

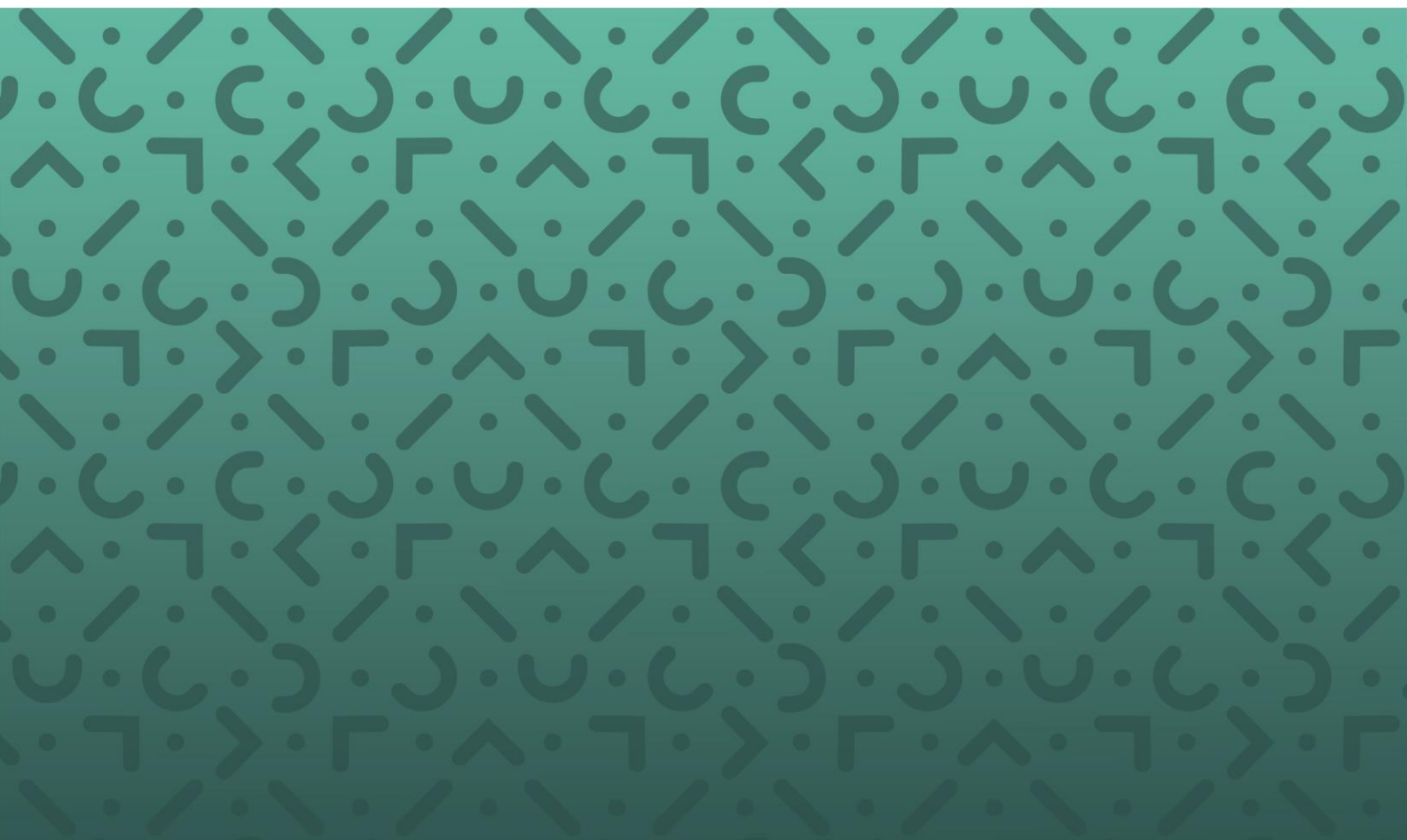


# Year End 2022 Payroll and 2023 Tax Updates as of November 9, 2022

## Optimum a UKG Division Guide

This document is designed for Optimum a UKG Division Customers as an informational guide of changes for Federal, State, Local, and Canadian changes effecting Payroll for the year 2023.

