



**TO:** Business Clients  
**FROM:** Sassetti LLC  
**DATE:** December 17, 2019  
**RE:** 2020 Payroll Updates

We wanted to just take a moment during this busy holiday season to provide a reminder of the payroll updates that may affect your business and that you will want to follow in 2020 in order to avoid stiff penalties that both the Internal Revenue Service and State of Illinois charge for incorrect payments or payments not deposited by the required due date.

- **FEDERAL TAX DEPOSIT REQUIREMENTS** - Your deposit schedule for a calendar year is determined by the total taxes reported on your Forms 941 (line 12) in a four-quarter look-back period. The look-back period begins July 1, 2018 and ends June 30, 2019. 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 schedule depositor. This deposit requirement will remain in effect for the full 2020 calendar year.

Federal tax deposits, including Federal employment tax, must be made electronically using the Electronic Tax Payment System ([www.EFTPS.com](http://www.EFTPS.com)).

Similar to the prior year, there is an annual payment and filing requirement for companies with payroll taxes under \$1,000. Under this program, Form 944 would be filed one time for the entire year (2019) and would be due, with the payroll taxes, generally by January 31, 2020. The deadline for the Form 944 is extended an additional ten days if the taxes have been timely deposited by January 31.

Please contact us if you have changes in your total taxes reported and you do not understand the deposit requirements.

- **ILLINOIS WITHHOLDING TAX FILING REQUIREMENTS** – If you were assigned to a semi-weekly schedule based on the look back period discussed above, then your Illinois withholding tax payments must be made electronically using the MyTax Illinois website ([tax.illinois.gov](http://tax.illinois.gov)). Monthly deposits can also be made electronically using this website or by mail.
- **ILLINOIS UNEMPLOYMENT CONTRIBUTION RATE** - The Illinois Department of Employment Security mails each business in November/December an Annual Contribution Rate Determination notice for the following year. Make sure that you have provided this information

to your payroll service provider prior to January 1, 2020. If you are using an accounting software program to prepare your payroll, you should change the rate in your program prior to the first payroll in January.

Please watch for any updates sent out in the first few months of 2020. These could also be notifying you of a rate change.

Your quarterly unemployment contributions can also be made electronically using the MyTax Illinois website that is also used for your withholding tax payments (tax.illinois.gov).

- **PAYROLL TAX TABLE UPDATES** - Payroll tax withholding tables frequently change each year and sometimes even during the year due to exemption changes, rate changes, etc. Circular E summarizes the IRS withholding tables and Booklet IL-700 includes the Illinois withholding tables. If you are manually preparing your payroll, you need to refer to your most current Circular E and IL-700. If you use software to prepare your payroll, be sure to install the tax table software update before processing your first payroll in 2020 and throughout the year, if necessary.
- **2020 SOCIAL SECURITY WAGE BASE** has been set at \$137,700. This is an increase of \$4,800 from the 2019 base of \$132,900. Note that there is no limit to the wages subject to the Medicare tax.