



**PAYSERV**  
PAYROLL SOLUTIONS

# iSolved

## 2020 Year-End Guide

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**Take advantage of the simplified year-end forms process by opting out of receiving printed copies! *Contact customer support to go paperless!***

The end of the year 2020 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 W2s.

**Important: Deadline for Employers Filing W2s 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 W2 and 1099 data to the Social Security Administration and IRS by January 31.

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.

## 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 pre-determined system limit or more will also require a wire.**

### Year End Deadlines

Any 2020 payrolls and adjustments must be complete before any 2021 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 2020 W-2s, notify us by November 20, 2020 (wiring of funds may be required).

- **Payroll Adjustments.** Make sure payroll adjustments (e.g., voided checks) are done **before** your last payroll of 2020 is processed. **Voiding checks/processing adjustments after a check date of 2021 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, 2020, 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 5, 2021. Any adjustments made after January 5, 2021 will result in a W2c for employees as well as amendments and fees will apply. **We encourage you to process adjustments well in advance of January 5, 2021.**
- **Fringe Benefit adjustments.** 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 2020 that have a **pay date of 2021** will show up as wages on the 2021 W-2! These wages will not be part of your 2020 YTD totals.*

Please be aware that we will begin our 'blackout' period January 5 thru January 31.

We will not be processing any adjustments during this time to ensure timely reporting (printing and e-file process) for all our customers.

We will not be able to make exceptions.

## YEAR END CHECKLIST

- ✓ Review Processing Deadlines and identify your last payroll(s) of 2020.
- ✓ Review iSolved Holiday schedule and Federal Reserve Holidays for 2020 and 2021.
- ✓ Review payroll calendar schedule for 2021 and contact your Customer Support team for any necessary changes.
- ✓ Perform an audit of employee data related to SSN, Name and mailing address and make any updates in iSolved by November 20, 2020.
- ✓ 1099 Printing - iSolved will not print 1099 forms unless you return the year-end questionnaire to Customer Support by November 13, 2020.
- ✓ Return year-end questionnaire to Customer Support if any year-end adjustments are needed such as group term life, personal use of company car, 3<sup>rd</sup> party sick pay, etc., by November 13, 2020.
- ✓ 3<sup>rd</sup> Party Sick Pay information should be processed by December 31, 2020. If you won't receive the necessary information in time, please indicate on year-end questionnaire. **This will not excuse any fees or change deadlines, see page 9 for more detail.**
- ✓ Identify and process any end of the year payroll such as Bonus and Fringe Benefits by December 11, 2020 if you want them to apply to 2020.
- ✓ Enter any additional manual checks and/or voided checks that need to be recorded in 2020, prior to December 11, 2020. 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 W2 printing.
- ✓ Call your Customer Support team with any questions regarding year-end processing well in advance of November 20, 2020, so that there will be sufficient time to address and resolve any outstanding issues.
- ✓ Call Customer Support for more information on going paperless for year end.

# Holiday Schedule

*2020 and 2021 dates*

## iSolved

<b>Holiday</b>	<b>Date Observed (PayServ closed)</b>
Thanksgiving Day	Thursday, November 26
Day after Thanksgiving	Friday, November 27
Christmas Day	Friday, December 25
New Year's Day 2021	Friday, January 1
Memorial Day 2021	Monday, May 31
Independence Day (in lieu) 2021	Monday, July 5
Labor Day 2021	Monday, September 6
Thanksgiving 2021	Thursday, November 25
Day After Thanksgiving 2021	Friday, November 26
Christmas Day 2021	Saturday, 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.

<b>Holiday</b>	<b>Date Observed (Federal Reserve closed)</b>
Thanksgiving Day	Thursday, November 26
Christmas Day	Friday, December 25
New Year's Day 2020	Friday, January 1
Martin Luther King, Jr. Day 2021	Monday, January 18
President's Day 2021	Monday, February 15
Memorial Day 2021	Monday, May 31
Independence Day 2021	Sunday, July 4
Labor Day 2021	Monday, September 6
Columbus Day 2021	Monday, October 11
Veteran's Day 2021	Thursday, November 11
Thanksgiving Day 2021	Thursday, November 25
Christmas Day 2021	Saturday, 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. **We strongly encourage you to start auditing your employee 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 W2 Verification > Run report.**
- Any updates to name, Social Security Numbers or addresses should be made immediately and no later than November 20, 2020. Access your employee records and make corrections in iSolved as follows:  
**Employee Management > Employee Maintenance > General.**

### W-4's

Send a reminder to your employees regarding submitting a new W-4 for 2021. Employees who are currently claiming **exempt** from withholding must submit a new form W-4 by February 15, 2021 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 Healthcare

The Affordable Care Act provides that employers must report the cost of employer-provided health care coverage on Forms W-2.