Items highlighted in yellow have not yet been released



# Optimum a UKG Division Guide

## Federal

**Federal Income Tax tables –**

**Form W-4 -**

**Federal Contractors Minimum Wage –** Under EO 13658 \$12.15  
 Under EO 14026 \$16.20

**Social Security and Medicare Tax Amounts for 2023**

Tax	Percentage	Maximum Wage	Maximum Withheld
<i>Employee</i>			
Social Security	6.2%	\$160,200	\$9,932.40
Medicare	1.45%	\$9,999.999	\$9,999.999
	2.35%	\$200,000 - \$9,999,999	\$9,999.999
<i>Employer</i>			
Social Security	6.2%	\$160,200	\$9,932.40
Medicare	1.45%	\$9,999.999	\$9,999.999

**Railroad Tier 1, Tier2 Tax amounts for 2023**

Tax	Percentage	Maximum Wage	Maximum Withheld
<i>Employee</i>			
Tier 1	6.2%	\$160,200	\$9932.40
Tier 1 Medical	1.45%	Up to \$200,000	\$2,900.00
	2.35%	Over \$200,000	No Limit
Tier 2	4.9%	\$118,800	
<i>Employer</i>			
Tier 1	6.2%	\$160,200	\$9932.40
Tier 2 Medical	13.1%	\$118,800	

**IRS/SSA Form’s W-2 & W-3 and EFW2 for both Paper and Electronic filers due January 31, 2023**

**Form W-2 - <https://www.irs.gov/pub/irs-pdf/fw2.pdf>**

**Form W-2 Instructions - <https://www.irs.gov/pub/irs-pdf/iw2w3.pdf>**

**Electronic W-2/W-2c Filing Handbook - <https://www.ssa.gov/employer/bsohbnew.htm>**

**Specification for Filing Forms W-2 and W-2c Electronically (EFW2) - <https://www.ssa.gov/employer/EFW2&EFW2C.htm>**

**Accuwage - <https://www.ssa.gov/employer/accuwage/index.html>**

**Form 1099-NEC: <https://www.irs.gov/pub/irs-pdf/f1099nec.pdf>**

**Form 1099-MISC: <https://www.irs.gov/pub/irs-pdf/f1099misc.pdf>**

**Form 1099-NEC and Form 1099-Misc Instructions: <https://www.irs.gov/pub/irs-pdf/i1099mec.pdf>**

**Qualified Adoption Assistance** – Maximum amount excluded from an employee’s gross pay – \$15,950

**Qualified Adoption Assistance with Special Needs** - Maximum amount excluded from an employee’s gross pay - \$15,950

**Qualified transportation** – increases to \$300

**IRS Form 940 Annual Return for 2022 & Instructions –**

Form 940: **currently in draft**

Form 940 Schedule A:

Form 940 Instructions:

**IRS Form 943 Annual Return for 2022 & Instructions –**

Form 943 - **currently in draft**

Form 943 Instructions -

Form 943 Schedule R

**IRS Form 945 Annual Return for 2022 & Instructions**

Form 945 - **currently in draft**

Form 945 instructions -

**Health Saving Account (HSA) Limits for 2023**

	Single	Family
Max annual contribution	\$3,650	\$7,750
HDHP min deductible	\$1,500	\$3,000
HDHP Max out of Pocket	\$7,500	\$48,000
Catchup Contribution :55	\$1,000	\$1,000

**Health Reimbursement Account (HRA) Limits for 2023**

	Single	Family
Medical Expenses & Reimbursements Max	\$5,850	\$11,800

**Medical Savings Account**

	Single	Family
Max Deductible to Qualify	\$2,650 - \$3,950	\$5,300 - \$7,900
Max out of Pocket	\$5,300	\$9,650

