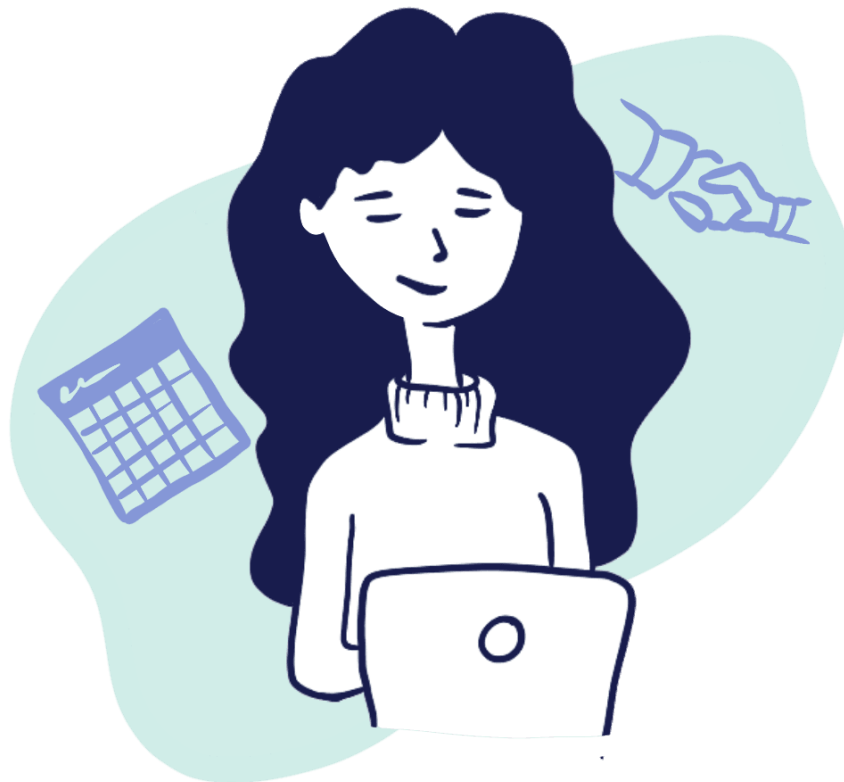


2021 Year End Reference Guide

To prepare for your Payroll Taxes

To make a smooth transition into 2022, we have created this Reference Guide to help answer any questions you might have to prepare for year end payroll tax filings. If you have additional questions, please do not hesitate to contact your Account Manager.



Important Closing Times and Deadlines

Holiday Hours

Thursday, December 23, 2021	Office closes at 12:00 pm
Friday, December 24, 2021	Office is Closed – no scheduled deliveries
Thursday, December 30, 2021	Office closes at 1:00 pm
Friday, December 31, 2021	Office is Closed – no scheduled deliveries

Year End Deadlines

ACA Employer Healthcare Amounts	December 10, 2021
Employee Demographic & W-2 Information	December 20, 2021
Manual Checks & Voided Checks	December 20, 2021
Bonus Payrolls	Last scheduled payroll or December 29 ,2021
Fringe Benefits (2% shareholder, GTL, auto)	Last scheduled payroll or December 29 ,2021
1099 Vendor Payments	Last scheduled payroll or December 29 ,2021
Employee Retention Credits for Q4 2021	January 10, 2021
Third Party Sick Pay	January 10, 2021

Continue to the next page for a further explanation of the above year end deadlines and the actions that need to be taken.

Year End Deadlines Explained

ACA Reporting

The Affordable Care Act (ACA) requires employer to report the cost of employer-provided health care coverage on forms W-2. Reporting is mandatory for employers that file 250 or more W-2's.

These amounts must be reported no later than December 10, 2021.

Employee W-2 & Demographic Information

Employee W-2 information should be reviewed for accuracy no later than December 20, 2021.

This includes: Name, Social Security Numbers & Address of your employees.

Changes to W-2's to correct information after this date will incur additional processing fees.

For your convenience, the W-2/1099 Edit report will automatically process with the standard payroll reports on your last scheduled payroll in November. These reports can be found in Published Reports in Evolution Online.

