



FUBA
FLORIDA UNITED BUSINESSES ASSOCIATION

ISSUES

OUR BUSINESS IS SMALL BUSINESS

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FLORIDA WORKERS' COMP RATES DECREASE WHILE MINIMUM WAGE INCREASES FOR 2020

Florida employers will pay less for their workers' compensation insurance in 2020, while employees making the minimum wage will get a raise.

Effective January 1, 2020, the rates Florida businesses pay for workers' compensation insurance will decrease an average of -7.5%. The decrease does not take effect mid-policy; it will be applied to your renewal policy when it's issued in 2020.

Keep in mind that the -7.5% rate decrease is an average rate change over the hundreds of different industry classifications. The specific rates for the individual class codes on your company's workers' comp policy may decrease more or less than this amount.

While your workers' compensation insurance costs may be going down, if you have employees making the minimum wage, those costs will increase in 2020. Starting January 1, 2020, the minimum wage Florida employers must pay their employees will increase from \$8.46 an hour to \$8.56 an hour.

If your business has tipped employees (like food servers), you do not have to pay them the full minimum wage, but you are required by law to pay them a cash wage. (This is in addition to

the tips they make.) For 2020, this cash wage is increasing from \$5.44 an hour to \$5.54 an hour.

All Florida employers are required to display a new 2020 Florida minimum wage poster. We mailed you this new poster last month along with your December newsletter. **One of the benefits of your continued FUBA membership is that we provide you with all updated employment posters free of charge.**

If you have any questions about the minimum wage and how it affects your business, or if you'd like to order additional posters, please call the FUBA offices at 800-262-4483 and ask for Karen, Lance or Mallory.

MORE WORKERS WILL GET OVERTIME PAY IN 2020

Federal law requires that all employees (with a few exceptions) be paid overtime pay if they work over 40 hours in a workweek. Overtime pay is 1 ½ times the employee's regular rate of pay and is required for both hourly and salaried workers.

Employers **do not** have to pay overtime to certain executive, administrative, and professional employees with specific job duties if the employee makes at least a certain amount of salary.

Starting January 1, 2020, employees whose job duties meet the specific tests for one of the above exemptions do not have to be paid

overtime if they make at least \$684 per week, or \$35,568 annually.

This means that employees who are paid a salary of less than \$35,568 a year (or \$684 a week) must get overtime if they work more than 40 hours in a workweek.

This is a big change for small businesses and will entitle many workers making more than the current salary threshold of \$23,660 to overtime pay.

Please note: It is a common misconception that employees who are paid on a salary basis are automatically exempt from overtime; this is not true. Employees on salary must be paid overtime, unless they make a certain amount and their job duties meet specific criteria.

If you have any questions about how this change will affect your business, please call our offices at 800-262-4483 and ask for Karen or Lance.

NEW W-4 TAX WITHHOLDING FORM

The W-4 is a federal tax form that employees fill out to tell you how much federal income tax to withhold from their paycheck. The amount of federal withholding has always been based on personal exemptions, such as the number of adults and dependents in a household. The more allowances a person claimed, the less money the employer would deduct for taxes from the employee's paycheck. This is changing for 2020.

A new federal law called the Tax Cuts & Jobs Act has eliminated personal exemptions as of 2018, so that taxpayers are supposed to "break even" at tax time instead of owing the IRS money or waiting on a refund from the IRS. The IRS has updated the W-4 to reflect these changes.

The new form takes employees through five steps that try to identify all sources of income, including second jobs, a spouse's job, as well as sources like dividends and interest. The form also asks for information about dependents and

tax deductions to determine the correct amount of tax that the employer should withhold from the employee's paycheck.

Some employees may not want to disclose information about income from second jobs or share details about their investment income. To address these concerns, the IRS allows employees to use an online tax withholding estimator tool at irs.gov/individuals/tax-withholding-estimator. Employees can use this estimator or complete a printed worksheet to determine how much to withhold. The amount is entered on a separate "extra withholding" line on the form, without details about how it was calculated.

Employers do not have to get new W-4 forms from existing employees. Employers only have to use the new W-4 form for employees hired after 2019. Employees hired before 2020 can simply leave their 2019 or prior W-4 form in effect indefinitely, and they will need to fill out a new W-4 form only if they wish to change their tax withholding.

More information about the new W-4 form is available from the Alerts tab on our website at [FUBA.org](https://fuba.org).

STATE SALES TAX RATE ON RENT DECREASES TO 5.5% FOR 2020

In Florida, businesses that rent their offices/locations (including retail space) are required to pay sales tax on the amount of their lease. This tax rate is decreasing from 5.7% to 5.5% effective January 1, 2020.

Rental charges paid on or after January 1, 2020 for rental periods prior to January 1, 2020 are still subject to sales tax at the old rate, which is 5.7%. Rental payments made prior to January 1, 2020 that entitle the tenant to occupy the property on or after January 1, 2020 are subject to the new rate of 5.5%.