**Health Flex Spending Accounts (FSA) for 2023**

	Single	Carryover to New Year
Annual contribution	\$3,050	\$610

**Dependent Care Flex Spending Accounts (FSA) for 2023**

	Individual or Married Filing Jointly	Married filing Separately
Annual contribution	\$5,000	\$2,500

**ABLE account (Achieving a Better Life Experience Act of 2014) Contribution Limits**

	Increased Contribution
Annual contribution	\$16,000
Residents Employed residents of the 48 contiguous states And DC	\$28,880
Residents of Alaska	\$32,090
Residents of Hawaii	\$30,820

**Pension Plan Limits for 2023**

Retirement / Pension Plan	Limit	Change
401(k) & 403(b)	\$22,500	\$2,000
457(b)	\$22,500	\$2,000
401(k), 403(b) & 457(b) Catch limits	\$7,500	\$1,000
SIMPLE retirement Accountants	\$15,500	\$1,500
SIMPLE Catchup	\$3,500	\$500

**Benefit Limits for 2023**

Fringe Benefit	Amount
ER provided qualified Parking	\$300
ER provided on commuter vehicle or transit parking pass	\$300

**Federal Unemployment Limit for 2023** remains \$7,000

**Federal Unemployment Tax Reduction Credit States**

State	Credit %	Comments
Virgin Islands	3.3%	
California	5.1%	

**Federal Table of Levy Exemptions** – the dollar amount used to calculate the amount increases to \$4,700

**Federal Standard Mileage Rate** – 62.5 cents per mile July 1, 2022

**ACA Affordability for 2023** - Percentage decreases to 9.12%  
 ESR payment amounts increased to \$2,880 and \$4,320

Form 1095-c - <https://www.irs.gov/pub/irs-pdf/f1095c.pdf>

Form 1094-c - <https://www.irs.gov/pub/irs-pdf/f1094c.pdf>

Form 1094-c & 1095-c Instructions - <https://www.irs.gov/pub/irs-pdf/i109495c.pdf>

**Furnishing Forms 1095-C to Employees**

You will meet the requirement to furnish Form 1095-C to an employee if the form is properly addressed and mailed on or before the due date. If the due date falls on a weekend or legal holiday, then the due date is the following business day. A business day is any day that is not a Saturday, Sunday, or legal holiday. An ALE member must furnish a Form 1095-C to each of its full-time employees by **March 2, 2023**, for the 2022 calendar year

**State**

State Minimum Wage Changes Effective January 1, 2023

State	Minimum Wage
Alaska	\$10.85
Arizona	\$13.85
California	\$15.50
Colorado	\$13.65
Delaware	\$11.75
Illinois	\$13.00
Maine	\$12.75
Maryland	\$13.25 15 or more EE's \$12.80 14 or less EE's
Massachusetts	\$15.00
Michigan	To be announced at a later time effective February 1, 2023
Minnesota	\$10.59 lg ER's \$8.63 Sm ER's
Missouri	\$12.00
Montana	\$9.95
New Jersey	\$14.13 > 6 EE's \$12.93 <6 EE's

Ohio	\$10.10
Puerto Rico	\$9.50 July 1, 2023
Rhode Island	\$13.00
South Dakota	\$10.80
Vermont	\$13.18
Virginia	\$13.50
Washington	\$15.74

**State Unemployment Wage Limit Changes Effective January 1, 2023**

State	Taxable Wage Limit	Surtax Assessment
Alabama	\$8,000 No Chg.	
Alaska		
Arkansas		
Arizona	<b>\$8,000</b>	
California	\$7,000 No Chg.	
Connecticut	\$15,000 No Chg.	
Colorado	<b>\$20,400</b>	
Delaware		
District of Columbia	\$9,000 No Chg.	
Florida	\$7,000 No Chg.	
Georgia	\$9,500 No Chg.	
Hawaii		
Idaho		



