

2024
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 2024 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 year-end readiness.

Important: Deadline for Employers Filing W-2s 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 W-2 and 1099 data to the Social Security Administration and IRS by January 31. Employers should reference the SSA/IRS websites for questions regarding distribution to employees.

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 and blackout periods 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.

- This allows 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.**
- **Payrolls 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 2024 payrolls and adjustments must be complete before any 2025 payrolls can be processed. A few important points to remember:

Bonuses and special payrolls

- To be included in your 2024 W-2s, you must notify your Customer Support to set up the special payroll run.
- The special payroll must have a 2024 check date to be included on your 2024 W-2.
- Wiring of funds **may** be required.
    - BEST PRACTICE is to **not** wire funds unless you have heard from an isolved customer support representative to do so.

Payroll Adjustments

Complete all payroll adjustments (e.g. voided checks, corrections) before or with your last scheduled payroll with a check date for 2024.

Voiding checks/processing adjustments after a check date of 2024 has been processed requires us to 'Re-Open' the year (see page 10 for applicable fees).

Year-End Adjustment Cut-off Date

- **We encourage you to process adjustments well in advance of January 6, 2025.**
- For adjustments processed after December 31, 2024, 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 submitted by 5:00 pm ET on January 6, 2025.
- Payroll adjustments made after January 6, 2025, will result in a W-2c for employees as well as amendments; **fees will apply.**

Fringe Benefit Adjustments

- In November/December, identify and schedule special payroll adjustments such as group term life, auto allowances, and other fringe benefits.
- As many of these fringe benefits require tax withholding, they will need to be entered with 'live wages' and processed **at the same time as a regular payroll run before the end of the year.**
- **IMPORTANT:** If you have new fringe benefits this year, please reach out to your support team early to get the proper codes/taxation set up.

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Third Party Sick Pay

- In November/December, identify if you have Third Party Sick Pay information that must be reported for 2024.
- **Please contact your provider and request the information in advance of our cut-off dates.** In many cases, the provider can provide you with the needed information you can include in your final regular payroll of 2024.
- **Please be aware we will print all W-2s after January 6 – even if the information is not received.**

  Notifying us of late third-party sick pay being received after January 6 will NOT eliminate the applicable fees for processing late adjustments. Additional fees will apply for late process and reprints of any W-2s.

Reminder: Process year-end adjustments early. Do not wait until December - many items can be set up to populate throughout the entire calendar year.

Important:

Payrolls processed in 2025 that have a **pay date of 2024** will show up as wages on the 2024 W-2! These wages will not be part of your 2025 Year to Date totals.

Please be aware that we will begin our 'blackout' period January 6 thru February 28.

We will not be making 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.



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Year-End Checklist

Now through early December:

- ☐ Review Processing Deadlines and identify your last payroll **check date** of 2024.
- ☐ Review 'Dates to Remember for Year-End', page 7.
- ☐ Review payroll run schedule for 2024 and contact your Customer Support team for any necessary changes.
- ☐ Confirm the Delivery Address for your W-2s. If you have changed mailing addresses, reach out to your support team **BEFORE** your last payroll of 2024 processes to ensure proper delivery.
- ☐ Call your Customer Support team with any year-end payroll questions so that there will be sufficient time to resolve any questions. Items that should be considered as being a priority include but are not limited to: third-party sick pay, taxability issues, HSA Contributions, employee SSN updates, name changes, and employee address updates.

Items you should do before your last scheduled payroll of 2024:

- ☐ Perform an audit of employee data related to SSN, name and mailing address and make any updates in isolved **before** you process the last payroll with a 2024 pay date.
- ☐ Ensure any employee benefit plan start dates/status/hire dates are current.
- ☐ Include any fringe benefits to be reported on 2024 W-2s.
- ☐ Reach out to Third-Party Sick Pay providers and request information to be included, if available.
- ☐ Enter any additional, manual, and/or voided checks that need to be recorded in 2024.

If NOT included in last regular payroll with 2024 date, request a special payroll with 2024 check date (if applicable):

- ☐ Third Party Sick Pay information should be processed by December 31, 2024. Fees will apply for amendments/adjustments after the deadline.
- ☐ Process any Bonus and Fringe Benefits amounts to be included in 2024 W-2.
- ☐ Enter any missed additional, manual, and/or voided checks that need to be recorded in 2024, If entering manual checks/voids contact your support team to make sure it's recorded in 2024.

This CANNOT be done after January 6, 2025.

ACA Audit- Beat the Rush!

Preview your ACA forms **now** while you are not in the middle of the holiday season — customers who preview now are able to easily identify any coding errors and receive quick response on questions by getting ahead of the 'busy' season. **Do not 'approve' forms before January 1, 2025.**

Review and approve ACA Forms by January 15, 2025, for delivery by January 31, 2024, if your state requires form distribution by that date. See pages 11-12 for more information.

