

7 HR and Payroll-Related Issues Businesses Should Focus on in 2023



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Gene Marks:

Hey, everybody, and Happy New Year. Welcome to this week's edition – our first edition of 2023 for Paychex Week in Review Podcast. My name is Gene Marks. Thank you so much for joining me. We're going to be with you every week throughout 2023, bringing you news and information that impacts your business and maybe a few thoughts from me on how it impacts your business and what you can do.

As we head into 2023, I wanted to bring your attention to a really great article written by Isaac O'Bannon in the CPA Practice Advisor at cpapracticeadvisor.com. Isaac is the managing editor of a CPA Practice Advisor. He actually listed out some of the payroll-related issues that and other sort of HR issues that are going to be the top list of business concerns during 2023, and it's such a great list because I speak about this stuff all the time to industry groups around the country.

It's like literally like an outline of what I'm going to be speaking about this year because as we head into 2023, we're going to have lots of issues with inflation and interest in a slowing economy, but workplace issues are really, really going to be sort of top of mind, as well.

Isaac lists – let me see, I've got an article in front of me – lists seven of them, and I'd like to go through them really quickly so that you are also familiar of what these issues are that are coming down the pike.

The first that he mentions has to be small-business funding. Just so you know, we all know the Paycheck Protection Program is over, but there are some funding methodologies through payroll that you should be aware of. The biggest one remains the employee retention tax credit. This credit is still going to be around for like the next couple of years for you to – at least through 2025, believe it or not – where you can go back and amend your payroll tax returns to possibly get some money back from the government. If you were fully or partially shut down, or if you lost revenues during certain quarters of 2020 or 2021 during the pandemic, you might be eligible for the employee retention tax credit.

This year, I'm going to be talking to a lot of businesses around the country that just make them aware to talk to their payroll service company – maybe it's Paychex or somebody else or talk to your accountant. You need to make sure that you're not eligible for this credit because if you were, you can go back and amend your payroll tax returns and potentially get money back for the payroll taxes that you paid.

The other thing that I want to make you aware of when it comes to funding is the State Small Business Credit Initiative. There is \$10 billion right now and through next year being rolled out from the Treasury Department to states for funding for small businesses on all sorts of different types of sizes, different types of lending, whether it's equity or loans or even grants. So, I want you to pay attention to the State Small Business Credit Initiative: Google that and your state to see if there's any potential money out there that you get to help fund your business. So, funding, particularly through payroll, that's number one of his seven items.

The second is pay equity. We will continue to see throughout the country more and more localities like New York and California and others saying, listen, if you're going to advertise for a job, you need to give a salary range publicly. If you are interviewing somebody for a job, do not ask them about their prior salary because that's potentially discriminatory. Pay equity, making it public, making it transparent, that is another big trend that employees will see, employers will see in 2023.

The third big item is worker classification. I've talked about this before, we're going to be seeing big changes in worker classification rules in 2023. Those rules are going to impact your 1099 independent contractor or people. If you have independent contractors and they are generating revenue for your business, in other words, you're billing them out or they're included in your billing, or they're some type of revenue generation – they're not just performing tasks as part of your overhead – they may need to be classified as an employee.

So, right now, I want you to pay special attention to the fact that these new worker classification rules are coming out in 2023. Talk to your payroll service. Talk to your accountant or attorney to see if you are going to be affected by these worker classification changes.

Next is retirement savings. Just a couple of weeks ago, the SECURE 2.0 passed as part of the omnibus spending bill with all sorts of changes in retirement plans. I covered this in a previous podcast, as well. I'm sure we're going to be revisiting this issue throughout 2023, but as the effectiveness of this legislation rolls out over the next few years, there's going to be a lot of impact in in the types of 401(k) plan you might have, the contributions that you give, the incentives that you give employees. The whole point of SECURE 2.0 is to try and encourage more people to save for retirement and to encourage you and me as employers to help our employees save for retirement.

So again, keep in mind that that is going to be rolling out over, you know, over the next couple of years. And they're going to start taking effect in 2023.

The fifth item has to do with wage and hour regulations, specifically overtime rules. I am expecting to see changes in the Department of Labor's definition of overtime rules in 2023, which basically means that more of your employees, specifically employees that are salaried, workers that aren't supervising anybody and meet other requirements, are maybe going to be eligible for more overtime. So, keep an eye out for changes in those overtime rules.

Two more things: Isaac also mentions paid leave rules throughout the country. There, you know, from Maryland and Delaware, District of Columbia, California, New York, Illinois, Pennsylvania where I am: Lots of changes continuing on paid sick leave rules, paid time off rules, family leave rules, as well. All of those things are in effect that will benefit your employees and will cause you to consider your scheduling and how you're managing your employees and new requirements that you may have to comply with. So, be aware of new paid leave rules in your local area.

Finally, and all of this is and isn't payroll related, privacy and cybersecurity is the last thing that Isaac mentions, and that will never go away. We need to make sure that we are not only securing our data, but also employing best practices of our employees, particularly our work from home employees. Make sure they're getting trained, hire an IT firm to advise your employees on the latest malware and ransomware scams that are out there. Make sure that your data is being backed up. Make sure you have a VPN. Make sure that all of your people are updating their devices to the most recent versions of their operating systems.

Cybersecurity becomes an even bigger issue this year because it's a multibillion-dollar business among these scammers that are getting ransom and in infiltrating databases, causing businesses to be disrupted, suspended, and in some cases even shut down.

Listen, with more legislative shifts on the horizon, Paychex will continue to support American businesses, helping them navigate the compliance landscape and remain successful. So, if you have any questions about any of these issues, talk to your Paychex representative and listen, if you're not a Paychex customer, fine, just talk to an expert in payroll or accounting or law to make sure that you're up to speed on all of these issues so that you are able to deal with them effectively.

All right. That's this week's in review. Lots of regulatory stuff on the workplace coming up in 2023. Be ready for it. My name is Gene Marks, you've been listening to the Week in Review Paychex Thrive podcast. If you've got any podcast ideas or we'd like to suggest a guest for us, please visit our page at payx.me/thrivetopics. That's P-A-Y-X dot M-E/thrive topics.

Again, I'm Gene Marks. Thanks so much for listening. I'll be back here next week with some other piece of news that impacts your small business and some thoughts on navigating your way around that. Take care, everybody.

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