

SDAPA
1st Quarter

Newsletter

February 2023

In the News

Federal 2023 Fiscal Year Budget Updates Retirement Laws, Introduces SECURE 2.0

On December 29, 2022, H.R. 2617 was signed, which ratified the Consolidated Appropriations Act 2023 (CAA). This funds the federal government for the 2023 fiscal year. The CAA also contains the SECURE 2.0 act of 2022, which will build on updates to the retirement system implemented under the SECURE Act of 2019.

The SECURE 2.0 Act includes many retirement plan changes set to be rolled out in the next few years. SECURE 2.0 Act includes the following provisions:

- * Auto Enrollment. Starting with plan years beginning after December 31, 2024, employers will be required to automatically enroll eligible employees in 401(k) plans at a rate of at least 3% but not more than 10%, unless the employee specifically elects not to contribute or to contribute at a different percentage. The percentage would then increase annually by 1% until it reaches at least 10%, but not more than 15%. Employers with 10 or less employees and new employers in business for less than three years are exempt.

- * Catch-up Limits. For tax years beginning after December 31, 2024, the SECURE 2.0 Act creates a higher catch-up limit for individuals aged 60, 61, 62 and 63. The new catch-up limit will be the greater of \$10,000 or 50% more than the regular catch-up amount applicable to those aged 50 and over.

- * Part-time employees. SECURE 2.0 Act will allow employees who work at least 500 hours per year for two years to be eligible for 401(k) plans. This is effective for tax years beginning after December 31, 2024.

SECURE 2.0 Act can be reviewed at:

<https://www.finance.senate.gov/download/retirement-section-by-section->

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On the Calendar

Upcoming Member Meetings:

March 16, 2023
1:15pm - 5:00pm
Half Day Online Meeting
1st Speaker: Victoria Huff,
Events Analyst - CA State
Controller's Office
Topic: Reporting Unclaimed
Property
2nd Speaker: To Be Announced

April 20, 2023
3:15pm - 5:00pm
Online Meeting
Speaker: James Hootman
Topic: Business Continuity /
Disaster Recovery

May 16-19, 2023
APA Annual Congress
Gaylord Rockies Resort &
Convention Center
Denver, CO



Federal News

IRS Opens IRIS Portal for Filing 1099 Series Forms

On January 25, 2023, the Internal Revenue Service (IRS) opened the new Form 1099 filing portal, known as the Information Returns Intake System (IRIS). IRIS is a free electronic filing service designed to be secure, accurate, and requiring no special software. IRIS is open to all business and could be very helpful to small businesses previously filing Form 1099 on paper. As of now, IRIS will accept Forms 1099 only for tax year 2022 and later. To utilize IRIS, businesses will need to apply for a separate Transmitter Control Code (TCC) from the IRS. The IRS began accepting applications for TCC's in December 2022. Businesses cannot use the same TCC's assigned for the Filing Information Returns Electronically (FIRE) to access IRIS. The IRIS system users must acquire a separate TCC from the IRS for 1099 filing.

For more information on the Form 1099 Information Returns Intake System (IRIS), please visit <https://www.irs.gov/pub/irs-pdf/p5717.pdf>

Standard Mileage Rate for Businesses Increases to 65.5 Cents in 2023; Health FSA Maximum Set at \$3,050

The Internal Revenue Service (IRS) has released the 2023 Publication 15-B, the Employer's Tax Guide to Fringe Benefits. With that, the IRS announced that the business standard mileage rate for transportation expenses paid will be 65.5 cents per mile beginning January 1, 2023. This standard mileage rate is up 3.0 cents from the second half of 2022.

The 2023 standard rate for miles driven for medical or moving purposes will be 22.0 cents per mile, which is unchanged from the second half of 2022. The standard mileage rate for operating a passenger car for charitable purposes will stay at 14.0 cents per mile in 2023. For vehicles put into service during 2023, the cents-per-mile valuation method can only be used for cars with a market value of \$60,800 or less.

Regarding Health FSA plans, for plan years beginning in 2023, a cafeteria plan may not allow an employee to contribute in excess of \$3,050 annually.