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Important Year-End Dates

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Event	Date Observed
November	
Veteran's Day – Federal Reserve Holiday (Offices Open)	November 11
Thanksgiving –Federal Reserve & isolved Holiday (Offices Closed)	November 28
Day After Thanksgiving – isolved Holiday (Offices Closed)	November 29
December	
Christmas Observed – Federal Reserve & isolved Holiday (Offices Closed)	December 25
Last Day for Regular 2 Day Processing	December 27
January	
First Day to Approve ACA Forms for 2025	January 1
New Year's Day Observed – Federal Reserve & isolved Holiday (Offices Closed)	January 1
Last day to process payroll adjustments for 2024	January 10
Year-End Forms Available Online	January 15
Martin Luther King Day – Federal Reserve Holiday (Offices Open)	January 15
Last day to approve ACA Forms for delivery prior to January 31	January 15
Deadline to distribute ACA forms to residents of California	January 31
February	
Last day to approve ACA Forms for a guaranteed delivery prior to March 2nd	February 5
Presidents' Day – Federal Reserve Holiday (Offices Open)	February 17
March	
Deadline to distribute ACA forms to meet Federal and remaining state deadlines	March 3
Deadline for ACA electronic transmission to the IRS	March 31



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Year-End Maintenance Details

Audit Tools

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!**

- **Verify Social Security Number, name and address** for each employee (the name and number must be exactly as it appears on the employee's Social Security card). Social Security Numbers that are flagged as being invaild will appear on all documents as 000-00-0000. This is the employer's responsibility to correct prior to year-end.
- Use the following report for verification purposes: Employee W-2 Verification Report
  Reporting > Client Reports > Employee W2 Verification > Generate Report > Go to My Reports Queue.
- Any updates to name, Social Security Numbers or addresses should be made **immediately**. Access your employee records and make corrections in isolved as follows:
  Employee Management > Employee Maintenance > General.

W-4 Forms

The isolved system will not automatically begin any 'new' withholding or any withholding if a W-4 has not been completed in the system. We suggest that the employer send a reminder to their employees about submitting a new W-4 for 2025. Employees who are currently claiming **to be exempt** from withholding must submit a new form W-4 by February 15, 2025, to maintain that status. If the employee's exempt status changes, a new W-4 **must** be completed in the system for isolved to calculate and deduct the taxes appropriately. Also, any employees who have experienced a life event may need to submit a new W-4 due to the change in number of exemptions.

Reporting of Employer Sponsored Health Coverage: Box 12, Code DD

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

- **Reporting is mandatory for employers that file 250 or more W-2 forms during the prior calendar year.**
- The amount reported should include both the portion paid by the employer and the portion paid by the employee for the benefit coverage.
- Please contact Customer Support to ensure the entry of the employer and employee portion of the health insurance premium.
- It is the employer's responsibility to preview your W-2s and verify the amounts in Box 12, Code DD prior to printing W-2s. Review W-2s 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 W-2s.

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 to be incurred in the 4th quarter. Therefore, your company will owe additional federal unemployment taxes that will need to be impounded. This tax is often calculated and impounded on a December payroll. Future communication will include details regarding the FUTA credit reduction calculations.

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Tax Rate Change Notifications

IRS and State Notifications for 2025

Unemployment rates and tax filing frequencies are mailed to the taxpayer, not to isolved - it is imperative these tax-related communications are forwarded to isolved immediately. We require this information to ensure your taxes are paid accurately and timely in 2025.

- Please note: ***Late tax payments result in interest and penalty charges.*** If your federal or state tax filing frequency, filing method, and/or tax rate is changed and you don't notify isolved, we will not be responsible for any penalties or interest that may be charged.

Tax Forms

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 delivered by January 31, 2025, for distribution. **We will be printing and shipping all W-2 forms to the year-end address on file. The employee W-2s will not be sent to multiple addresses — they will be sent to one address per FEIN/legal company. If you are unsure of the address isolved has on file to ship your package to, contact your customer support representative to verify your year-end shipping address.**

1099-NEC and 1099-MISC Forms

You are also responsible for reporting all 1099-NEC/1099-MISC wages **before** processing your final payroll for 2024. The same deadlines apply for 1099 wages as W-2 mentioned throughout this guide. We will file 1099s with the Federal Government **if** the Legal Service has been turned on **before** December 31, 2024. More communication will be sent on the 1099 services isolved offers. Please reach out to your Customer Support team for assistance if you have any questions.

Online Form Availability

W-2s, 1099s-NECs, 1099-MISCs and approved ACA forms will be available for viewing and printing in isolved effective January 15, 2025. If an employee has given year-end electronic consent, they will **only** be able to retrieve their year-end forms in employee self-service. There will be **no file available** for isolved to print for an employee who has given consent to receive these forms electronically. If you would like to 'turn on' the electronic consent for year-end forms as a delivery option for your employees, reach out to your customer support team.

