

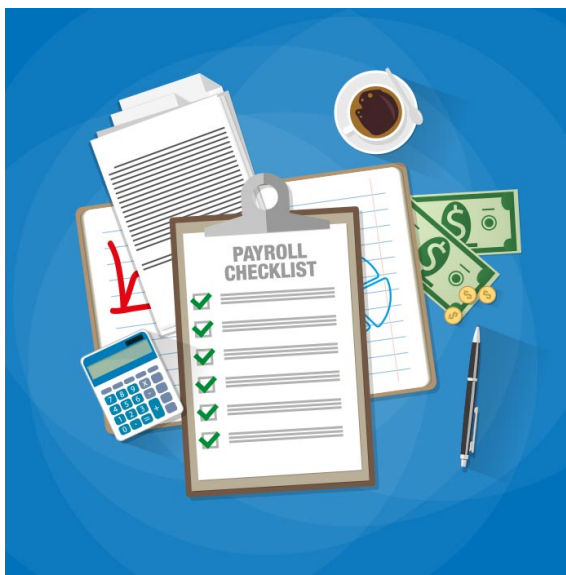


2021 YEAR END REFERENCE GUIDE AND CHECKLIST

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 12/3/2021!



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Introduction

The end of the year 2021 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 31st.

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 you 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 2021 payrolls and adjustments must be complete before any 2022 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 2021 W-2s, notify us by December 3, 2021 (wiring of funds may be required).

Payroll Adjustments

Make sure payroll adjustments (e.g., voided checks) are done **before** your last payroll of 2021 is processed. Voiding checks/processing adjustments after a check date of 2022 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, 2021, 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 3, 2022. Any adjustments made after January 3, 2022, 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 3, 2022.**

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 2021 that have a **pay date of 2022** will show up as wages on the 2022 W-2! These wages will not be part of your 2021 YTD totals.

Year-End Checklist

- ✓ Review processing deadlines and identify your last payroll(s) of 2021.
- ✓ Review Paymedia's Holiday schedule and Federal Reserve Holidays for 2021 and 2022.
- ✓ Perform an audit of employee data related to social security number (SSN), name and mailing address and make any updates by **December 3, 2021**.
- ✓ 1099 printing – Paymedia will not print 1099 forms unless you return the year-end questionnaire to your Account Representative by **December 3, 2021**.
- ✓ Return year-end questionnaire to your Account Representative if any year-end adjustments are needed such as group-term life, personal use of company car, third-party sick pay, etc., by **December 3, 2021**.
- ✓ Third-party sick pay information should be processed by December 31, 2021. 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 10, 2021, if you want to apply them to 2021.
- ✓ Enter any additional manual checks and/or voided checks that need to be recorded in 2021, prior to December 10, 2021. 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 Account Representative with any questions regarding year-end processing well in advance of **December 3, 2021**, so that there will be sufficient time to address and resolve any outstanding issues.

Holidays

| Paymedia Holiday Schedule | |
|-----------------------------|---------------|
| Holiday | Date Observed |
| New Year's Day | 12/31/2021 |
| Martin Luther King, Jr. Day | 1/17/2022 |
| President's Day | 2/21/2022 |
| Memorial Day | 5/30/2022 |
| Independence Day (Observed) | 7/4/2022 |
| Labor Day | 9/5/2022 |
| Columbus Day | 10/10/2022 |
| Thanksgiving | 11/24/2022 |
| Thanksgiving Friday | 11/25/2022 |
| Christmas Day (Observed) | 12/26/2022 |
| New Year's Day (Observed) | 01/02/2023 |

| Federal Reserve Holiday Schedule | |
|----------------------------------|---------------|
| Holiday | Date Observed |
| New Year's Day | 1/1/2022 |
| Martin Luther King, Jr. Day | 1/17/2022 |
| President's Day | 2/21/2022 |
| Memorial Day | 5/30/2022 |
| Juneteenth | 06/20/2022 |
| Independence Day | 7/4/2022 |
| Labor Day | 9/5/2022 |
| Columbus Day | 10/10/2022 |
| Veterans Day | 11/11/2022 |
| Thanksgiving | 11/24/2022 |
| Christmas Day | 12/26/2022 |
| New Year's Day (Observed) | 01/02/2023 |

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, 2021.**

Any updates to name, Social Security Numbers or addresses should be made immediately and no later than December 3, 2021.

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 2022. Employees who are currently claiming **exempt** from withholding must submit a new form W-4 by February 11, 2022, 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 3, 2021. 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 3rd and contact your Account Representative 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 2022

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 2022.

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 3, 2021. 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 3, 2021, 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 2021 Manual and/or Voided checks are processed before any 2022 payroll are processed.

Third-Party Sick Pay

Important: Determine if you have Third Party Sick Pay Information that must be reported for 2021. This will need to be reported before you run a 2022 payroll. Notify us by **December 3, 2021**, 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 3, 2022. Any adjustments made after January 3, 2022 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, 2022. 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 2021. This must be returned no later than **December 3, 2021**.

