



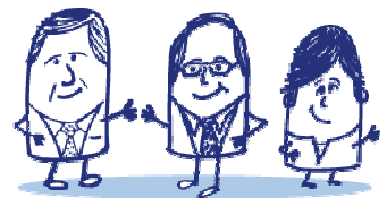
# PRECISION PAYROLL --- OF AMERICA

## Year End Guide

# 2016

Precision Payroll of America (PPA) would like to take this opportunity to thank you for your business and to wish you a happy holiday season and a prosperous New Year. Please review this year-end guide carefully to ensure that you are aware of any and all action items that may affect your company. Following the guidelines and meeting the deadlines in this guide will allow us to ensure accurate year end reports and timely filings with the various tax authorities.

*At Your Service*



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## Client Processing Deadlines

The end of the year 2016 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: New Deadline for Employers Filing W-2s and 1099s**

The Consolidated Appropriations Act of 2016, which President Obama signed into law in December, 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 starting in January 2017 (for tax year 2016)**.

With this new deadline, it's essential for businesses to be prepared as soon as possible in the months leading up to the due date. This means organizations will have to 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.**

### **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 will also require a wire.**

## Year-End Deadlines

Any 2016 payrolls and adjustments must be complete before any 2017 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 2016 W-2s, notify us by November 23, 2016 (wiring of funds may be required).
- **Payroll Adjustments**: Make sure payroll adjustments (e.g., voided checks) are done **before** your last payroll of 2016 is processed.
- **Year-End Adjustment Cut-off Date**: Payroll adjustments must be processed by 5:00 pm CST on January 9, 2017. Any adjustments made after January 9, 2017 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 9, 2017.**
- **Fringe Benefit Adjustments**: Identify and schedule special payroll adjustments such as group-term life, auto allowances and other fringe benefits. Some of these fringe benefits require special tax withholdings which will need to be entered at the same time as a normal payroll run and before the end of the year.

### **Reminder**

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

### **Important**

Payrolls processed in 2016 that have a **pay date of 2017** will show up as wages on the 2017 W-2! These wages will not be part of your 2016 YTD totals.

## Year-End Checklist

- ✓ Review processing deadlines and identify your last payroll(s) of 2016.
- ✓ Review PPA Holiday Schedule and Federal Reserve Holidays for 2016 and 2017.
- ✓ Perform an audit of employee data related to SSN, name and mailing address and make any updates by November 23, 2016.
- ✓ 1099 printing - PPA will not print 1099 forms unless you return the Year-End Questionnaire to your payroll representative by November 23, 2016. See questionnaire at the end of this guide.
- ✓ Return Year-End Questionnaire to your payroll representative if any year-end adjustments are needed such as group-term life, personal use of company car, third-party sick pay, etc., by November 23, 2016. See questionnaire at the end of this guide.
- ✓ Third-party sick pay information should be processed by **December 31, 2016**. If you won't receive 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 15, 2016.
- ✓ Enter any additional manual checks and/or voided checks that need to be recorded in 2016, prior to December 15, 2016. 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 payroll representative with any questions regarding year-end processing well in advance of November 23, 2016, so that there will be sufficient time to address and resolve any outstanding issues.

# Holiday Schedule

2016 and 2017 dates

## Precision Payroll of America, LLC.

<u>Holiday</u>	<u>Date Observed</u>
Thanksgiving Day	Thursday, November 24
Day after Thanksgiving	Friday, November 25
Christmas Day	Monday, December 26
New Year's Day 2017	Monday, January 2
Memorial Day 2017	Monday, May 29
Independence Day 2017	Tuesday, July 4
Labor Day 2017	Monday, September 4
Thanksgiving 2017	Thursday, November 23
Day after Thanksgiving 2017	Friday, November 24
Christmas Day 2017	Monday, December 25

## Federal Reserve

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.

<u>Holiday</u>	<u>Date Observed (Federal Reserve Closed)</u>
Thanksgiving Day	Thursday, November 24
Christmas Day	Monday, December 26
New Year's Day 2017	Monday, January 2
Martin Luther King, Jr. Day 2017	Monday, January 16
President's Day 2017	Monday, February 20
Memorial Day 2017	Monday, May 29
Independence Day 2017	Tuesday, July 4
Labor Day 2017	Monday, September 4
Columbus Day 2017	Monday, October 9
Veteran's Day 2017	Saturday, November 11
Thanksgiving Day 2017	Thursday, November 23
Christmas Day 2017	Monday, December 25

## 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. Take the time to audit your employee records.

- **Please verify the 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:  
**iSolved:** Reports → Client Reports → Employee W-2 Verification → Run Report.  
**PayChoice Phone/Fax:** Contact Norma Johnson for W-2 report ([njohnson@precisionpayroll.com](mailto:njohnson@precisionpayroll.com)).  
**PayChoice Web:** Web Reports → Employee W-2 and SSN → Select 'Open Report' in PDF, Excel, or Word.
- Any updates to Social Security Numbers, Names or Addresses should be made immediately and no later than November 23, 2016. Access your employee records and make corrections as follows:  
**iSolved:** Employee Management → Employee Maintenance → General.  
**PayChoice Phone/Fax:** Contact your payroll specialist with the change.  
**PayChoice Web:** Employees/Demographics.

