On December 5, 2019, the Internal Revenue Service (IRS) released the final 2020 Form W-4, Employee’s Withholding Certificate. The form includes major revisions, including several new input elements for federal income tax withholding calculations, which will require significant reprogramming of payroll systems as well as the prior withholding allowances-based system. Existing employees will not be required to complete a new Form W-4 for 2020. Employers will continue to observe the withholding allowances and filing status elected by employees who completed a pre-2020 Form W-4. For newly hired employees after 2019, and for all existing employees who wish to adjust their withholding after 2019, the 2020 version will be the only valid Form W-4.

IRS 2020 Form W-4
Federal News

IRS releases webinar to assist employers with new 2020 W-4 Form

The IRS’ Understanding the 2020 Form W-4 and How to Use it to Calculate Withholding webinar is now posted to the IRS video portal. This hour-long webinar covers:

- Reasons for a new design of the W-4
- Explanation of Steps 1-5 of the 2020 Form W-4
- Explanation of who must use it
- Illustration of how to complete two of the five worksheets from Publication 15-T
- Recorded Q&A session from the live event

Webinar is available for viewing at https://www.irsvideos.gov/Individual/education/UnderstandingThe2020FormW4AndHowToUseItToCalculateWithholding

IRS Updates Tax Withholding Estimator for 2020

The IRS released a new version of its tax withholding estimator, which it states is "designed to help workers target the refund they want by having the right amount of federal income tax taken out of their pay". The revised tax withholding estimator incorporates changes from the redesigned Form W-4, Employee’s Withholding Certificate. The new Estimator now includes a customized Refund Slider that allows users to choose the refund amount they prefer.

Visit the new IRS Tax Withholding Estimator now at https://www.irs.gov/individuals/tax-withholding-estimator
Ongoing Payroll Updates

Increased Minimum Wage Rates in 2020

<table>
<thead>
<tr>
<th>2020 Minimum Wage</th>
<th>2019 Minimum Wage</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13.00 - Large Employers</td>
<td>$12.00 - Large Employers</td>
<td>1/1/20</td>
</tr>
<tr>
<td>$12.00 - Small Employers</td>
<td>$11.00 - Small Employers</td>
<td>1/1/20</td>
</tr>
</tbody>
</table>

Social Security

<table>
<thead>
<tr>
<th>Social Security Wage Base</th>
<th>Maximum Employee Social Security Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 - $137,700</td>
<td>2020 - $8,537.40</td>
</tr>
<tr>
<td>2019 - $132,900</td>
<td>2019 - $8,239.80</td>
</tr>
</tbody>
</table>

Mileage/Transportation

<table>
<thead>
<tr>
<th>Mileage Rates - Business</th>
<th>2020 - $0.575 per mile</th>
<th>2019 - $0.58 per mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified Transportation Fringe Rates</td>
<td>2020 - $270 per month</td>
<td>2019 - $265 per month</td>
</tr>
</tbody>
</table>

California Update

California Launches New Employment Status Portal

On January 1, 2020, a new law took effect in California that made big changes to the state’s worker classification requirements [A.B. 5, 2019]. The California Labor and Workforce Development Agency has launched the Employment Status Portal to provide information for workers and employers on the requirements of the new law.

A.B. 5 requires the application of the employee-friendly ABC test to determine if workers are employees or independent contractors for the purposes of state labor and unemployment insurance law and Industrial Welfare Commission Wage Orders.

The portal contains FAQs about A.B. 5, including an explanation of the ABC test, how the ABC test is applied to worker relationships, and employer penalties for misclassifying workers. Additional employer resources will be added to the portal.

Visit the new California Employment Status Portal at https://www.labor.ca.gov/employmentstatus/
Chapter News

CPP/FPC Study Group for Spring 2020 Testing: Jan 16th through Mar 12th
Thursday Nights: January 16, 2020 through March 12, 2020
BBSI, 5717 Pacific Center Blvd., Ste 100 San Diego CA 92121
Meetings start promptly at 6:00 p.m. and end at 9:00 p.m.

CPP/FPC study groups are free for SDAPA Members only. If you are not a current member of SDAPA you may join at the first meeting by paying the $40 membership fee.

February 20, 2020 - 2020 Legislative Update
Speaker: Christopher W. Olmsted | Ogletree, Deakins, Nash, Smoak & Stewart, P.C. | SDCOE Rm Annex B
Meeting starts promptly at 3:15 p.m. and ends at 5:00 p.m.

Meet the Board
* President- Christine Ness, CPP, PHR
* President Elect- CeCe Bramlett, CPP
* Membership Director- Darlene Marinello, FPC
* Government Liason- Richard W Sabo, CPP
* Secretary- Shanelle Colston, CPP
* Education Coordinator- Kathrine Williams, CPP
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