



# 2020 YEAR END REFERENCE GUIDE AND CHECKLIST

This document contains important tax information that is needed to ensure the accuracy of your W-2s and other year-end tax returns.

Please read it carefully and keep it handy for your reference.

**Please return Year-End Questionnaire Form by 12/4/2020!**



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## Introduction

The end of the year 2020 is fast approaching. This time of year is very busy and can be very stressful for everyone. We hope this year-end guide will be useful for you in preparing for the remainder of the year and overall readiness for W-2s.

### **Important: Deadline for Employers Filing W-2s and 1099s**

The Consolidated Appropriations Act of 2016 includes a provision requiring the accelerated W-2 and 1099 filing due date. Due to the increased incidents of tax fraud and identity theft, the IRS has moved forward with a provision to require employers to report W-2 and 1099 data to the Social Security Administration and IRS by January 31<sup>st</sup>.

It's essential for businesses to be prepared as soon as possible in the months leading up to the due date. This means organizations must participate in advanced planning to ensure all documentation is submitted accurately and on time. We encourage human resources and payroll teams to begin planning now and **submit changes and year-end adjustments early**. Please pay close attention to timelines and important cut-off dates in our Year-End Guide.

## Client Processing Deadlines

### Standard Deadlines

Payrolls need to be submitted **at least two banking days in advance** of the check date to allow sufficient time for payroll funding and employee direct deposits to be received and posted by the check date.

Due to strict banking rules, we will not make exceptions to the two-day rule. If you need to process one day before, you will be required to wire funds. Any payroll with \$100,000 or more in federal tax liability or total ACH debit of \$100,000 or more will also require a wire.

### Year-End Deadlines

Any 2020 payrolls and adjustments must be complete before any 2021 payrolls can be processed. A few important points to remember:

Bonuses and extra payrolls: If you are paying bonuses or have any extra payrolls that need to be included in your 2020 W-2s, notify us by December 4, 2020 (wiring of funds may be required).

### Payroll Adjustments

Make sure payroll adjustments (e.g., voided checks) are done **before** your last payroll of 2020 is processed. Voiding checks/processing adjustments after a check date of 2021 has been processed requires us to 'Re-Open' the year (see page 10 for applicable fee).

### Year-End Adjustment Cut-off Date

For adjustments processed after December 31, 2020, please remember that tax agencies may consider tax payments late and you (the customer) will be responsible for penalties and interest that any agency may assess. Payroll adjustments must be processed by 5:00 pm ET on January 4, 2021. Any adjustments made after January 4, 2021 will result in a W-2c for employees as well as amendments and fees will apply. **We encourage you to process adjustments well in advance of January 4, 2021.**

## Fringe Benefits

Identify and schedule special payroll adjustments such as group-term life, auto allowances and other fringe benefits. Because some of these fringe benefits require tax withholdings, they will need to be entered at the same time as a normal payroll run before the end of the year.

**Reminder: Process year-end adjustments early. Do not wait until January.**

Important: Payrolls processed in 2020 that have a **pay date of 2021** will show up as wages on the 2021 W-2! These wages will not be part of your 2020 YTD totals.

## Year-End Checklist

- ✓ Review processing deadlines and identify your last payroll(s) of 2020.
- ✓ Review Paymedia's Holiday schedule and Federal Reserve Holidays for 2020 and 2021.
- ✓ Perform an audit of employee data related to social security number (SSN), name and mailing address and make any updates in Paymedia by **December 4, 2020**.
- ✓ 1099 printing – Paymedia will not print 1099 forms unless you return the year- end questionnaire to your Customer Service Representative (CSR) by **December 4, 2020**.
- ✓ Return year-end questionnaire to your CSR if any year-end adjustments are needed such as group-term life, personal use of company car, third-party sick pay, etc., by **December 4, 2020**.
- ✓ Third-party sick pay information should be processed by December 31, 2020. If you are unable to provide the necessary information in time, please indicate on year-end questionnaire.
- ✓ Identify and process any end-of-the-year payroll such as bonus and fringe benefits by December 11, 2020, if you want to apply them to 2020.
- ✓ Enter any additional manual checks and/or voided checks that need to be recorded in 2020, prior to December 11, 2020. If you enter additional manual checks/or voids after this date or after processing your last payroll for the year, please contact your support team to ensure they are processed prior to W-2 printing.
- ✓ Call your CSR with any questions regarding year-end processing well in advance of **December 4, 2020**, so that there will be sufficient time to address and resolve any outstanding issues.

