



Year-End Reporting – Fringe Benefits

Any taxable cash or non-cash benefit — for example, personal use of company cars — must be included on Form W-2.

Advise your clients to report these benefits before the last payroll of the year. Reporting taxable benefits with cash wages allows the appropriate withholding taxes to be deducted from an employee's check.

Common benefits your clients might have that should be reported:

- Health and Accident Insurance Premiums Paid by an S Corporation
- Group Term Life Insurance
- Dependent Care Assistance
- Flexible Spending Account (FSA)
- Educational Assistance Program
- Deferred Compensation Plans
- Employer Contributions to Retirement Plans

For more details on the specific reporting requirements of the benefits above, please contact your Paychex payroll representative or refer to the online *Paychex Client Quarter/Year-End Reference Guide* located at payx.me/yend.

Additional Reporting Requirements

Taxable adjustments for separated employees

Taxable adjustments [for example, personal use of a company car (PUCC), or imputed value of group term life insurance] should be reported with regular payroll whenever possible. This allows any required employee taxes to be withheld from wages.

- **If taxable adjustments are reported without wages**, your clients might be liable for the employee portion of taxes. Please keep this in mind if employees separate from employment, whether voluntarily or involuntarily, during the year.
- **If a client pays any part of an employee's income tax or FICA withholding**, the amount paid must be reported as additional taxable wages for the employee. Additional employment taxes, both employee and employer portions, are due on this added income.
- **If a client cannot report taxable adjustments with an employee's last check**, Paychex can help them calculate the additional amount required to cover the employee FICA. This situation should be discussed with their Paychex payroll representative.

Cost of coverage under employer-sponsored health plan

Do you have clients issuing 250 or more Forms W-2 for the previous year? The IRS requires them to report the cost of coverage for any employer-sponsored group health plan on Forms W-2. For Paychex to report these amounts for 2019, your clients must provide them to us before the year-end reporting deadline.