If you need to make corrections:

- For **online clients**, corrections can be made with any payroll prior to December 20, 2021.
- For **phone/fax in clients**, forward this report with corrections to your Account Manager prior to December 20, 2021.

W-2 Delivery - if you would like W-2's delivered to an address other than where we currently deliver payroll related items, please let your Account Manager know by 12/29/2021.

Manual Checks & Voided Checks

All manual checks not previously reported must be reported no later than December 20, 2021.

All voided checks must be reported no later than December 20, 2021.

If these checks have check dates from a prior quarter, amended returns may be required at an additional fee.

Bonus Payrolls

Payrolls must be submitted by 3:30 pm two banking days prior to check date.

Due to strict banking rules we can not make exceptions to the two-day rule unless funds are wired in advance.

All bonus payrolls should be processed no later than December 29, 2021.

You have many options for processing bonus amounts. We have included a Bonus & Fringe Benefit worksheet along with a chart on how to “Gross up a check”.

If you need assistance processing these bonus payrolls online, please contact your Account Manager to assist you.

Payrolls with \$100,000 or more in federal tax liability or total ACH debit will require wiring of funds

Fringe Benefits

Fringe Benefits such as Auto Allowance, 2% Shareholder Insurance, Group Term Life and Long-Term Disability **must be reported no later than December 20, 2021.**

Keep in mind many of these require tax withholdings and will need to be processed at the same time as a normal payroll or amounts will need to be grossed up to cover taxes.

Please refer to the Fringe Benefits Worksheet at the end of this document for information on how to enter the amounts online or submit to us.

1099 Independent Contractor Payments

All 1099 Independent Contractor payments must be reported no later than December 29, 2021, for reporting on form 1099-NEC.

- *Amounts reported after December 29, 2021, will incur additional processing fees.*

Employee Retention Credits

Employee Retention Credits for 4th quarter 2021 are due to our office no later than January 20, 2022.

- *Please submit a list of the employees indicating their eligible wages and the 70% credit amount.*
- *Please keep in mind that owners and family members are not eligible for these tax incentives.*

Third Party Sick Pay

All Third-Party Sick pay amounts must be reported no later than January 10, 2022.

- Short-term disability will need to be reported through payroll, please indicate who is issuing the W-2 related to third party sick pay.
- Long-term disability does not need to be reported through payroll, your provider is required to issue and file the W-2, unless the company sponsors the plan.

C.A.R.E.S. Act Employer Tax Deferral

If you elected to defer employer portions of taxes for the calendar year 2020, the 1st payment will be due 12/31/2021.

- Your company bank account will automatically be debited for this amount.
- You should have received notification from the IRS for each quarter you elected to defer.
- For a detailed report please email Tax@payrollprocessors.com.

Delivery Information

Our goal is to have all Quarterly Returns, W-2's and 1099's to you no later than January 24, 2021.

- However, due to the ongoing Covid-19 restrictions, unpredictable weather, and numerous tax return changes in 2021, we may be unable to accommodate this time frame.
- Please know that we will be working diligently to ensure you receive this information timely.

Contd.

*December is the height of the shipping season. Winter weather conditions being unpredictable along with numerous holidays in the month can cause delays in payroll deliveries. We have discussed the increase in deliveries with our delivery partners, but some circumstances remain beyond our control so we ask that you **PLAN AHEAD**.*

Preparing for 2022

Below are items **to be reviewed prior to the first payroll in 2022**:

- Review your payroll schedule for 2022
- Have all employees complete an updated W-4 (for your records only)
- Update all employee withholding changes
- Update all deductions (medical, dental etc.)

Getting your 2021 Payroll Data

In March, we will start sending out a USB drive which will incorporate all payroll data for 2021.

- If you have not previously requested this compilation of payroll data, please let your Account Manager know.

Continue to the next page for a guide and worksheet to submit your Year End Bonuses & Fringe Benefits.