## Holidays

<b>Paymedia Holiday Schedule</b>	
<b>Holiday</b>	<b>Date Observed</b>
New Year's Day	1/1/2021
Martin Luther King, Jr. Day	1/18/2021
President's Day	2/15/2021
Memorial Day	5/31/2021
Independence Day (Observed)	7/5/2021
Labor Day	9/6/2021
Columbus Day	10/11/2021
Thanksgiving	11/25/2021
Thanksgiving Friday	11/26/2021
Christmas Day (Observed)	12/24/2021
New Year's Day (Observed)	12/31/2021

<b>Federal Reserve Holiday Schedule</b>	
<b>Holiday</b>	<b>Date Observed</b>
New Year's Day	1/1/2021
Martin Luther King, Jr. Day	1/18/2021
President's Day	2/15/2021
Memorial Day	5/31/2021
Independence Day	7/5/2021
Labor Day	9/6/2021
Columbus Day	10/11/2021
Veterans Day	11/11/2021
Thanksgiving	11/25/2021
Christmas Day	12/25/2021

*When the Federal Reserve is closed, no direct deposit or tax payments will be sent nor will funds be settled on those days. You should not have checks dated on Federal Reserve Holiday dates.*



## Year-End Maintenance Details

### Audit

Employee W-2 information must be correct as the IRS may charge a penalty for filing W-2 forms with incorrect information. We strongly encourage you to start auditing your employer records now – before the busy holiday season!

Please verify Social Security Number, name and address for each employee (the name must be exactly as it appears on the employee's Social Security card).

For your convenience, please use the following report for verification purposes:

Reports > Client Reports > Employee W-2 Verification > Run report.

**\*\* Please note: For those clients who do not access their reports on-line, the Employee W-2 Verification Report was included with your first payroll processed after November 1, 2020.**

Any updates to name, Social Security Numbers or addresses should be made immediately and no later than December 4, 2020.

Access your employee records and make corrections in Paymedia as follows:

Employee Management > Employee Maintenance > General.

### W-4s

Send a reminder to your employees regarding submitting a new W-4 for 2020. Employees who are currently claiming **exempt** from withholding must submit a new form W-4 by February 12, 2021 to maintain that status. Employers are required to begin withholding federal tax for those employees who fail to provide a new W-4 by that date. Also, any employees who have experienced a life event may need to submit a new W-4 due to the change in number of allowances.

### Employer Portion of Health Care

The Affordable Care Act (ACA) provides that employer must report the cost of employer-provided health care coverage on W-2 Forms. Reporting is mandatory for employers that file 250 or more Forms W-2.

The amount reported should include both the portion paid by the employer and the portion paid by the employee.

**Please check the appropriate box on the Year-End Questionnaire and return by December 4, 2020.** It is your responsibility to preview your W-2s and verify the amounts in Box 12 Code DD prior to printing W-2s. Review W-2s prior to December 4<sup>th</sup> and contact your CSR for changes that you need made. Additional fees will be charged if you fail to report changes that result in reprinting of W-2s.

### FUTA Credit Reduction

Some states take Federal Unemployment loans if they lack the funds to pay unemployment benefits for state residents. If a state has outstanding loans with the federal government, the FUTA credit rate for employers in that state will be reduced until the loan is repaid.

The result of being an employer in a credit reduction state is a higher tax due on the Form 940. This higher tax is considered incurred in the 4th quarter. Therefore, your company will owe additional federal unemployment taxes that will need to be impounded. Future communication will include details regarding the FUTA credit reduction calculations.

## Tax Documentation Requirements

### IRS and State Notifications for 2021

Unemployment rates and tax filing frequencies are mailed to the taxpayer and it is imperative these tax-related communications are forwarded to Paymedia immediately. We require this information in order to ensure your taxes are paid accurately and timely in 2021.

