

Paychex Identifies the Top 10 Regulatory Issues Small Businesses Need to be Aware of in 2015

ROCHESTER, N.Y.--(BUSINESS WIRE)-- With the New Year in full swing, small business owners are focused on implementing their strategic plans for 2015. An important component of those plans should include monitoring potential regulatory changes and understanding how they may impact the small business landscape. Paychex, Inc., a leading provider of payroll, human resource, insurance, and benefits outsourcing solutions for small- to medium-sized businesses, today identified the top 10 regulatory issues that small business owners need to be aware of in 2015.

"Staying up-to-date with the ever-changing regulatory environment can be the difference between your business maintaining compliance and potentially facing steep IRS penalties," said [Martin Mucci](#), president and CEO of Paychex. "Paychex keeps a close eye on regulatory issues to help business owners plan for changes that may be required in the New Year."

Following are the 10 regulatory issues Paychex has identified for 2015:

1. **Tax Extenders and Tax Reform.** On December 19, 2014, President Obama signed the Tax Increase Prevention Act of 2014 into law. Approximately 50 tax breaks, known as "tax extenders," were retroactively expanded through December 31, 2014. Some of these, such as bonus depreciation and accelerated expensing of certain asset purchases, are particularly beneficial to small businesses. IRS leadership has noted that despite the delay in the initial passage of the extenders, the tax filing season will start on time; however, due to budget constraints, the processing of returns and refunds may be affected. Additionally, the short-term extension could complicate a possible rewrite of the tax code in 2015. Business owners will want to monitor any tax reform developments for potential ramifications.
2. **The Affordable Care Act.** The New Year brings additional responsibilities for businesses defined as Applicable Large Employers in the [Employer Shared Responsibility](#) (ESR) provisions of the Affordable Care Act (ACA). Applicable Large Employers will need to be prepared to meet new IRS mandates to file annual information returns with the IRS and provide statements to their full-time employees about the health insurance coverage the employer offers in 2015.
3. **Taxation of Online Sales.** Taxation of online sales is likely to be an issue affecting many businesses this year. To level the playing field between brick and mortar retailers and online merchants, and respond to state concerns about lost revenue, the U.S. Senate passed the Marketplace Fairness Act in May 2013, which would have allowed states to collect sales tax on purchases made by state residents regardless of where the seller is located. The bill stalled in the 2014 session of Congress. Because of the amount of tax revenue at stake, businesses should expect this legislation to be

resurrected this year.

4. **Immigration Reform.** President Obama announced late in 2014 his plan to use his executive authority to make changes to our nation's [immigration laws](#). Federal agencies are currently moving forward to implement the president's plan. Employers will need to continue to monitor changes to the immigration system that may impact their internal hiring and staffing procedures, particularly in terms of Form I-9 procedures and work authorization documentation, as well as address potential labor gaps should newly authorized workers decide to look for higher paying positions.
5. **Overtime Regulations.** The U.S. Department of Labor is expected to release proposed guidelines in the first quarter of the year to modernize and streamline the existing overtime regulations under the Fair Labor Standards Act. The revised regulations are expected to expand the number of workers eligible for overtime pay by increasing the minimum salary levels required for exempt status employees, and by expanding the duties defining "administrative" employees exempt from overtime pay. In the interim, employers are encouraged to review their employee classifications, focusing on job duties and salary levels for those workers classified as exempt. Employers should anticipate the potential need to track and pay overtime rates where applicable.
6. **Employment-Related Legislation.** Employers will need to remain diligent in their efforts to comply with new legislation in their jurisdictions this year. The trend of local and state governments passing minimum wage increases is expected to continue. In addition, hiring procedures and employment applications will need to be revised for employers in jurisdictions covered by "ban-the-box" laws that prohibit pre-employment inquiries into applicants' criminal histories. Lastly, paid sick leaves and the tracking and notice requirements that go along with this benefit will require employers to review current sick day benefits and comply with what can be complex provisions in order to avoid violations.
7. **Privacy.** After some have called 2014 "The Year of the Data Breach," there is a greater likelihood that in the upcoming 2015 legislative session, Congress will look to pass baseline cybersecurity legislation. Businesses should begin analyzing the relationships between technology and their customers' personal data. Customer privacy should be appropriately protected through such means as secure networks, timely detection of malware, enhanced credit card security, and strong encryption. Businesses can expect increasingly vigorous enforcement actions from agency regulators following violations of Federal and state privacy laws.
8. **Retirement.** There are a number of developments coming, or currently under consideration, which may impact small business owners who currently offer a retirement plan to their employees, or are thinking about offering one. The U.S. Treasury in 2015 will more broadly introduce its non-mandatory workplace savings program – myRA – which will allow employees to place deferred funds into a program that is similar to a Roth IRA. Additionally, 14 states have proposed legislation that would create workplace savings programs through employers not currently offering a retirement plan for their employees. Other proposed legislation would offer further incentives to small businesses to open retirement plans, provide for lifetime income information on plan statements, and require further disclosures around target-date funds included as plan investment options.

9. **FUTA Credit Reduction.** Some states continue to have outstanding federal unemployment loans in 2015. Employers in these states will continue to have their FUTA credit amount reduced as a way to pay back the outstanding debt. The [final list of credit reduction states](#) was published by the Department of Labor in November. Employers in the impacted states should plan to pay higher FUTA taxes for tax year 2015, due in January 2016, and may want to consider planning for the additional tax amount early in order to avoid an unexpected tax expense at the end of the year.
10. **Banking Developments.** With the surge in use of mobile payment applications such as Apple Pay™, businesses will also see the parallel move toward increased payment security and mobile payment acceptance. Small businesses should consider implementing technology that will allow them to accommodate these trends. Additionally, heightened regulatory pressures on banks to know the parties they are dealing with may result in increased requests for data from business owners or extended account-opening procedures. [Payroll cards](#) will also continue to be an area of focus in 2015, as several states are expected to introduce legislation relating to this popular method of pay. Employers should ensure their payroll card provider is up to speed on the evolving regulations in this area.

To download a Slideshare of the Top 10 Regulatory Issues Small Businesses Need to be Aware of in 2015, visit <http://www.slideshare.net/Paychex/top-tenregulatoryissuesforsmallbusinessesin2015>.

Paychex offers solutions to help businesses meet the demands of the evolving regulatory landscape – from tracking the latest information related to employer tax responsibilities to providing comprehensive solutions to address the challenges of the Affordable Care Act. For more information, visit www.paychex.com.

Note: The foregoing is provided for informational purposes only, and is not intended to be tax or legal advice. Consult your licensed attorney, accountant, or other tax professional to discuss your particular facts, circumstances, and how these opportunities might apply to your business.

About Paychex

Paychex, Inc. (NASDAQ:PAYX) is a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing, and Readychex®. Human resource services include 401(k) plan recordkeeping, section 125 plans, a professional employer organization, time and attendance solutions, and other administrative services for business. A variety of business insurance products, including group health and workers' compensation, are made available through Paychex Insurance Agency, Inc. Paychex was founded in 1971. With headquarters in Rochester, New York, the company has more than 100 offices serving approximately 580,000 payroll clients as of May 31, 2014. For more information about Paychex and our products, visit www.paychex.com.

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Paychex, Inc.

Lisa Fleming, 585-387-6402

lfleming@paychex.com

[@PaychexNews](#)

or

Eric Mower + Associates

Tom Brede, 585-389-1870

tbrede@mower.com

Source: Paychex, Inc.