### W-4s

Send a reminder to your employees regarding submitting a new W-4 for 2017. Employees who are currently claiming **exempt** from withholding must submit a new form W-4 by February 15, 2017 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 provides that employers 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 contact your payroll representative to discuss the entry of the employer portion of the health insurance premium.
- It is your responsibility to preview your W-2s and verify the amounts in Box 12 DD prior to printing W-2s. Review W-2s prior to December 31<sup>st</sup> and contact your payroll 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 out 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 2017

Unemployment rates and tax filing frequencies are mailed to the taxpayer and it is imperative these tax-related communications are forwarded to PPA immediately. We require this information in order to ensure your taxes are paid accurately and timely in 2017.

**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 your payroll representative by November 23, 2016. Please keep in mind that you have many options when running bonus payrolls to consider:

- Blocking direct deposit
- Blocking deductions
- Tax frequency
- Gross up

### Fringe Benefits Adjustments

If you need to report any Fringe Benefits, **please notify us by November 23, 2016 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 will need to be entered at the same time as a normal payroll run before the end of the year.

## **Manual and Void Checks**

**Important:** Make sure that all pending 2016 Manual and/or Void checks are processed before any 2017 payrolls are processed.

## **Third-Party Sick Pay**

**Important:** Determine if you have Third Party Sick Pay information that must be reported for 2016. This will need to be completed before you run a 2017 payroll. **Notify us by November 23, 2016 if you won't receive the necessary information in time. 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! Additional fees will apply for late processing.** Remember, last day to report adjustments is **January 9, 2017**. Any adjustments made after **January 9, 2017** 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, 2017. PPA 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 PPA to print 1099 forms for 2016. This must be returned no later than November 23, 2016.

**W-2 Forms and 1099 forms will be available for viewing and printing on-line effective February 1, 2017**

# Year-End Questionnaire

Return by November 23, 2016

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

**Important Reminder: Last day to report adjustments is January 9, 2017. Any adjustment made after January 9, 2017 will become a W2-C!**

**Print the cost of employer provided health care in Box 12DD of W-2s**     Yes     No

*Most health insurance codes default to printing on the W-2s. You can check the codes by test printing the Employer W-2 Copy D from the Year-End Reports on Demand. The amount should show in Box 12 with code DD and should be both the employer and employee amount. Failure to report changes needed will result in additional fees if W-2s need to be reprinted.*

Use this list to help identify any Fringe Benefits that need to be reported on W-2 Forms. **Please return the questionnaire by November 23, 2016.** Remember, some of these adjustments require tax withholding and may need to be entered at the same time as a normal payrollrun before the end of the year.

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

*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 2016, please contact your PPA representative. Additional fees will apply for late processing. Remember, last day to report adjustments is January 9, 2017. Any adjustments made after January 9, 2017 will become a W-2c and will be subject to additional fees!*

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

\_\_\_\_\_ Yes, I would like PPA to print 1099 Forms for 2016

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

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

\_\_\_\_\_  
Date

**After completing, please email or fax to PPA by November 23, 2016.**

## ACA Reporting for 2016

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 health care coverage offered to your full-time employees using Forms 1094 and 1095.

You must also distribute copies of Form 1095 to your full-time employees, which contains information they may need to report as part of their income tax submission for the 2016 tax year. In order to meet the 2017 reporting, employers should already be compiling and analyzing data now to determine coverage and affordability.

For further information about PPA's ACA Reporting Services, please contact Tom Sodeika ([tsodeika@precisionpayroll.com](mailto:tsodeika@precisionpayroll.com)) or Kiran Waheed ([kwaheed@precisionpayroll.com](mailto:kwaheed@precisionpayroll.com)).

### Additional Resources

Healthcare.gov	<a href="http://www.healthcare.gov">www.healthcare.gov</a>
IRS Q&A	<a href="http://www.irs.gov/Affordable-Care-Act">www.irs.gov/Affordable-Care-Act</a>
Treasury Dept. ACA Fact Sheet	<a href="http://www.treasury.gov/press-center/press-releases/Pages/jl2290.aspx">www.treasury.gov/press-center/press-releases/Pages/jl2290.aspx</a>
U.S. Small Business Assoc. Webinars	<a href="http://www.sba.gov/healthcare">www.sba.gov/healthcare</a>
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>