Illinois		
Indiana	\$9,500 No Chg.	
Iowa	<b>\$36,100</b>	
Kansas	\$14,000 No Chg.	
Kentucky		
Louisiana	\$7,700 No Chg.	
Maine	\$12,000 No Chg.	
Maryland	\$8,500 No Chg.	
Massachusetts	\$15,000 No Chg.	
Michigan		
Minnesota		
Mississippi	\$14,000 No Chg.	
Missouri	<b>\$10,500</b>	
Montana	<b>\$40,500</b>	
Nebraska	\$9,000 No Chg.	
Nevada	<b>\$40,100</b>	
New Hampshire	\$14,000 No Chg.	
New Mexico	<b>\$30,100</b>	
New York	<b>\$12,300</b>	
New Jersey	<b>\$41,100</b>	
North Carolina		
North Dakota		
Ohio	\$9,000 No Chg.	
Oklahoma	<b>\$25,700</b>	
Oregon		

Pennsylvania	\$10,000 No Chg.	
Puerto Rico		
Rhode Island		
South Carolina	\$14,000 No Chg.	
South Dakota	\$15,000 No Chg.	
Tennessee		
Texas	\$9,000 No Chg.	
Utah		
Vermont	\$13,500	
<b>Virgin Islands</b>		
Virginia	\$8,000 No Chg.	
Washington	\$67,600	
West Virginia	\$9,000 No Chg.	
Wisconsin	\$14,000 No Chg.	
Wyoming	\$29,100	

#### State Disability Wage Limit Changes Effective January 1, 2023

State	Taxable Wage Limit
New Jersey	Employer .50%, \$41,100 wage limit, Employee .0%
Rhode Island	<b>1.1% of annual earnings up to \$896.50 Wage base \$81,500</b>
California	.9% on wage base up to \$153,164 with an annual contribution of \$1,378.48
Hawaii	<b>\$1,200.30 weekly wage base - .5% of weekly earnings up to \$6.00</b>

New York	.50% of weekly wage up to a maximum of \$.60 per week
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**State Unemployment Insurance (Employee Withholding) Wage Limit Changes Effective January 1, 2023**

State	Taxable Wage Limit
New Jersey	\$41,100 at .3825% for EE

**State W.F./S.W.F. Wage Limit Changes Effective January 1, 2023**

State	Taxable Wage Limit
New Jersey	\$ at .0425% EE and .1175% ER wage limit \$41,100

**State Workers Comp Wage Limit Changes Effective January 1, 2023**

State	Taxable Wage Limit
Oregon	2.2 cents per hour (1.1 cents an hour ea for EE and ER) – No Change 2023

**Employer Medical Assistance Contribution (EMAC) Changes Effective January 2023**

State	Taxable Wage Limit
Massachusetts	.18% for Employer
	ER's that do not provide Health Insurance will be taxed up to \$750 or 5% of the first \$15,000 of the employee's taxable wages

State Family Leave Insurance Wage Limit Changes Effective January 1, 2023 **Only NJ maintained**

State	Taxable Wage Limit
Colorado <b>New in 2023</b>	\$160,200 @ .9% may be split equally between EE and ER
Connecticut	\$160,200
Delaware <b>Begins 2025</b>	\$160,200
Maryland <b>Begins Oct 1, 2023</b>	\$160,200
Massachusetts	\$160,200
New Jersey	\$151,900 at .14%
New York	4.55% with max contribution \$399.43
Oregon	\$132,800 @ 1% ER's > 25 EE's contribute 40% and the EE contributes 60%
Washington	\$160,200 @ .8%

**State Income Tax Table Changes Effective January 1, 2023**

- **Colorado** – must provide employees with notice of deductions from employee wages and compensation for the amount of money or value the employee failed to properly pay or return to the employer.
- **Georgia** - -Withholding tables unchanged
- **Illinois** – Meal and Rest Break requirements amended to add an additional 20-minute meal break to employees for every continuous four to four and a half period of time worked beyond seven and a half hours during a shift
- **Illinois** to provide up to two weeks of unpaid leave for bereavement of covered family members
- **Kentucky** – updated K-4 Withholding Certificate
- **Kentucky** – Standard deduction increases to \$2,980 and the percentage decreases to 4.5%
- **Maine** – Employers with more than 10 Employees must pay terminated employees unused vacation pay
- **Missouri** – New employer State Unemployment Percentage increases to 2.511%
- **Montana** – Allowance increases to \$2,070 and tables adjusted for inflation