Additional details may be found at <https://www.irs.gov/pub/irs-pdf/p15b.pdf>

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California Updates

California EDD Determines Meal and Lodging Rates for UI and SDI Tax Purposes

The California Employment Development Department (CA EDD) has provided updated guidance regarding the relation of employer provided meals and lodging with State Unemployment Insurance (UI) and State Disability Insurance (SDI) taxes. Meals and lodging provided to employees should be treated as wages for UI, SDI and Employment Training tax. The CA EDD has provided the following 2023 taxable values for meals and lodging:

- * Three meals per day - \$13.85 (previously \$12.95)
- * Breakfast - \$2.85 (previously \$2.65)
- * Lunch - \$4.25 (previously \$4.00)
- * Dinner - \$6.75 (previously \$6.30)
- * Meals not identified as above - \$4.95 (previously \$4.65)
- * Lodging - 66.7% of the ordinary rental value; no more than \$1,759.00 per month or less than \$57.05 per week (previously \$1,715.00 per month or less than \$55.60 per week)

For more information, please visit
https://edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm

Creditor Garnishment Maximum Withholding Modified - Effective September 1, 2023 for California

With the passage of California S.B. 1477, beginning September 1, 2023, the maximum amount of disposable earnings of a judgement debtor for any pay period that is subject to levy must not exceed the lesser of 20% of the individual's disposable earnings or 40% of the amount by which the disposable earnings exceed 48 times the California minimum wage. If the employee works in a location with a local minimum wage, such as the \$16.30 per hour minimum wage in the City of San Diego, the local minimum wage in effect at the time the earnings are payable must be used for the maximum withholding calculation.

This September 1, 2023 effective change decreases the maximum withholding for creditor garnishments. Currently, the maximum amount subject to levy must not exceed the lesser of 25% of the employee's disposable earnings or 50% of the amount by which the employee's earnings exceed 40 times the state minimum wage.

The new regulations included with California S.B. 1477 can be found at:
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1477

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San Diego Chapter News

ICYMI - Chris Olmsted Shares 2023 California Legislative Update With Chapter For New Year

In case you missed it, on February 16, 2023, Chris Olmsted, Esq. of Ogletree Deakins shared his annual California Legislative Update for 2023 with the San Diego Chapter at the first member meeting of the year. The always informative and entertaining Mr. Olmsted provided relevant updates for California Employers regarding new Minimum Wage, Supplemental COVID PTO and Bereavement procedures. Other topics discussed include:

- Emergency Condition Employee Rights
- Creditor Wage Attachments
- Pay Data Reporting
- Cannabis Testing
- Arbitration
- Meal & Rest Breaks

Mr. Olmsted's Power Point presentation, along with an archive of many other prior speakers' presentations, can be viewed at the Chapter Website now.

San Diego Chapter APA Member Meeting Prior Presentations can be viewed at:
<https://sandiegochapterapa.wildapricot.org/page-1776069>

2023 California Payroll Conference - Save The Date

The 2023 California Payroll Conference will be held in person October 11 - 13, 2023, at the Sheraton Park Hotel in Anaheim, CA. The California Payroll Conference offers great opportunities for networking with other conference attendees. The Conference is also an exceptional and fun way to earn RCH recertification credits for CPP and FPC credentials. Registration for attending the 2023 California Payroll Conference will be open soon.

For more information on the 2023 California Payroll Conference, please visit <https://californiapayroll.org/>

American Payroll Association 41st Annual Payroll Congress Convention Set For May 16-19, 2023 in Denver, Colorado

The American Payroll Association's 41st annual Payroll Congress will occur in person May 16-19, 2023 at the Gaylord Rockies Resort and Convention Center in Denver, CO. The Payroll Congress brings participants world-class payroll education for professionals in payroll, tax, finance, global mobility, human resources and benefits. Attendees receive crucial payroll industry updates as well as valuable answers to payroll challenges. The event provides attendees to earn up to 19.0 Recertification Credit Hours (RCHs). Registration for the four day event is open now, available for \$2,075 to American Payroll Association Members.

Additional information on the 2023 American Payroll Association 41st Payroll Congress may be found at
<https://www.apacongress.com/>

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Please inform your colleagues in Payroll and Human Resources of the APA San Diego Chapter and invite them to consider membership

Information on the APA San Diego Chapter's membership perks & benefits can be easily shared with others by downloading the informational brochure linked her (click here).