



Payroll Checklist: What to Do After the Year's Last Payroll and Before the First Payroll of the New Year

While much of the planning and organization on your business owner's payroll year-end checklist can be done in advance, there are several important steps to complete after the final payroll period of the year. Once their final payroll period has been calculated, be sure to do the following.

Finalize Wage, Tax, and Benefits Information

Before finalizing payroll for the current year, give one last review to ensure everything looks accurate for each employee and the overall company. Total each employee's wages, taxes paid, and benefits earned throughout the year, then calculate summary figures for the business to use on the applicable year-end tax forms. This also includes any fringe benefits offered, which are generally included in an employee's income and can include personal and sick days, partial tuition reimbursement, company car, or stock options. Make sure fringe benefits are reported under employee earnings.

Distribute Forms W-2 to All Employees

Once the final payroll for the year has been processed, print and distribute Forms W-2. Some payroll providers will send Forms W-2 directly to the employees. Regardless of delivery method, employees must receive a copy (or have access to download a copy) of their Form W-2 by Jan. 31 of the following calendar year, so these forms must be calculated and distributed quickly.

File Year-End Payroll Tax Forms with the IRS and Deposit Taxes Owed

In addition to the payroll year-end dates mentioned earlier, part of a business tax obligations includes paying taxes owed in a timely manner. If the end-of-year payroll tax return shows that taxes are owed, these must generally be paid online via the [IRS business tax website](#). While individuals generally have until April 15 to file personal income taxes each year, business tax returns and any taxes owed are generally due by March 15. Keep these important filing dates in mind as part of the year-end payroll tax checklist.

Review the Coming Payroll Year and Initiate Next Year's Payroll Schedule

After this year's payroll has been wrapped up, review the payroll schedule for the next fiscal year. Check all period-ending dates and quarterly closing dates to make sure they do not fall on any major holidays, weekends, or other dates that would make it extremely difficult to process in a timely manner. Make any necessary adjustments to the schedule, then set up a new payroll plan for the coming year.

Review Applicable State/Local Minimum Wage Changes

As of the time of this writing, many states and localities have announced minimum wage rate increases, many of which are in response to inflation rates that continue to impact individuals and businesses nationwide. Scheduled increases are planned in numerous states and localities with additional increases likely to be announced before the end of the year. Since many wage increases become effective Jan. 1, 2023, it's important to take this into account when determining compensation for the upcoming year.

Ensure to Start 2023 Payroll Strong

With a bit of advanced planning and this helpful end-of-year payroll checklist, your business owners can successfully wrap up this year's payroll requirements and set a smooth foundation for the year ahead. Consider these factors as payroll activities for this year are finalized, and work with a [payroll provider](#) to help avoid fines and penalties for non-compliance, meet all required deadlines, and establish sound payroll practices.

Paychex can help your business owners with year-end preparations. Contact your Paychex rep today.

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