- **Nebraska** – Withholding table updated Circular for 2023
- **Utah** – Withholding unchanged
- **Wisconsin** -Withholding unchanged

## Local

### Local Minimum Wage Changes Effective January 1, 2023

Local	Minimum Wage
AZ	
Flagstaff	\$16.80
Tucson	\$13.85
CA	
Sunnyvale	\$17.95
Half Moon Bay	\$16.45
East Palo Alto	\$16.50
Cupertino	\$17.20
Burlingame	\$16.47
Daly City	\$16.07
Monterey Park & Long Beach Health care workers	\$25.00
Palo Alto	\$17.25
Petaluma	\$17.06
Santa Rosa	\$16.06
San Diego	\$16.30
El Cerrito	\$17.35
San Mateo	\$16.75
Belmont	\$16.75

San Carlo	\$16.32
Santa Clara	\$17.20
Hayward	\$16.34 26 or more EEs \$15.00 < 25 EE's but must use State minimum wage of \$15.50
Foster City	\$16.50
Los Altos	\$17.20
San Jose	\$17.00
Redwood City	\$17.00
San Francisco	\$16.70
Menio Park	\$16.20
Mountain View	\$18.15
<b>ME</b>	
<b>MD</b>	
<b>MN</b>	
Minneapolis	\$15.19
St. Paul	\$15.00
<b>NM</b>	
Albuquerque	\$12.00
Las Cruces	\$12.00

NY	
WA	
Seattle	\$18.69
Tuscon	\$13.50
SeaTac	\$19.06

**Local Tax Changes Effective January 1, 2023**

State	Locality	Percentage
<b>Indiana</b>		
<b>Kentucky</b>		
	Alexandria City (KY0517)	1.50% Max wage base \$160,200
	Cold Spring City (KY0559)	1.00% Max wage \$160,200
	Highland Heights City (KY3107)	1.0% Max wage \$160,200
<b>Maryland</b>		

<b>Michigan</b>		
<b>Ohio</b>		
	Athens (OH02736)	1.95%
	Archbold (OH02344)	1.80%
	Mt. Gilead (OH52738)	1.25%
	Wauseon (OHSD045641) Previously exempted tax	1.75%

**Misc Local Changes**



# Canadian Tax Changes Effective 2023

## CPP Contribution Rates

Description	Limits/Rates
Year’s Maximum Pensionable Earnings	
Year’s Basic Exemption (by pay period type) Annual	
Maximum Contributory Earnings	
Contribution Rate	
Maximum Pension Earnings for Insurance Companies	

## QPP Contribution Rates

Description	Limits/Rates
Year’s Maximum Pensionable Earnings	
Year’s Basic Exemption (by pay period type) Annual	
Maximum Contributory Earnings	
Contribution Rate	
Maximum Pension Earnings for Insurance Companies	

## EI Rates (Excluding Quebec)

Description	Limits/Rates
Annual Maximum Insurable Earnings	
Premium Rate	
Annual Maximum Premium (Employee)	
Premium Rate (Employer, 1.4 x Employee)	

Annual Maximum Premium (1.4 x Employee)	
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### EI Rates – Quebec

Description	Limits/Rates
Annual Maximum Insurable Earnings	
Premium Rate	
Annual Maximum Premium (Employee)	
Premium Rate (Employer, 1.4 x Employee)	
Annual Maximum Premium (1.4 x Employee)	

### EI Rates - QPIP

Description	Limits/Rates
Annual Maximum QPIP Insurable Earnings	
QPIP Premium Rate employee – Quebec	
Maximum QPIP Premium (Quebec)	
Premium Rate (Employer, 1.4 x Employee)	
Annual Maximum Premium (1.4 x Employee)	

### Provincials with Changes

British Columbia maximum assessable Earnings for Workers compensation \$87,829.46