



PAYROLL NEWS

2020

Twenty-Third Edition

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Key Contacts within the Payroll Department:

Pradip Matalia
 Senior Director, Payroll
 Ext. 6704

Atit Desai
 Director, Payroll Taxes,
 Accounting & Deductions
 Ext. 6630

Daphney Fontaine
 Manager, Payroll Taxes &
 Accounting
 Ext. 6863

William Forke
 Manager, Deductions &
 Pension Payroll
 Ext. 6186

Joseph Schmatz
 Director, Payroll
 Operations
 Ext. 6451

Katerina Kharchenko
 Manager, Rail Payroll
 Ext. 6121

Shanisa Bryant
 Manager, Bus, Corporate,
 & Police Payroll
 Ext. 6564

Robert Canuel
 Manager, Payroll Systems
 Ext. 6315

KRONOS Helpline: 6800

This is our 23rd edition of the Payroll newsletter published to keep NJ TRANSIT's employees informed of Payroll tax updates and other Payroll topics.

WHAT'S NEW IN TAXES

The Federal government has announced the following 2020 Social Security Tax Rate and Earning Bases:

2020	
Social Security (FICA)	
Rate:	6.20%
Maximum Earning Base:	\$ 137,700
Maximum Tax:	\$ 8,537.40
Medicare Tax (Med)	
Earnings up to \$200,000	1.45%
Over \$200,000	2.35%

The **Supplemental Federal Income Tax Rate is 22%**. Supplemental wages include retroactive wage payments, lump sum payments, cash-ins for leave balances, bonus pay, prizes and awards, and other similar payments.

The **New Jersey State Unemployment and Family Leave Insurance Earning Bases** have increased. The tax rates for 2020:

2020		
	Earning Base	Rate
NJUI	\$35,300	0.425%
FLI	\$134,900	0.16 %
Maximum Withheld		
Unemployment Tax (NJUI)		\$150.03
Family Leave Insurance (FLI)		\$ 215.84

The **Railroad Retirement Tax Rate and Earning Bases** for 2020 tax year are as follows:

2020	
Tier I SS (Tier 1E)	
Rate:	6.20%
Maximum Earnings Base:	\$137,700
Maximum Tax:	\$8,537.40
Tier I – Med. (Med 1E)	
Earnings up to \$200,000	1.45%
Over \$200,000	2.35%
Tier II (Tier 2E)	
Rate:	4.90%
Maximum Earnings Base:	\$ 102,300
Maximum Tax:	\$ 5,012.70

Retirement Earnings Test:

The 2020 rates have changed. Individuals who collect Social Security retirement benefits **before reaching their normal retirement age (NRA)** will lose \$1 in benefits for every \$2 they earn over \$18,240/year (or \$1,470/month).

For individuals who reach their NRA in 2020, benefits will be reduced by \$1 for every \$3 in earned income above \$48,600/year (or \$4,050/month). Starting with the month the worker reaches full retirement age there is no limit on earnings.

Mileage Reimbursement:

The IRS has announced that the business standard mileage reimbursement rate for 2019 has increased. The rate for 2019 is 58 cents per mile (up from 54.5 cents in 2018).

Flexible Spending Account:

The annual allowable before-tax 2020 contribution for a Health Care FSA is \$2,750. You may carryover \$500 to the following year. The Dependent Care FSA amount is \$5,000 per the IRS Regulations.

Deferred Compensation:

The annual maximum contribution to qualified Deferred Compensation plans has increased to:

Plan	2020
401(k)	\$19,500
457	\$19,500
Catch-up	\$ 6,500

The Catch-up Provision:

Employees who will attain age 50 during the calendar year 2019 are eligible to contribute an additional \$6,500 to their 401(k) or 457 plans. This is a "Catch-up" provision implemented by the "Economic Growth and Tax Relief Reconciliation Act of 2000" (EGTERRA) to allow employees who are approaching retirement to save additional money in their defined contribution retirement plans. If you are interested in this option, please contact **Empower at (800) 254-6658** or by **website: <http://www.25GONJT.com>**

YEAR-END REMINDERS:

In order to ensure prompt delivery of your 2019 W-2 and 1095-C forms, please review your current payroll check or direct deposit advice and ensure that the address reflected is accurate. If you anticipate relocating, complete a Personal Information Change Form available on [@TransitE-Forms\HR\Personal Information Change Form](#), and **submit the form to the HRISStaff@njtransit.com**. This will ensure that your 2019 W-2 and 1095-C forms are mailed to the correct address.

