

**Bloomberg  
BNA**



**2017**

# Payroll Outlook

Highlights of What to Expect  
in 2017

February 2017



## Payroll Outlook: What to Expect in 2017

A busy year is in store for employers as the Trump administration starts to follow through on initiatives proposed during the 2016 presidential campaign. The uncertainty that was felt in politics and the economy throughout the campaign season now extends to payroll teams and human resource departments.

The administration has already issued a directive that halted many regulations recently issued by the Obama administration, several of which had already taken effect or were in the process of implementation. While mid-year changes that affect how an organization manages payroll are not uncommon, the number and enormity of changes will place a significant burden on HR and payroll teams in the coming months. Though we may be able to anticipate certain changes by looking back on presidential campaign messaging—changes to income tax brackets and withholding, the repeal of the Affordable Care Act (ACA) and associated employer benefit reporting, a reversal of the federal white-collar overtime rule—the only thing that is certain is that change is coming.

A substantial amount of administrative burden will come from the requirement for employers to update systems and processes to comply with potentially radically different rules and regulations, regardless of their current systems and procedures. Also, employers will be increasingly tasked with interpreting local regulatory changes and tax updates. Observers foresee that the reversal of many of the Obama administration's policies and initiatives will likely lead to the establishment of minimum or living wages, overtime policy changes, and paid time off or other benefit requirements at the state, county and city level. Even if things appear to be stalled at the federal level, many local governments may preemptively act to establish such standards. This adds a layer of complexity on top of multi-state taxation challenges and worker classification issues, which are expected to persist.

Is your team prepared to maintain compliance with the complex matrix of federal, state, county and city taxes and regulations?

To learn more, read the full Outlook report. It addresses the most critical payroll issues that payroll stakeholders will want to keep an eye on in 2017—from health insurance and overtime compliance to data protection and international payroll developments—and maps the paths that business leaders will most likely have to follow as this uncertain year unfolds. More details are covered in the full report and 90-minute webinar. We encourage you to share the report and webinar with your HR and payroll teams so they can stay abreast of what's coming.

## Overview of Topics Covered:

- **Tax withholding.** A proposed overhaul of the federal income tax system is on everybody's watch list in 2017. But beyond the federal landscape, multistate taxation remains a major issue. States are continuing to target nonresident workers (and their employers) as new sources for tax revenue.
- **Health insurance.** The ACA's future remains as uncertain as ever. But amidst all of the legislative wrangling that has already taken place in 2017 (with more on the way), it's important not to overlook a key fact: Employers must continue to comply with IRS reporting requirements for their health coverage under the ACA.
- **Wage and hour.** Several unresolved wage and hour developments in 2016 are carrying over to 2017—especially the federal white-collar overtime rule that remains in limbo due to a freeze in the government's rulemaking process. Meanwhile, cities and counties are establishing minimum or living wages, paid time off, and other benefit requirements in 2017.
- **International payroll.** Employers with offices outside the U.S. can expect to see a rise in global payroll standards, as more payroll vendors open offices overseas and focus on improving customer service. But every country presents its own unique compliance quandaries, from data protection measures in EU nations to India's experiment with a cashless society.

**Other 2017 issues include** regulatory changes specific to payroll cards and tipped workers, unemployment insurance wage base increases, state tax rate changes, safe harbor procedures, Professional Employer Organization certification, and Federal Unemployment Tax Act (FUTA) credit reductions.