

Laura Detsch

Compliance at Greenshades

The first Compliance Corner described some of the topics that the Greenshades Compliance team tracks and maintains the upcoming changes. Here are several more that you may not be aware that Greenshades supports.

SSN Verification:

The program is to be used to verify the SSNs of employees, both former and current, to ensure the accuracy of the information on the W-2s being submitted to the IRS and SSA/BSO.

The program verifies that the employee’s name and SSN matches the SSA records.

This program is not used for hiring purposes.

TIN Matching:

Often, when vendors, that you have contracted with, complete the W-9 form to provide their correct TIN/EIN and Business Name, they do not do so correctly or they may not update them with you.

Some use their DBA, Doing Business As, name as the registered IRS business name.

Some may not update their last name if they get married or divorced.

You can request that Greenshades submit your vendors and their corresponding TIN/EIN to the IRS TIN Matching program to verify the name and TIN/EIN match the IRS records.

Using this product allows you to issue the 1099 forms to the registered IRS name and TIN/EIN; thus, avoiding the IRS Notice CP2100/2100A and the “B” Notice process.

Minimum Wages:

Greenshades tracks changes to minimum wages for Federal, states, cities, and counties.



Noted Changes:

When changes occur, compliance provides information on the how and when they will affect the processes in place and the information detailing the changes in portals, specifications, security (MFA and captchas) must be researched and provided to implement on time and correctly.

- Maryland paid Family Medical Leave effective 7/1/2025. This will initiate an employee deduction and employer contribution.
- Tennessee’s TNPaw SUTA portal has sunset; the new portal is <https://jobs4tnui.tn.gov/employer/> effective May 27, 2025.
- Form I-9 (08/01/23 edition) that is valid until 07/31/2026 (Employers using this form must update their electronic systems with the 05/31/2027 expiration date by July 31, 2026.)
- New York’s COVID 19 Paid Sick Leave mandate will expire on July 1, 2025.
- Iowa is removing the out-of-state wage credit when computing the employer’s unemployment contribution.
- Delaware Paid Family Leave went into effect on January 1, 2025. The quarterly report for the first quarter of 2025 was due April 30, 2025; but the contribution for the first quarter can be combined with the second quarter. This will allow the state to ensure the financial, banking, and accounting aspects of the program are deployed successfully.
- In lieu of using EFPTS to make your IRS deposits/payments, you can use the IRS Direct Pay. You go to [IRS.gov/directpay](https://www.irs.gov/directpay) and manually enter the information.
- Missouri Paid Sick Leave program will remain in effect as voters approved.
- There are changes to the Utah withholding effective June 1, 2025. The rate will be lowered, and the allowances will increase.
- Georgia income tax rate will be lowered effective July 1, 2025.
- Idaho income tax rate will be lowered and the exempt amount increased effective July 1, 2025.
- Eugene OR tax charts are adjusted to reflect the change in minimum wage for the state effective July 1, 2025. This change effectively eliminates the employee reduced tax rate of .003.
- Utah and Arkansas are the 7th and 8th states to permit Earned Wage Access
- The EEO-1 Data Collection for 2024 is open until June 24, 2024 to remit your information. If you have over 100 employees or a federal contractor with 50+ employees you are required to file.
- Arkansas will begin requiring E-Verify for public employers January 1, 2026.
- Utah has changes to withholding rates and allowances June 1, 2026.
- Utah has changes to withholding rates and allowances June 1, 2025.
- Vermont’s retirement program will require automatic payroll deductions July 1, 2025
- Alabama’s exemption of overtime ends June 30, 2025. You will still need to report Q1 and Q2 and include on the W-2 at year end.

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Recent Client Question: *What is the correct way to complete the Federal W-4?*

There is not a correct or incorrect way to complete the form. (It is specific to the employee needs/situation.) But if the employee does not complete the form, it defaults to the filing status of Single and no other adjustments.

In Step 1, you enter your legal name, home address, SSN, and filing status. The filing status is typically the status that you use when filing your 1040. The Single and Married Filing Separately (MFS) have the smallest standard deduction. Married Filing Jointly (MFJ) and Qualifying Surviving Spouse standard deduction is basically

double the Single and MFS standard deduction. The Head of Household falls between the other standard deductions.

Step 2 is checked generally when you have more than one source of income in the household. Checking this box triggers the use of tax tables that are elevated over the standard tables. This allows for the layering of income that could bring the tax rate to a higher bracket factoring in the total household income. An alternative to checking this box is to enter an amount on line 4C.

Step 3 is used if you are eligible for

the tax credits (Child Tax Credit, Additional Child Tax Credit, or Other Dependent Credit) and want the tax credit during the year rather than when you file your 1040.

Step 4 is used in a variety of ways:

- a.) To add in other income, such as interest, dividends, or retirement income.
- b.) Use if you itemize rather than use the standard deduction.
- c.) Use this line if you want an additional dollar amount deducted each pay.

You can always check your withholding with the IRS Tax Withholding Estimator tool. Have your most recent paycheck(s) available to assist in entering reasonably accurate information. The link to this tool is in the footer on page 1 of this newsletter.

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Changes to Annual Returns for TY2025

1099-K: For 2025, the reporting threshold is lowered to \$2,500, regardless of the number of transactions.

For calendar years beginning after December 31, 2025, a Third Party Settlement Organization (TPSO) will be required to report payments to a participating payee that exceed \$600 in aggregate payments, regardless of the number of transactions.

1099-R:
Code for Box 7. Code Y was added to the list of codes for Box 7 to identify a qualified charitable distribution.

1099-MISC:
Box 14 – now blank / Reserved for future use (was Excess Golden Parachute Payments).

1099-NEC:
Box 3 – Excess Golden Parachute Payments (previously on 1099-Misc)

1042-S: *you can file this form with FIRE or IRIS for TY2025*
New Box 7d
New Chapter 3 status code 40
New Chapter 3 status code 41
New income codes 59, 60, and 61
Country codes: “US” is now a valid country code entry in box 12f (withholding agent) or 13b (recipient).

New process for requesting extension of time to furnish recipient statements. The instructions have been updated to include a new process for requesting an extension of time to furnish copies of Form 1042-S to recipients using Form 15397, Application for Extension of Time to Furnish Recipient Statements.

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Your 941 or 940 was Rejected

Two of the most common reasons for your return to be rejected:

- The taxpayer's name control in the Return Header must be derived from the IRS registered taxpayer's name. Refer to Publication 4164.
- Filer's EIN and Name Control in the Return Header must match data in the IRS e-File database.

Generally, the Name Control should be determined from the information specified on the first name line of the tax return. IRS New Business Rule R0000-240: The taxpayer's name control in the Return Header must be derived from the taxpayer's name. Refer to [Publication 4164](#), page 254, Exhibit 13.1. *This rule is temporarily disabled; but will most likely be re-activated for the 4th quarter of 2025.*

It is important to note the importance of keeping your company name and address identical on all your IRS returns: IRS regulations require any entity with an EIN to update the Responsible Party information within 60 days of any change by filing Form 8822-B, Change of Address or Responsible Party - Business. For additional information on Form 8822-B, visit the IRS website [here](#). It is critical that the IRS have accurate Responsible Party information in cases of identity theft or other fraud issues related to EINs or business accounts. For additional information on Responsible Parties, visit the IRS website [here](#). If you need assistance in determining your business' name on file with the IRS, you can call (866) 829-4933.