- **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 Customer Support to discuss the entry of the employer portion of the health insurance premium.
- **It is your responsibility to preview your W2s and verify the amounts in Box 12 DD prior to printing W2s. Review W2s prior to December 1st and contact your CSR for changes that you need made. Additional fees will be charged if you fail to report changes that result in reprinting of W2s.**

### **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 4<sup>th</sup> 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 2021**

Unemployment rates and tax filing frequencies are mailed to the taxpayer and it is imperative these tax-related communications are forwarded to iSolved immediately. We require this information in order to ensure your taxes are paid accurately and timely in 2021.

- Please note: **Late tax payments result in interest and penalty charges.** If your federal or state 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 November 20, 2020. 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 November 13, 2020 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 2020 Manual and/or Void checks are processed before any 2021 payrolls are processed.

### **Third Party Sick Pay**

**Important:** Determine if you have Third Party Sick Pay information that must be reported for 2020. This will need to be completed before you run a 2021 payroll. **Notify us by November 13, 2020 if you won't receive the necessary information in time. Please be aware we will print all W2s after January 4 – even if the information is not received. Also be aware that notifying us of late third-party sick pay being received after January 4 will NOT eliminate the applicable fees for processing late adjustments. Please contact your provider and request the information in advance of our Year-End Adjustment cut-off dates. As stated above, additional fees will apply for late processing.**

**Remember, last day to report adjustments is January 5, 2021. Any adjustments made after January 5, 2021 will become a W2-c!**

## **W-2's/1099's**

### **W-2 Forms**

With the understanding that all Year-End processing deadlines have been met and you have reported all necessary information, W-2's will be processed and delivered by January 31, 2021. **We will be printing and shipping all W-2 forms to your primary address – the W-2s will not be sent to multiple addresses.**

### **1099 Forms**

Please fill out the attached Year End Questionnaire if you are requesting iSolved to print 1099 forms for 2020. This must be returned no later than November 13, 2020. We do not file 1099 or 1096 forms with any tax agencies.

**W-2 Forms and 1099 forms will be available for viewing and printing online effective February 1, 2021.**

**Billing for all year-end charges will occur at the time of your first pay date in January 2021.**

## **Additional Resources**

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>

## ACA Reporting for 2020

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 2020 tax year. In order to meet the 2020 reporting, employers should already be compiling and analyzing data now to determine coverage and affordability.

### ACA Year-End Preparation

ACA Reporting Year: By now you should confirm that your ACA reporting year is set up in iSolved for 2020. We recommend you review our 'Comprehensive Affordable Care Act Guide' which is available in the iSolved University. This guide will help you familiarize yourself with the necessary steps you will need to take to ensure a smooth ACA reporting process. It is important that you understand the approval process (page 11) that you, the customer, are responsible for. Should you have any questions, please reach out to your customer support team for assistance.

For assistance with ACA Year-End Preparation: <https://learning.myisolved.com/>

Use the Search and look up: Comprehensive Affordable Care Act Guide

### **Important Deadlines for Reporting**

**Employers:** You will need to approve Forms 1095 for 2020 in iSolved no later than January 8, 2021.

**Employee 1095:** iSolved will send all 1095s 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, 2021 for the previous calendar year of 2020.

Note: It is the customer's responsibility 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

Billing for ACA charges will occur after you 'Approve' your forms in January, 2021.

### *Additional ACA Resources*

Healthcare.gov

[www.healthcare.gov](http://www.healthcare.gov)

IRS Q&A

[www.irs.gov/Affordable-Care-Act/](http://www.irs.gov/Affordable-Care-Act/)

Treasury Dept ACA Fact Sheet

[www.treasury.gov/press-center/press-releases/Pages/jl2290.aspx](http://www.treasury.gov/press-center/press-releases/Pages/jl2290.aspx)

U.S. Small Business Assoc. Webinars

[www.sba.gov/healthcare](http://www.sba.gov/healthcare)