*Missing Tax ID's may result in failed tax filings as well as inability for your employees to utilize TurboTax.



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Year-End Related Fees

Service	Fees
W-2/1099/ACA shipping fees	Varies by delivery method. Contact your specialist for more information.
Previous Year (Includes Re-Opening Q4)	$ 500.00
Re-open previous Quarter (per quarter Q1, Q2, or Q3)	$150.00
Reprint Fee W-2/1099/ACA Form - with no changes (additional shipping fee applies, will be shipped to year-end address)	$10.00 per form form
Employee Information Change (Name, Address, SSN)	$ 150.00 per employee, per occurrence, per year
Tax & Wage Changes	
Per Quarter opened and adjusted	$ 250.00
Per year/per employee/per request (W2c/1099/ACA)	$ 150.00
Per Amended Quarter Return *All 3 fees above would apply when any quarter is adjusted	$ 200.00 Each (per form, per agency, per quarter)
Expedited Tax Payments	
Expedited Federal Wire fee (bank wire to IRS) for same day tax liabilities	$75.00
Expedited tax payment fee (manual ACH Payment to agency)	$ 50.00

Additional Resources

Internal Revenue Service	www.irs.gov
Social Security Administration	www.ssa.gov
Bureau of Labor and Statistics	www.bls.gov
State Agencies	www.taxsites.com
State Unemployment	workforcesecurity.doleta.gov/unemploy/agencies.asp
American Payroll Association	www.americanpayroll.org

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ACA Reporting for 2024

Employers are subject to the Affordable Care Act filing if you meet either of the following criteria:

- If you averaged at least 50 full-time employees (including full-time equivalent employees) during the prior calendar year, you are considered an Applicable Large Employer (ALE). The IRS has defined a specific formula for this and there is a report available in the system to assist in this calculation.
- If you offer Self-funded medical insurance, regardless of the size of your company. If you are unsure if this applies to you, please check with your broker or insurance provider.

Under the Affordable Care Act's employer shared responsibility provisions, applicable large employers (ALEs) must either offer minimum essential coverage that is "affordable" and that provides "minimum value" to their full-time employees (and their dependents), or potentially make an employer shared responsibility payment to the IRS.

ACA Year-End Preparation

Please confirm that your ACA reporting year is set up in isolved for 2024. Employers should already be compiling and analyzing data now to determine offers of coverage and affordability. We recommend you review our ACA articles available in the isolved University. In addition, look for the annual Year-End ACA Reporting Guide in the Quick Links section in isolved sometime in December 2024. This guide will help you familiarize yourself with the necessary steps needed to ensure a smooth ACA reporting process.

For assistance with ACA Year-End Preparation: https://learning.myisolved.com/library/articles?search=aca

Navigate to Library > Articles, type 'ACA' in the search bar.

ACA Year-End Requirements

Employers are responsible for two important components of ACA Year-End requirements: Furnishing and Filing. You need to **furnish** individual 1095 forms to all employees who were full-time during 2024. These forms will contain information about when/if coverage was offered, whether the offered coverage was affordable (based on the IRS guidelines), and if self-funded, which employees and dependents were covered throughout the year. Depending on individual state requirements, employees may need this form to provide proof of coverage for the tax year 2024.

isolved will electronically **file** your 1094 & 1095 forms to the IRS **only after your ACA Forms have been approved in the system. Printing of forms only occurs after approval.**

Employer Responsibility

It is the employer's responsibility to carefully review, make any necessary corrections, override portions of the forms that cannot be automated, and approve ACA forms by the February 5th deadline. If you do not approve your forms by February 5th – we cannot guarantee delivery or filing to meet the IRS deadline. See the Important Deadlines for Reporting below for state specific deadlines. Additional fees will apply for late approvals. Should you have any questions, please reach out to your customer support team for assistance.

> Note: It is the responsibility of the employer 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 employer IRS filing requirement is not considered complete until you receive confirmation that your ACA files were successfully transmitted to the IRS, as either Accepted or Accepted with Errors. The isolved ACA team will provide this filing status no later than 06/30/2025.

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Important Deadlines for Reporting

Start Approving Forms	**1/1/25**
PayServ deadline for forms approval to guarantee form delivery prior to 1/31	1/15/25
Form distribution deadline for residents of California	**1/31/25**
PayServ deadline for forms approval to guarantee form delivery prior to 3/3	2/5/25
IRS deadline for electronic ACA file submission	**3/31/25**

ACA Related Fees

Service	Fees
1095 processing base charge	Per Contract
1095 per charge	Per Contract
1095 shipping fees	Per Contract
Duplicate 1095	$10.00 each
Printing a corrected 1095	$25.00 each
Rejected File Replacement & Submission	$150.00
Correction file & Submission	$150.00

Billing for ACA charges will occur after you 'Approve' your forms.

Additional ACA Resources

IRS Q&A	www.irs.gov/Affordable-Care-Act/

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