



**JANUARY 2017**

## State Minimum Wage Rates Set to Increase

The minimum wage will rise in a number of states in 2017. Unless otherwise noted, the following minimum wage rates (per hour) are scheduled to become effective on January 1, 2017:

- **Alaska:** \$9.80
- **Arizona:** \$10.00
- **Arkansas:** \$8.50 for employers with 4 or more employees
- **California:** \$10.50 for employers with 26 or more employees (for smaller employers, the rate remains \$10.00)
- **Colorado:** \$9.30 (\$6.28 for tipped employees)
- **Connecticut:** \$10.10
- **District of Columbia:** \$12.50, beginning July 1, 2017 (\$3.33 for tipped employees)
- **Florida:** \$8.10 (\$5.08 for tipped employees)
- **Hawaii:** \$9.25
- **Maine:** \$9.00, beginning January 7, 2017
- **Maryland:** \$9.25, beginning July 1, 2017
- **Massachusetts:** \$11.00 (\$3.75 for tipped employees)
- **Michigan:** \$8.90 (\$3.38 for tipped employees)
- **Missouri:** \$7.70 (\$3.85 for tipped employees)
- **Montana:** \$8.15
- **New Jersey:** \$8.44
- **New York:** \$9.70, beginning December 31, 2016 (\$11.00 for employers in NYC with 11 or more employees; \$10.50 for employers in NYC with 10 or fewer employees; \$10.00 for Long Island & Westchester; \$10.75 for fast food employees outside of NYC; \$12.00 for fast food employees within NYC)
- **Ohio:** \$8.15 (\$7.25 for employees at certain [smaller companies](#), and for 14- and 15-year-olds; the wage rises to \$4.08 for tipped employees)
- **Oregon:** \$10.25, beginning July 1, 2017 (\$11.25 for employees working within the urban growth boundary of a [metropolitan service district](#); \$10.00 in nonurban counties)
- **Rhode Island:** \$3.89 for tipped employees (for non-tipped employees, the \$9.60 minimum wage rate remains unchanged)
- **South Dakota:** \$8.65 (\$4.325 for tipped employees)
- **Vermont:** \$10.00 (\$5.00 for certain service or tipped employees)
- **Washington:** \$11.00

Be sure to comply with any city or other local wage requirements (which may be **higher** than the state or federal minimum wage) that may apply to your business.

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For more information on state minimum wage laws, **please visit our [State Laws section](#)**, click on your state, and select "Minimum Wage" in the left-hand navigation menu.

## Tax Filing Season Begins January 23

The Internal Revenue Service (IRS) has [announced](#) that tax season will begin Monday, **January 23, 2017**. The filing deadline to submit 2016 tax returns is Tuesday, **April 18, 2017**.

### Tax Season Begins January 23

The IRS will begin accepting electronic tax returns on **January 23, 2017**. Many software companies and tax professionals will be accepting tax returns before January 23 and then will submit the returns when IRS systems open. The IRS will begin processing **paper tax returns** at the same time. According to the IRS, there is no advantage to filing tax returns on paper in early January instead of waiting for the IRS to begin accepting e-filed returns.

### April 18 Filing Deadline

The filing deadline to submit 2016 tax returns is Tuesday, **April 18, 2017**, rather than the traditional April 15 date, as a result of a weekend and a District of Columbia holiday.

Visit our section on [Employer Tax Laws](#) for more on employer taxes.

## IRS: Opt-Out Arrangement Rules To Be Finalized 'At A Later Time'

In July 2016, the IRS released a proposed rule addressing how opt-out arrangements--arrangements whereby an employer offers its employees a cash payment in exchange for declining coverage under an employer-sponsored plan--are to be taken into account for purposes of determining whether the coverage is affordable under certain provisions of the Affordable Care Act. While the IRS anticipated finalizing this rule prior to the end of 2016, the IRS has [announced](#) that it expects to finalize such guidance "at a later time."

### Latest Opt-Out Arrangement Guidance

Until final regulations are applicable, employers can rely on the opt-out arrangement guidance provided in IRS [Notice 2015-87](#) and the [proposed rule](#). That guidance generally provides that, **for purposes of "pay or play" and the corresponding information reporting provisions, employers are not required to increase an employee's required contribution by the amount of an opt-out payment as long as payment was not made as part of a "non-relief-eligible opt-out arrangement."** In general, a non-relief-eligible opt-out arrangement is an unconditional opt-out arrangement (an arrangement providing payments conditioned solely on an employee declining coverage under employer-sponsored coverage and not on an employee satisfying any other meaningful requirement related to the provision of health care to employees, such as a requirement to provide proof of coverage through a plan of a spouse's employer) adopted **after December 16, 2015**.

**Note:** Opt-out arrangements conditioned on an employee obtaining **individual market coverage** could operate as an impermissible **employer payment plan** that may be subject to a **\$100 per day excise tax per applicable employee** (\$36,500 per year, per employee) under the federal tax code.

Follow our [Health Care Reform](#) section for the latest Affordable Care Act updates.



The filing deadline to submit 2016 tax returns is Tuesday, **April 18, 2017**



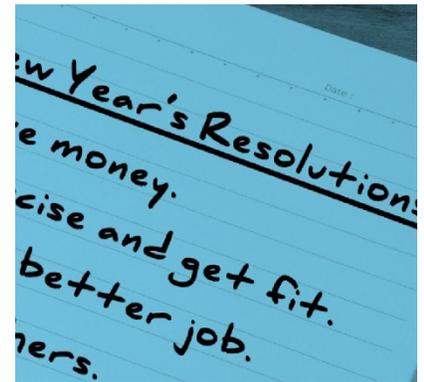
For more Affordable Care Act updates, [view our Health Care Reform](#) information.

# 5 HR Compliance Resolutions for 2017

The new year is a great time to take stock of your company's compliance with important federal, state, and local labor law requirements. Keep these resolutions in mind to help start your company off right in 2017:

- 1. Give your poster wall a thorough check-up.**  
Make sure all of your workplace posters are up-to-date and the correct size. Check with your [state labor department](#) for any industry-specific poster requirements that may apply to your business. Note that certain localities may also have posting requirements.
- 2. Stay on top of notice requirements.**  
From summary plan descriptions (SPDs), to COBRA- and FMLA-related notices, employers are required under various laws to provide employees with certain information about their benefits and responsibilities. Confirm that your employee communications are accurate, consistent, and in compliance with applicable law.
- 3. Keep up with recordkeeping.**  
In addition to being a good business practice, employers are required to maintain certain types of employee records in order to comply with applicable law. Verify that your recordkeeping procedures address any requirements related to confidentiality and how long to keep records.
- 4. Review policies and procedures.**  
Be sure your company policies and procedures comply with applicable labor laws related to employee leave, equal employment opportunity, sexual harassment, worker safety, and other requirements.
- 5. Confirm that your workers are classified properly.**  
Misclassifying employees as [independent contractors](#) can result in costly legal consequences. Also remember that an employee's [exempt or nonexempt](#) status is based on his or her compensation and specific job duties. It's a good idea to review job descriptions on a regular basis (at least annually) as well, as tasks and requirements may change. However, neither job titles nor job descriptions determine the exempt or nonexempt status of an employee.

Our [HR Compliance Quick-Check](#) includes more tips for staying on track with compliance this year.



For more tips to stay on track with compliance this year, **download our [HR Compliance Quick-Check](#)**.

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*Marshall & Sterling Insurance will continue to provide you with updates and information regarding important issues. Should you have specific questions or need more information, please contact us.*

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