



DOLINKA, VANNOORD & COMPANY'S

TAX TIDBITS



YEAR-END PAYROLL TO-DOs AND WHAT'S NEW FOR 2024

Year-End Payroll To-Dos:

- **W-2 Preparation.** Review your employee listing now and verify that the names, addresses and social security numbers are correct. For those of you that send us your QuickBooks backup, please be sure to verify that all addresses and social security numbers are correct before sending the final one for your December payroll.

Please include a corrected employee listing with your December payroll information so we have all of the information to begin the year-end payroll reconciliations needed to prepare your W-2s and final 2023 payroll forms.

Reminder: Employers are required to file their copies of W-2s/W-3 to the employees, the Social Security administration and the State of Michigan by January 31, 2024.

- **IRS Electronic filing requirements:** Any returns due on or after January 1, 2024, for companies who file 10 or more information returns such as W2, 1099 MISC, or 1099 NEC forms (10 aggregate forms, not separated by type), are now required to be e-filed. The IRS may issue penalties for companies who are over the form number threshold and do not comply.
- **Michigan Minimum Wage Increase:** On January 1, 2024, Michigan's minimum wage rate will increase as set by Michigan's Improved Workforce Opportunity Wage Act of 2018.
 - The minimum hourly wage will increase to \$10.33 per hour.
 - The 85% rate for minors aged 16 and 17 will increase to \$8.78 per hour.
 - The tipped employee hourly rate increases to \$3.93 per hour.
 - The training wage of \$4.25 per hour for newly hired employees aged 16 to 19 for their first 90 days of employment remains unchanged.
- **State unemployment (UIA) changes.** At the end of each year, the state's LARA department issues a Tax Rate Determination For Calendar Year 2024 letter. It is very important to get your computed rate set up in your payroll software correctly before your first payroll of 2024 is run. Additionally, please forward us a copy of your letter for our records, and forward a copy to your payroll processor.
- **Run payroll updates** in your software before you process your first payroll in 2024.
- **Other Reminders:**
 - You must have new hires fill out Form I-9 Employment Eligibility Verification and provide identification as requested on the form.
 - The State of Michigan requires that a "New Hire Form" be filed within 20 days of the hire date.
 - Each new hire should fill out a W-4 Withholding Form for Federal, State and City (if applicable). For Federal, be sure to use the current year's form – do not use any form dated 2021 or prior.
You can find these forms at <https://dolinkacpa.com/resourcecenter/>, under "Hired a New Employee?"
 - If we prepare your Michigan 5081, Annual Sales, Use, and Withholding tax return, we will need to know whether you had any purchases in 2023 that are subject to use tax. According to the State of Michigan, "Use tax on tangible personal property is similar to sales tax, but applies to purchases when Michigan sales tax is not charged. Use tax of 6% must be paid on the total price (including shipping and handling charges) of all taxable items brought into Michigan or purchases by mail from out-of-state retailers. It applies to purchases made in foreign countries as well as other states."

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