***Please note: Late tax payments result in interest and penalty charges. If your federal tax filing frequency is changed and you don't notify us, we will not be responsible for any penalties or interest that may be charged.***

## Year-End Payrolls and Adjustments

### Bonus Payrolls

If you are paying bonuses, please notify us by December 4, 2020. Please keep in mind that you have many options when running bonus payrolls to consider:

- Blocking direct deposit
- Blocking deductions
- Supplemental Tax Rates
- Gross up

### Fringe Benefits Adjustments

If you need to report any Fringe Benefits, **please notify us by December 4, 2020 by returning the Year-End Questionnaire.** Identify those benefits that need reporting and schedule the special payroll if needed. It is important to remember that some of these adjustments require tax withholding and they need to be entered at the same time as normal payroll run before the end of the year.

### Manual and Voided Checks

Important: Make sure that all pending 2020 Manual and/or Voided checks are processed before any 2021 payroll are processed.

### Third-Party Sick Pay

Important: Determine if you have Third Party Sick Pay Information that must be reported for 2020. This will need to be reported before you run a 2021 payroll. Notify us by **December 4, 2020** if you are unable to provide the necessary information in time. Please contact your provider and request the information in advance of your Year-End Adjustment Cut-off dates to avoid a delay in W-2 printing! Additional fees will apply for late processing. Remember, last day to report adjustments is January 4, 2021. Any adjustments made after January 4, 2021 will become a W-2c!

## W-2s/1099s

### W-2 Forms

With the understanding that all Year-End processing deadlines have been met and you have reported all necessary information, W-2s will be processed and delivered by January 31, 2021. We will be printing and shipping all W-2 forms to your primary address.

### 1099 Forms

Please fill out the attached Year-End Questionnaire if you are requesting Paymedia to print 1099 forms for 2020. This must be returned no later than **December 4, 2020**.

**W-2 Forms and 1099 forms will be available for viewing and printing  
on-line effective February 1, 2021.**

## Year-End Related Fees

<b>PAYMEDIA YEAR END FEES</b>	
<b>Service</b>	<b>Fees</b>
W-2/1099 processing base charge	\$55.00
W-2/1099 charge (Each)	\$6.95
W-2/1099 shipping fees (Per Location)	\$15.00
Reopen previous year payroll	\$250.00
Reopen previous year payroll after a payroll has been processed in 2021	\$500.00
Duplicate W-2 (Each)	\$10.00
W-2 Reprint – Change to data: Name, Address, SSN <i>(On or by January 4<sup>th</sup>)</i>	\$25.00
W-2 Reprint – Change to figures <i>(On or by January 4<sup>th</sup>)</i>	\$75.00
W-2 Reprint – Change to data: Name, Address, SSN <i>(After January 4<sup>th</sup>)</i>	\$50.00
W-2 Reprint – Change to data: figures <i>(After January 4<sup>th</sup>)</i>	\$150.00
Amended Quarterly Return per form	\$125.00
Billing for all year-end charges will occur with your payroll processed on or after January 10, 2021.	

## Additional Resources

Internal Revenue Service	<a href="http://www.irs.gov">www.irs.gov</a>
Social Security Administration	<a href="http://www.ssa.gov">www.ssa.gov</a>
Bureau of Labor and Statistics	<a href="http://www.bls.gov">www.bls.gov</a>
State Agencies	<a href="http://www.taxsites.com">www.taxsites.com</a>
State Unemployment	<a href="http://workforcesecurity.doleta.gov/unemploy/agencies.asp">http://workforcesecurity.doleta.gov/unemploy/agencies.asp</a>
American Payroll Association	<a href="http://www.americanpayroll.org">www.americanpayroll.org</a>





## ACA Reporting for 2020

If you have at least **50 full-time employees (including full-time equivalent employees)**, you are considered an **Applicable Large Employer (ALE)** according to the Affordable Care Act (ACA) and must offer full-time employees ACA compliant health care coverage or pay a penalty. You will need to report information to the IRS about the healthcare coverage offered to your full-time employees using Forms 1094 and 1095.

You must also distribute copies of Form 1095-C to your full-time employees, which contains information they may need to report as part of their income tax submission for the 2020 tax year. In order to meet the 2020 reporting, employers should already be compiling and analyzing data now to determine coverage and affordability.

