

2022 PAYROLL TAXES AND HIGHLIGHTS

Type of Tax	Employee Rate	Employer Rate	Taxable Wage Base
Social Security	6.20%	6.20%	\$147,000
Medicare	1.45%	1.45%	No Limit
Federal Unemployment	Not Applicable	.60% ⁽¹⁾	\$7,000
PA State	3.07%	Not Applicable	No Limit
Local Earned Income Tax	See Below ⁽²⁾	Not Applicable	No Limit
PA Unemployment	.06% ⁽³⁾ (No limit)	Varies by Employer ⁽⁴⁾	\$10,000
Local Services Tax	Most municipalities impose a Local Services Tax or an Occupational Privilege Tax, which can range from \$ 10 to \$ 52 per year. For amounts over \$ 10, the tax is prorated over the number of pay periods in the year. Refer to our website for more information.		

- (1) This is a reduced rate with the requirement that all state unemployment contributions are filed and paid in a timely manner. Quarterly FUTA deposits are required when cumulative liability exceeds \$500.
- (2) Local withholding rates are based on Act 32 requirements. Employers are required to determine the rate for each employee based on the information provided on the Residency Certification. Please see our website for more information on Act 32.
- (3) No limit on employees Taxable Wage Base for employee PA Unemployment tax.
- (4) Each employer is assigned an unemployment rate based on previous experience and the industry they are in. Pennsylvania mails contribution rate statements each December.

Pension Plan Type:	2022 Limit:	Catch-up Contributions:
401(k) / 403 (b) / SARSEP	\$20,500	\$6,500
408(p)(2)(E) – Simple Retirement Plans	\$14,000	\$3,000

TAX FILING SCHEDULES

- Look back period for 941 taxes: Your deposit schedule for a calendar year is determined from the total taxes (not reduced by any advance EIC payments) reported on your Form 941 (line 10) in a third-quarter look-back period. The look-back period for 2022 began July 1, 2020 and ended June 30, 2021. If you reported \$50,000 or less of taxes for the look-back period, you are a monthly schedule depositor; if you reported more than \$50,000, you are a semi-weekly depositor for 2022.
- Look back period for PA Withholding taxes: Your deposit schedule for the calendar year is determined from the average total taxes reported on your Form PA W-3. The look-back period for 2022 began July 1, 2020 and ended June 30, 2021. The thresholds are as follows:

Under \$300 -	Quarterly	\$300 – 999.99 -	Monthly
\$1,000 – 4,999.99 -	Semi-Monthly	\$5,000 or more -	Semi-Weekly

EMPLOYEE INFORMATION

- PA Minimum Hourly Wage Information for 2022 is: \$7.25; Tip Minimum Cash Wage is \$2.83; Tip Credit is \$ 4.42. If you have employees working in other states, please contact our office for that minimum wage information.
- New Employee packets are available on our website. Visit www.dstortz.com/resources and select “New Employee Forms”
 - Form W-4: It is the law that you request social security numbers from all employees. For each omission of a required taxpayer identification number on a federal tax form, the law provides that the Internal Revenue Service may charge a \$50 penalty per missing taxpayer identification number.
 - Form I-9: To provide documentation that the employee is eligible to work in the United States
 - New Hire Form: In accordance with the New Hire Reporting Laws, all employers must report certain information about any new employees to Pennsylvania’s New Hire Reporting Program Department in Harrisburg. The reports must be submitted within 20 days of the date of hire.
 - Local Earned Income Tax Residency Certification: All employees are required to complete this form and in the event that they move.
 - Local Services Tax (LST) Exemption Certificate: This is required for any employee who will not have LST withheld from their paycheck due to qualifying for one of the listed reasons.
 - Health Insurance Marketplace Coverage options and your health coverage forms.

1099 INFORMATION

- If during 2021 you made payments totaling \$600 or more to any individual for services they performed for you, you are required to file forms 1099-NEC or 1099-MISC with the Internal Revenue Service. Such payments include, but are not limited to, rent, commissions, and contract services. Any officer/owner receiving rent and/or lease payments from the business must be issued a 1099 to reflect payments received during 2021. A \$50 penalty per 1099 statement will be imposed for failure to furnish a statement to the payee; additional penalties can be assessed for not filing with the Internal Revenue Service. In addition, a form 1099 must be filed with the PA Department of Revenue for payments under an oil and gas lease from sources within this commonwealth or any person who received nonemployee compensation.
- Pennsylvania companies are required to withhold state income tax (3.07%) on non-wage income payments (commercial leases, royalties, services rendered, etc.) of \$5,000 or more to non-residents, payable on a variety of schedules. If you believe you are subject to following this requirement, or are unsure whether this rule applies to you or not, please contact our office to set up an appointment with one of our experts to discuss your filing requirements.
- A W-9 form should be completed and signed by all individuals and/or businesses that you are required to issue 1099's. This will help ensure that you have the correct name, address and identification number for tax reporting purposes. Form W-9 is available on our website.
- You are required to issue a 1099-NEC form for payments made to attorneys. The 1099's for attorneys have a minimum dollar requirement of \$600. We recommend separating legal expenses paid to attorneys for easier tracking at year-end.

OTHER INFORMATION

- The standard business mileage rate from the IRS for 2022 are as follows:
 - Business 58.5¢ per mile
 - Medical/Moving 18¢ per mile
 - Charitable 14¢ per mile
- Do you have an employee handbook for your business? If not, we can help get you up and running, protecting your business and assisting your employees. No matter how many employees you have, you should have an employee handbook. Call us for help getting started.

REMINDER

In order to prepare your 2021 year-end payroll tax returns the following information will be required by our office no later than Wednesday, January 19, 2022 – any information received after the 20th will be subject to an additional \$100 surcharge in addition to your payroll tax preparation fees.

- Earnings cards for all employees for the entire year (complete with all addresses and social security numbers and PSD code)
- Payroll forms, 941 deposits made for the fourth quarter, copies of 1st, 2nd and 3rd quarter payroll tax returns if our office did not prepare them
- 1099 information (name, address, tax identification number, type of payment and dollar amount paid in 2021)
- If you use QuickBooks or Sage, we can retrieve the information from a back-up
- All 4th Quarter 2021 payroll tax returns are due by January 31, 2022.

Thank you for your continued business.

Happy Holidays,

The Team at Stortz & Associates
Certified Public Accountants