

# Overview

Paychex is committed to helping you prepare and plan for year-end. Please use this guide to help make sure you have a successful 2020 year-end. The guide contains reminders about payroll that occur only at the end of the year so they can be easy to forget from year to year. We value your business and look forward to helping you with your payroll processing needs for fourth quarter and year-end.



## Year-End Reminders

The deadline for reporting fourth quarter and year-end payroll information or changes to your payroll contact is **Thursday, Dec. 31, 2020, at 4:00 p.m.** or before your first payroll with a **Jan. 2021** check date, whichever is earlier. If any adjustments are needed after the deadline, please let your payroll contact know immediately. We can reprocess the tax returns, including employee Forms W-2, after the deadline; however, **there will be an additional charge and a processing delay.**

**Note:** If you work with an accounting professional, please remind them to report payroll-related adjustments on or before the deadline.

## Year-End Checklist

### Verify that tax liabilities were collected for bonus checks

Bonus checks can be processed with your regular payroll, but must be processed independently if a separate payroll journal is necessary or the bonus payroll has a different date than the regular payroll. Specify how the bonus checks are to be taxed and any adjustments that need to be withheld, as bonus checks may be handled differently from regular payroll checks.

### Confirm employee names and addresses

Report employee information changes by the assigned due date. Ensure you have necessary federal and state withholding forms when reporting new employees. Verify employee names and social security numbers (SSNs). A SSN/name mismatch affects the employee's social security wage benefits. Wages reported on Form W-2 with a mismatch error will not be credited to that employee's earnings statement. Instead, the wages will be housed in a "suspense file" until corrected. If the error is not corrected, the wages will never be credited to the employee.

**Note: The Internal Revenue Service (IRS) may charge employers a penalty of up to \$270.00 for each return or Form W-2 that has a missing or incorrect SSN or federal identification number.** We cannot file your federal Forms W-2 electronically if a substantial percentage of the SSNs are missing and you have more than 10 employees. For security purposes, all but the last four digits of the SSN are masked in any transaction.

### Report other amounts on Form W-2, Box 14

The IRS allows employers to use Form W-2, Box 14 (Other), to report certain adjustments to an employee's pay (e.g., charitable contributions); these can be set up to print in Box 14. Use the following guidelines when choosing a title for the adjustment:

- Only the first five letters of the adjustment (earning or deduction) will print in Box 14.
- Be descriptive. For example, "Misc" may not clearly substantiate a charitable contribution.
- Your payroll contact can change your adjustment title before processing your Forms W-2.

### Verify your W-2 Delivery Address

To ensure we are delivering your W-2 package with your company's original W-2 forms and reference copies please verify the W-2 delivery address with your Paychex representative.

### Report Third-Party Sick Pay (Disability Payments)

Third-party companies are required to furnish employers with a sick pay statement of any disability insurance benefits paid to employees during the year. The statement must show the following information about each employee who was paid sick pay: employee name, employee SSN, sick pay paid to the employee, any federal income tax withheld, any employee social security tax withheld, and any employee Medicare tax withheld. If you are notified about this information after reporting the last payroll of the year, you should call your payroll contact as soon as possible.

If you have not already done so, please notify your insurance company that we will include third-party sick pay on the Forms W-2 that we prepare for you. Since third-party sick pay may affect quarter-end and year-end returns, including Forms W-2, the processing of returns will be delayed if sick pay is reported after the deadline date for year-end information. Clients can expect to receive their returns and Forms W-2 no later than **Friday, Jan. 29, 2021**.