

2015 Updates for Employers

Dear Clients:

The IRS and state agencies have instituted new regulations which may affect your business in 2015. We are writing this letter to help our clients identify any non-compliant policies they may have in place and to provide suggestions to reconcile any questionable policies with current IRS and state regulations.

The new regulations must be followed for tax years that begin on or after January 1, 2015. The summary below is intended to give an overview of the new regulations; this is not a comprehensive list of changes for 2015. Please refer to your CPA for specific tax inquiries.



Minimum Wage Increase:

Effective February 24th, 2015 the minimum wage for the State of Alaska increases to \$8.75 per hour. See Alaska Statute 23.10.050 - 23.10.150 for details.

Employee Fringe Benefits:

Employee gifts, bonuses, and other forms of "extra" compensation have been under additional scrutiny from the IRS. In general all forms of additional compensation to employees (i.e.: gift cards, cash, event tickets, etc.) are taxable as gross wages unless they qualify as de Minimis benefits as defined under IRS code section 132(a)(4).

Cash bonuses are generally intended as a wage. Bonuses therefore cannot be a de Minimis fringe benefit and must be taxed.

Gift certificates that are redeemable for general merchandise or have a cash equivalent value are not de Minimis benefits and must be taxed.

To avoid tax penalties and incorrect reporting please notify payroll prior to issuing any benefits to the employee.



Affordable Care Act:

The Affordable Care Act (ACA) is effective for calendar year 2016; however employers must use 2015 reporting to determine their eligibility under the act. As the employer it is your responsibility to maintain compliance with the ACA, we can provide reports to assist with this determination. We also recommend you check with your insurance company regarding specific policy requirements.

Please visit www.irs.gov/Affordable-Care-Act/Employers for additional information.

Health Insurance Reimbursements:

Effective 2014 forward, the IRS no longer allows for any reimbursement of health insurance costs for employees.

Please refer to IRS Notice 2013-54 for details.

Employee Loans and Advances:

The State of Alaska and IRS have specific definitions for employee loans vs advances.

If an employee is advanced money they must pay back the entirety of that advance on the next paycheck.

If repayment is spread out over multiple payments it is considered a loan, and would not go through payroll. See IRS publication 535 for more information.

As the employer you must notify payroll prior to approving any loans or advances to employees.