on payments made on **Wednesday, Thursday and/or Friday by the following Wednesday**, while amounts accumulated on payments made **Saturday, Sunday, Monday and/or Tuesday must be deposited by the following Friday.**

EMPLOYER-PROVIDED HEALTH COVERAGE REPORTING — NOT TAXABLE

The Affordable Care Act requires employers filing 250 or more forms W-2 in the prior year to report the value of the health insurance coverage they provide employees on each employee's annual Form W-2 in Box 12 with Code DD. The W-2 reporting requirement is informational only and it does not require taxation on any health plan coverage. Employers with fewer than 250 W-2s in the prior calendar year are not required to report employer provided health care coverage at this time.

STATE OF OHIO

The calendar year 2021 W-2 and 1099-R information (submitted in 2022) for all employers and retirement system payers that issue 10 or more W-2/1099-Rs will be required to upload their W-2/1099-R information electronically through the Ohio Business Gateway. To aid in this new requirement for 2021 (filed in 2022) the Department will also grant a filing extension from the traditional January 31, 2022 due date to March 2, 2022 for the W-2s, 1099-Rs, Employer Withholding reconciliation returns (IT 941 and IT 942 4th Quarter/Annual), and the School District Withholding reconciliation return (SD 141). See the W-2/1099 Information page at tax.ohio.gov/W2upload.

Effective January 1, 2015, Ohio Employers are required to file and remit state and school district income tax withholding returns and payments using Ohio Business Gateway. This requirement applies to all withholding tax returns, including Ohio forms IT 501, annual IT 941, SD 101 and SD 141.

The State of Ohio requires employers to have the Form IT-4 signed by employees with the appropriate withholding exemptions as they apply to the State of Ohio. **The employee's school district residence is also required on this form. The Federal Form W-4 should not be used as a substitute for the Ohio Form IT-4.** If you do not have the IT-4 in your employees file you should obtain one when you update the employees' files for 2022. The current withholding tables are effective for pay periods ending on or after September 1, 2021 and are available at Ohio's web site at www.tax.ohio.gov.

Ohio law requires you to canvass your employees and ask each employee for the school district in which they reside. If you have an employee who resides in a school district with a school district income tax in effect, then you must withhold this tax from the employee's compensation – even if you conduct no business or operations in that school district. Employers not fulfilling these requirements are subject to penalties and interest for any unpaid school district income taxes **even if the taxes were not withheld**. To find out if a school district has income tax, check the list at tax.ohio.gov. You may also look up specific taxing information by address by using The Finder, which can be found at www.tax.ohio.gov.

OHIO BUREAU OF WORKERS' COMPENSATION

Effective July 1, 2015, Ohio Bureau of Workers' Compensation switched to prospective billing. Each May, you will receive a new notice of estimated annual premium along with a certificate of coverage and installment plan details. Each July, you will receive a notice regarding filing an annual payroll true up (your annual payroll report) for the prior policy year (July 1 – June 30). This payroll true-up report is due August 15, 2022 and must be completed online or over the phone. For further details, contact your local BWC office at 419-529-4528 or visit www.bwc.ohio.gov.

ELIGIBILITY FOR EMPLOYMENT

In addition to having each new employee complete Form W-4 and Ohio Form IT-4, you must verify that each new employee is legally eligible to work in the United States. This will include completing the **Immigration and Naturalization Service (INS) Form I-9, Employment Eligibility Verification**. Contact our office to obtain the form.

NOTICE OF HEALTH CARE COVERAGE

The Affordable Care Act requires all employers to provide their employees with a notice of health care coverage options. New employees should be given notice at the time they are hired. The Department of Labor (DOL) has model notices for employers that provide coverage and for employers that provide no coverage. Please contact our office if you need assistance in providing these notices.

STATE OF OHIO NEW HIRE REPORTING PROGRAM

All Ohio employers are required to report certain information on newly hired and rehired employees. If you have any questions relating to these reporting requirements, please contact our office.

CITY OF MANSFIELD

CITY WITHHOLDING TAXES (INCLUDING MANSFIELD) - Beginning January 1, 2016, the Ohio Municipal Income Tax Reform Act is in effect. The Act provides a uniform schedule for remitting withholding taxes. Businesses with withholding taxes exceeding \$2,399 in the previous calendar year or exceeding \$200 in any month during the previous calendar quarter must file and pay monthly. If these thresholds are not met, then tax must be remitted quarterly. New deadlines for filing employers' withholding tax returns: Monthly filers must file within 15 days of the end of each month and quarterly filers by the last day of the month following the end of each calendar quarter.

SEMI-MONTHLY CITY WITHHOLDING - Effective January 1, 2016, Mansfield enacted a provision of the Act requiring businesses with withholding taxes exceeding \$11,999 in the previous calendar year or exceeding \$1,000 in any month during the previous calendar year to file and pay semi-monthly. For Semi-monthly filers, the first filing of that month must be received by the 3rd banking day after the 15th of the month; the second filing by the 3rd banking day after the last day of the month. For other cities enacting this provision, check with that city income tax department.

For W-2 filing, employers having 100 or more employee records are required to submit the required information on magnetic media.

OTHER CITIES

Other cities must also follow the Ohio Municipal Income Tax Reform Act. Please check with that city income tax department or contact our office for guidance for filing requirements.

ELECTRONIC FILING

We offer electronic filing of payroll tax returns and Forms W-2 for our clients. Most forms can be electronically filed therefore minimizing the number of items requiring mailing to taxing authorities. To take advantage of this service, please let us know and we will complete the appropriate authorization forms to allow us to provide the service to you.

OTHER IMPORTANT ITEMS FOR 2022

1. You should contact your accounting software vendor to get updated tax tables that support the 2022 tax requirements.
2. The Ohio CAT annual return is due May 10th. The quarterly return filing due date is the tenth day of the second month after the quarter's end (May 10th, Aug 10th, Nov 10th & Feb 10th). If the filing due date falls on a weekend or holiday, the return is due on the next business day. A business with greater than \$150,000 gross receipts is required to register and pay the Ohio Commercial Activity Tax. All Ohio CAT returns are required to be filed electronically.

IMPORTANT ITEMS FOR 2022 (CONTINUED)

3. The Ohio Annual Report of Unclaimed Funds is required to be filed annually by November 1, even if you have no unclaimed funds to report. All businesses that operate in the State of Ohio or hold funds due to **OTHER** Ohio residents are required to file an Annual Report of Unclaimed Funds. The only entities exempt from reporting are political subdivisions of the State, Counties, Cities, Townships and I.R.C. 501(C)(3) hospitals (Per section 169.01(D)(2) O.R.C.). If you have questions or need filing assistance, please contact our office.
4. The current sales tax rate for Richland County is 7.00%. The current sales tax rates are available at their website at www.tax.ohio.gov.

AFFORDABLE CARE ACT

- ★ Employers with 50 or more full time equivalent employees in 2021 must provide affordable health care coverage to their full-time employees (30 hours per week or more) in 2022 or pay a penalty.
- ★ If you have any questions regarding these items, please contact our office.

If you have any questions, do not hesitate to contact us.

Respectfully,

RLB CPA's, INC.