NJT Cost of Health Care Coverage:

Effective 2012, the Affordable Care Act required employers to report the cost/value of coverage for the employer sponsored group health plan in box 12 of the employee's W-2 Tax Form, with Code DD to identify the amount. Reporting the cost of the plan coverage on the W-2 Tax Form does not mean that the coverage is taxable. This reporting is for informational purposes only and provides employees with useful and comparable consumer information on the cost of health care coverage provided by their employer. For more information visit the IRS website.

Duplicate W-2's:

The 2019 W-2 Forms will be mailed by January 31, 2020 (**or sooner**), as required by law. After distribution, in the event an employee loses or does not receive the tax form, **duplicate W-2's can be requested after February 15, 2020**, by completing a request form available on [@TransitEForms\Payroll\ Request for Duplicate W-2 form](#), or by calling the Payroll Department extension 6491 (Bus, Corp and Police) or 6528 (Rail).

W-4 Tax Withholding:

Review your current tax withholding status. If your information has changed, or if you simply wish to change/add details for tax withholding, you must file an amended 2020 Form W-4. New 2020 W-4 Forms are available on [@TransitE-Forms\Payroll](#) or Payroll by calling ext. 6491 (Bus, Corp and Police) or 6528 (Rail) or on the 2nd floor of Penn Plaza in the Human Resources Department. If you require additional information, please refer to IRS Publication 919, "Is My Withholding Correct", or by calling **1-800-829-3676** or visit: www.irs.gov/forms

Electronic Payment (formerly Direct Deposit):

Employees can elect to electronically deposit their pay in up to four (4) bank or credit union accounts. As always, your Electronic Payment must cover your total net pay; therefore, employees choosing Electronic Payment cannot also receive a paycheck.

Non-Agreement employees can select from one of the following payment methods: Electronic Payment or the First Data Paycard; paper pay checks are not available for Non-Agreement Employees.

For those agreement employees not currently participating in NJ TRANSIT's Electronic Payment program, it is an easy, safe, and convenient method of depositing your net pay into your personal bank account(s). Instead of a payroll check you will receive an Electronic Payment advice/pay stub detailing all pay transactions and deductions, gross to net, as well as confirmation of the deposit. Your pay will be deposited into your personal bank account(s) and funds will be available to you on your pay date.

ELECTRONIC PAYMENT

- ✦ **Saves Time -**
No rush to get to or waiting on long lines in the bank.

- ✦ **Fast -***Your net pay is deposited as cash on payday and is immediately accessible.*
- ✦ **Sure -**
Your net pay is automatically deposited in your account(s), even when you are away on Vacation.
- ✦ **Safe -***You don't have to carry cash*
Simply complete the Electronic Payment application form available on the [@TRANSIT Website](#), and submit the form to Payroll – ElecPayApp@njtransit.com
- ✦ **Self-service –***Non-agreement employees can now access their paystubs online*

Employee Name Changes:

In the event an employee wishes to change his/her name, he/she must provide legal proof of the name change, as well as an updated Social Security Card. This will ensure that all Social Security or Railroad Retirement withholdings are credited to the correct employee's social security number and name.

Other changes such as address, telephone number, marital status, emergency contact, or spousal information must be **submitted to HRIS** by completing a Personal Information Change form along with the appropriate supporting documentation. Blank forms can be obtained from [@TRANSIT Website HRIS](#), or the Human Resources Department on the 2nd floor of Penn Plaza, and GOB.

Commuter Reimbursement:

NJ TRANSIT offers a Commuter Choice Tax Benefit program (formally known as the Qualified Transportation Fringe Benefit). This program allows employees to set aside **before tax dollars** for reimbursement of commuter parking and transit fares on public transportation. For 2020, the monthly limit on the amount that may be excluded from an employee's income for qualified parking benefits is **\$270 - \$5** increase from 2019. The combined monthly limit for 2020 for transit and vanpooling expenses is **\$270 - \$5** increase from 2019.