### ACA Year-End Preparation

ACA Reporting Year: By now you should confirm that your ACA reporting year is set up in iSolved for 2020. We recommend you review our 'Comprehensive Affordable Care Act Guide' which is available in the iSolved University. This guide will help you familiarize yourself with the necessary steps you will need to take to ensure a smooth ACA reporting process. It is important that you understand the approval process (page 11) that you, the customer, are responsible for. Should you have any questions, please reach out to your customer support team for assistance.

For assistance with ACA Year-End Preparation: <https://learning.myisolved.com/>

Use the Search and look up: Comprehensive Affordable Care Act Guide

## Important Deadlines for Reporting

### Employers:

You will need to approve Forms 1095 for 2020 in Paymedia no later than February 1, 2021.

### Employee 1095:

Paymedia will send all 1095's to the primary address of your company. You will be responsible for handing out or postmarking the forms for mailing no later than March 2, 2021 for the previous calendar year of 2020.

## ACA-Related Fees

Service	Fees
1095 processing base charge	\$55.00
1095 per charge (each)	\$6.95
1095 shipping fees (Dependent upon delivery method chosen)	\$15.00

**Billing for ACA charges will occur after you 'Approve' your forms in February 2021.**

## Additional Resources

Healthcare.gov

[www.healthcare.gov](http://www.healthcare.gov)

IRS Q&A

[www.irs.gov/Affordable-Care-Act](http://www.irs.gov/Affordable-Care-Act)

Treasury Dept. ACA Fact Sheet

[www.treasury.gov/press-center/press-releases/Pages/jl2290.aspx](http://www.treasury.gov/press-center/press-releases/Pages/jl2290.aspx)

U.S. Small Business Assoc. Webinars

[www.sba.gov/healthcare](http://www.sba.gov/healthcare)



# Year-End Questionnaire

## Return by December 4, 2020

Company ID \_\_\_\_\_ Company Name: \_\_\_\_\_

**Important Reminder: Last day to report adjustments is January 4, 2021.  
Any adjustment made after January 4, 2021 will become a W-2-C!**

For Adjustments processed after December 31, 2020, please remember that tax agencies may consider tax payments late and you (the customer) will be responsible for penalties and interest that any agency may assess. Payroll adjustments must be processed by 5:00 ET pm on January 4, 2021.

**Print the cost of employer provided health care in Box 12DD of W-2s                      Yes \_\_\_\_\_ No \_\_\_\_\_**  
**Reporting is mandatory for employers that file 250 or more forms W-2 in year 2020!**

Yes, our company has made all necessary changes for our W-2's and we do not have any additional Fringe Benefits/Adjustments that need to be reported. Please print our W-2's once our final payroll is completed in 2020.  
 (If W-2s have been printed and you need to make changes, additional fees will apply.)

Use this list to help identify any Fringe Benefits that need to be reported on W-2 Forms and that you will need to process. Please return the questionnaire by **December 4, 2020**. Remember, some of these adjustments require tax withholding and may need to be entered at the same time as a normal payroll run before the end of the year.

- |  |           |          |
|--|-----------|----------|
| 1. Group life insurance in excess of \$50,000                          | Yes _____ | No _____ |
| 2. Personal usage of company auto                                      | Yes _____ | No _____ |
| 3. S Corp health insurance premiums paid for more than 2% shareholders | Yes _____ | No _____ |
| 4. Awards, prizes, gifts, stock options                                | Yes _____ | No _____ |
| 5. Employer HSA, HRA or other medical savings contributions            | Yes _____ | No _____ |
| 6. Third party sick pay  | Yes _____ | No _____ |

Third-Party Sick Pay: Please contact your provider and request the information in advance of our Year-End Adjustment Cut-Off dates to avoid a delay in W-2 printing! If you do not expect to receive Third-Party Sick Pay information by your last payroll in 2020, please contact your CSR. Additional fees will apply for late processing. Remember, last day to report adjustments is January 4, 2021. Any adjustments made after January 4, 2021 will become a W-2c and will be subject to additional fees!

1099 Form Request: If you would like Paymedia to print 1099 Forms, please indicate below.

\_\_\_\_\_ Yes, I would like Paymedia to print 1099 Forms for 2020

\_\_\_\_\_  
 Authorized Contact (Print)

\_\_\_\_\_  
 Authorized Contact (Signature)

\_\_\_\_\_  
 Date

**After completing, please email or fax to your CSR by December 4, 2020.**