**W-2 Forms and 1099 forms will be available for viewing and printing
on-line effective February 1, 2022.**

Year-End Related Fees

| PAYMEDIA YEAR END FEES | |
|---|-------------|
| Service | Fees |
| W-2/1099 processing base charge | \$59.00 |
| W-2/1099 charge (Each) | \$7.95 |
| W-2/1099 shipping fees (Per Location) | \$15.00 |
| Reopen previous year payroll | \$300.00 |
| Reopen previous year payroll after a payroll has been processed in 2022 | \$500.00 |
| Duplicate W-2 (Each) | \$10.00 |
| W-2 Reprint – Change to data: Name, Address, SSN <i>(On or by January 3rd)</i> | \$25.00 |
| W-2 Reprint – Change to figures <i>(On or by January 3rd)</i> | \$75.00 |
| W-2 Reprint – Change to data: Name, Address, SSN <i>(After January 3rd)</i> | \$50.00 |
| W-2 Reprint – Change to data: figures <i>(After January 3rd)</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 7, 2022. | |

Additional Resources

| | |
|--------------------------------|---|
| Internal Revenue Service | www.irs.gov |
| Social Security Administration | www.ssa.gov |
| Bureau of Labor and Statistics | www.bls.gov |
| State Agencies | www.taxsites.com |
| State Unemployment | http://workforsecurity.doleta.gov/unemploy/agencies.asp |
| American Payroll Association | www.americanpayroll.org |



ACA Reporting for 2021

Employers are subject to the **Affordable Care Act** (ACA) filing if you meet either of the following criteria:

- If you averaged at least 50 full-time employees (including full-time equivalent employees) during the prior calendar year, you are considered an Applicable Large Employer (ALE).
- If you offer Self-funded medical insurance, regardless of the size of your company. If you are unsure if this applies to you, please check with your broker or insurance provider.

Under the Affordable Care Act's employer shared responsibility provisions, ALEs must either offer minimum essential coverage that is "affordable" and that provides "minimum value" to their full-time employees (and their dependents), or potentially make an employer shared responsibility payment to the IRS.

ACA Year-End Preparation

Please confirm that your ACA reporting year is set up for 2021 in the payroll platform, Isolved. Employers should already be compiling and analyzing data now to determine offers of coverage and affordability. We recommend you review our ACA articles available in the Isolved University. We will also provide a Year End ACA Reporting Guide to the Quick Links section in Isolved. This guide will help you familiarize yourself with the necessary steps you will need to take to ensure a smooth ACA reporting process.

For assistance with ACA Year-End Preparation: <https://learning.myisolved.com/>
Navigate to Library> Articles, type 'ACA' in the search bar.

ACA Year End Requirements

Employers are responsible for two important components of ACA Year End requirements: Furnishing and Filing. You will need to **furnish** individual 1095 forms by January 31, 2022, to all full-time employees during 2021. These forms will contain information about when/if coverage was offered, whether the offered coverage was affordable (based on the IRS guidelines), and if self-funded, which employees and dependents were covered throughout the year. Depending on their state requirements, employees may need this form to provide proof of coverage for tax year 2021.

Paymedia will electronically **file** your 1094 & 1095 forms to the IRS **only after your ACA Forms have been approved in the system.**

It is the employer's responsibility to carefully review, make any necessary corrections, override portions of the forms that cannot be automated, and approve your ACA forms by the January 7, 2022. Should you have any questions, please reach out to your customer support team for assistance.

Unless other arrangements are made, 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 January 31, 2022, for the previous calendar year of 2021.

Note: It is the responsibility of the employer to ensure 1094 and 1095 information is accurate and up to date. Should the files reject or come back as "Accepted with Errors", fees will apply for sending additional corrected files to the IRS.



ACA-Related Fees

| Service | Fees |
|--|---------------------|
| 1095 processing base charge | \$59.00 |
| 1095 per charge | \$7.95 each |
| 1095 shipping fees | \$10.00 for courier |
| Duplicate 1095 | \$ 10.00 each |
| Printing a corrected 1095 | \$ 25.00 each |
| Rejected File Replacement & Submission | \$75.00 |
| Correction file & Submission | \$75.00 |

Billing for ACA charges will occur with the first check date in February 2022.

Additional Resources

IRS Q&A

www.irs.gov/Affordable-Care-Act

Year-End Questionnaire

Return by December 3, 2021

Company ID _____ Company Name: _____

**Important Reminder: Last day to report adjustments is January 3, 2022.
Any adjustment made after January 3, 2022, will become a W-2-C!**

For Adjustments processed after December 31, 2021, 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 3, 2022.

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 2021!

Yes, our company has reviewed and 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 2021.
 (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 through payroll. Please return the questionnaire by **December 3, 2021**. 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 use 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 2021, please contact your Account Representative. Additional fees will apply for late processing. Remember, last day to report adjustments is January 3, 2022. Any adjustments made after January 3, 2022, 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:

_____ ***I do not want*** Paymedia to print 1099 Forms for 2021.

 Authorized Contact (Print) _____
 Date

 Authorized Contact (Signature)

After completing, please email or fax to your Account Representative by December 3, 2021.