Fringe Benefit	2020
Parking	\$270
Transit pass/Comm. Vehicle	\$270

Stale-Dated Paychecks:

Payroll checks become void 120 days after the issue date. If you are in possession of a stale dated payroll check, please return the check immediately to Cash Management, GOB/Maplewood. If the Payroll Department confirms entitlement and outstanding status, the check will be replaced.

2020 FORM W-4

The 2020 Form W-4, *Employee's Withholding Certificate*, is very different from previous versions. This is due to the federal tax law changes that took place in 2018. The Internal Revenue Service (IRS) is not requiring all employees to complete the revised form and has designed the withholding tables so that they will work with both the new and prior year forms. However, certain employees will be required to use the new form: those hired in 2020 and anyone who makes withholding changes during 2020.

We recommend you perform a "paycheck checkup" to see if you need to make any adjustments to your current withholding, **even though the IRS does not require all employees to complete the revised form and even if your tax situation has not changed.** To conduct the checkup, you can use the IRS's Tax Withholding Estimator (www.irs.gov/W4App). To effectively use the estimator, it is helpful to have a copy of your most recent pay stub and tax return. It is likely that the estimator will be updated to account for the 2020 tax tables in early January. **Please note: if you do not submit a new form, withholding will continue based on your previously submitted form.**

Form W-4 (2019)

Form W-4 (2019)

Future developments. For this latest information about any future developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. You may claim exemption from withholding for 2019 if both of the following apply:

- For 2019 you had a right to a refund of all federal income tax withheld because you had no tax liability, and
- For 2019 you expect a refund of all federal income tax withheld because you expect to have no tax liability.

If you're exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2019 expires February 17, 2020. See Pub. 505, *Tax Withholding and Estimated Tax*, to learn more about whether you qualify for exemption from withholding.

General Instructions

If you aren't exempt, follow the rest of these instructions to determine the number of withholding allowances you should claim for withholding for 2019 and any additional amount of tax to have withheld. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

You can also use the calculator at www.irs.gov/W4App to determine your tax withholding more accurately. Consider

using this calculator if you have a more complicated tax situation, such as if you have multiple spouses, more than one job, or a large amount of nonwage income not subject to withholding outside of your job. After your Form W-4 takes effect, you can also use this calculator to see how the amount of tax you're having withheld compares to your projected total tax for 2019. If you also the calculator, you don't need to complete any of the worksheets on Form W-4.

Note that if you have too much tax withheld, you will receive a refund when you file your tax return. If you have too little tax withheld, you will owe tax when you file your tax return, and you might owe a penalty.

Filers with multiple jobs or working spouses. If you have more than one job at a time, or if you're married filing jointly and your spouse is also working, read all of the instructions including the instructions for the **Two-Earners/Multiple Jobs Worksheet** before beginning.

Nonwage income. If you have a large amount of nonwage income not subject to withholding, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, *Estimated Tax for Individuals*. Otherwise, you might owe additional tax. Or, you can use the **Deductions, Adjustments, and Additional Income Worksheet** on page 3 or the calculator at www.irs.gov/W4App to make sure you have enough tax withheld from your paycheck. If you have pension or annuity income, see Pub. 502 or use the calculator at www.irs.gov/W4App to find out if you should adjust your withholding on Form W-4.

Nonresident aliens. If you're a nonresident alien, see Notice 1392, *Supplemental Form W-4 Instructions for Nonresident Aliens*, before completing this form.

Specific Instructions

Personal Allowances Worksheet

Complete this worksheet on page 3 first to determine the number of withholding allowances to claim.

Line C. Head of household please note: Generally, you may claim head of household filing status on your tax return only if you're unmarried and pay more than 50% of the costs of keeping up a home for yourself and a qualifying individual. See Pub. 601 for more information about filing status.

Line E. Child tax credit. When you file your tax return, you may be eligible to claim a child tax credit for each of your eligible children. To qualify, the child must be under age 17 as of December 31, must be your dependent who lives with you for more than half the year, and must have a valid social security number. To learn more about this credit, see Pub. 372, *Child Tax Credit*. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line E of the worksheet. On the worksheet you will be asked about your total income. For this purpose, total income includes all of your wages and other income, including income earned by a spouse if you use filing a joint return.

Line F. Credit for other dependents. When you file your tax return, you may be eligible to claim a credit for other dependents for whom a child tax credit can't be claimed, such as a qualifying child who doesn't meet the age or social security number requirement for the child tax credit, or a qualifying relative. To learn more about this credit, see Pub. 572. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line F of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total

Form W-4 (2020)

Form W-4 Employee's Withholding Certificate OMB No. 1545-0047

Department of the Treasury Internal Revenue Service

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Give Form W-4 to your employer. Your withholding is subject to review by the IRS.

2020

Step 1: Enter Personal Information

(a) First name and middle initial Last name (b) Social security number

Address

City or town, state, and ZIP code

(c) Single or Married filing separately Married filing jointly (or Qualifying widower) Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.

Step 2: Multiple Jobs or Spouse

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do only one of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding for this step (and Steps 3-4); or

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.

TIP: To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependents

If your income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000 **\$**

Multiply the number of other dependents by \$500 **\$**

Add the amounts above and enter the total here **3** **\$**

Step 4 (optional): Other Adjustments

(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income **4(a)** **\$**

(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here **4(b)** **\$**

(c) Extra withholding. Enter any additional tax you want withheld each pay period **4(c)** **\$**

Step 5: Sign Here

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.) Date

Employers Only

Employer's name and address First date of employment Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 3. Cat. No. 102000 Form W-4 (2020)

Before completing the 2020 Form W-4, please read the instructions that are included with the form. You must complete Steps 1 and 5. Steps 2, 3, and 4 are optional, but completing them will help ensure that your federal income tax withholding will more accurately match your tax liability. Step 1 is for your personal information; Step 2 is for households with multiple jobs; Step 3 is used to claim tax credits for dependents; Step 4 is for other adjustments (additional income such as interest and dividends, itemized deductions that exceed the standard deduction, and extra tax you want withheld); and Step 5 is where you sign the form.

The IRS takes your privacy seriously and suggests that, if you are worried about reporting income from multiple jobs in Step 2 or other income in Step 4(a), you check the box in Step 2(c) or enter an additional withholding amount in Step 4(c). To determine the additional withholding amount, you can use the withholding estimator.

The IRS has also published Frequently Asked Questions that you may find helpful as you complete the form (<https://www.irs.gov/newsroom/faqs-on-the-draft-2020-form-w-4>).

Health Care: Individual Responsibility

The Affordable Care Act sections 6055 and 6056 require NJ TRANSIT to file and furnish annual information returns to the IRS and individual statements to employees (Form 1095-C, Employer-Provided Health Insurance Offer and Coverage) relating to offers of health coverage and enrollment in health insurance. Individuals generally use this information to confirm that they enrolled in minimum essential health coverage in calendar year 2019. Through its employer sponsored health benefits, NJ TRANSIT offers its full-time employees affordable health coverage meeting the ACA minimum essential coverage requirement.

IRS Notice 2019-63 extended the deadline to provide ACA 1095-C Reporting Forms to employees no later than to March 2, 2020. You are not required to send the form with your tax filing. Keep the IRS Form 1095-C with your tax documents.

For more information, visit:

www.irs.gov/Affordable-Care-Act

WHERE TO GO FOR INFORMATION:

Social Security Statements are available online at:

www.socialsecurity.gov/myaccount

You must first create a "My Social Security" Account. Once you establish an account you can view your social security statement at any time. Paper statements are no longer mailed by SSA.

Social Security Administration

1-800-772-1213

or

www.socialsecurity.gov

Internal Revenue Service

Call for inquiries, forms, instructions, publications, or answers to most frequently asked questions.

1 800-829-1040

or

www.irs.gov

New Jersey Family Leave Program:

The Department of Labor & Workforce Development
1-609-292-7060

or

www.state.nj.us/labor/fli

Railroad Retirement Board:

877-772-5772

or

www.rrb.gov

State of New Jersey:

1-609-292-6400

or

www.state.nj.us/treasury/taxation

State of New York:

1-518-457-5181

or

www.tax.ny.gov

State of Pennsylvania:

1-717-787-8201

or

www.revenue.state.pa.us

City of Philadelphia:

1-215-686-6600

or

www.phila.gov/revenue

Affordable Care Act (ACA):

www.irs.gov/Affordable-Care-Act

INSIGHTFUL QUOTE

Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time.

Thomas A. Edison



Greetings from the Staff of the Payroll Department

To all, we wish you Happy Holidays and the very best for the New Year.