Year End Bonus & Fringe Benefits Worksheet

For Phone & Fax Clients Only

Instructions: Complete the information below by checking the appropriate boxes to include with your payroll. Bonus and Fringe Benefit amounts must be reported no later **December 20, 2021**.

Company Name:

Company Code:

	Yes	No
Are bonus amounts to be paid on your regular payroll	<input type="checkbox"/>	<input type="checkbox"/>
Are bonus amounts on a separate check if issued with your regular payroll	<input type="checkbox"/>	<input type="checkbox"/>
Are bonus amounts issued on a separate payroll for reporting purposes	<input type="checkbox"/>	<input type="checkbox"/>
Are bonus amounts Gross amounts (before taxes)	<input type="checkbox"/>	<input type="checkbox"/>
Are bonus amounts Net amounts (after taxes)	<input type="checkbox"/>	<input type="checkbox"/>
If separate check/payroll, do you want live checks (no direct deposit)	<input type="checkbox"/>	<input type="checkbox"/>
If separate check/payroll, do you want to block deductions Check all that SHOULD be deducted from bonus amounts _____ 401k/Def Comp _____ Insurance _____ Loans _____ Union _____ Child Support _____ Other	<input type="checkbox"/>	<input type="checkbox"/>
Do you want Federal & State withholding taxes deducted	<input type="checkbox"/>	<input type="checkbox"/>
Do you want to override the Federal and State Taxes? If yes, complete below. _____ Flat Percent _____ Flat Dollar Amount	<input type="checkbox"/>	<input type="checkbox"/>

Fringe Benefit	Amount	Block Fed Withholding	Block State Withholding
Auto Allowance		Yes No	Yes No
2% Shareholder Insurance (SCorp)		Yes No	Yes No
Other		Yes No	Yes No

Evolution Online Clients

How to Enter Bonus Amounts

There are 2 bonus codes available online:

- Bonus (Full Taxes) – taxable for all taxes, will calculate all taxes
- Bonus (No Fed/State) – taxable for all taxes but will NOT calculate any Fed or State withholding

To pay bonus amounts on the regular payroll enter the amount under the appropriate code; taxes and deductions will be calculated.

To pay bonus amounts on a separate check you can create an additional check or an additional batch.

To pay bonus amounts, block some or all deductions, override taxes – please contact your Account Manager to assist in setting up a check template.

How to Enter Fringe Benefits

Auto Allowance – taxable for all taxes based on the employee’s taxable wage state.

- If entering with live wages, all taxes will automatically be calculated - use earning code Taxable Auto (All Taxes).
- If no live earnings, you must gross up on a manual check, blocking Fed withholding & State withholding. If you do not want them withheld – use earning code Taxable Auto (All Taxes).

2% Shareholder (SCORP) - taxable for Fed and State only based on the employee’s taxable wage state.

- Enter with live earnings and all taxes will automatically be calculated – use earning code 2% shareholder (Fed/State Only).
- If you want no taxes withheld, enter on a separate check, and manually override taxes through check detail - use earning code 2% shareholder (Fed/State Only).

Always pre-process your payroll to verify amounts are correct, they may differ due to rounding.

For assistance using the tax calculator, please refer to our [website](#) under Resources.

How to “Gross Up” Bonus Checks

Employers may want to give their employees “net bonuses” (a set amount after taxes). You will need to “gross up” or increase the net by the amount of taxes that need to be withheld.

The following is a quick guide to grossing up bonuses that include OASDI & Medicare only with FWT & SWH Blocked:

The below example will show you how to calculate the net bonus when Employers want only OASDI & MEDICARE withheld.

Desired Net bonus amount divided by .9235 = Gross Amount

For Example: An employer wants to pay a net bonus of \$200 and withhold only OASDI & Medicare.

- \$200 divided by .9235 = \$216.56 which is the Gross bonus amount to be entered on the pay grid

If the client wishes to include FWT & SWH as well, use the tax calculator in Evolution Online or contact your Account Manager.

Net	Gross Up
50.00	54.14
100.00	108.28
150.00	162.43
200.00	216.57
250.00	270.71
300.00	324.85
350.00	378.99
400.00	433.13
450.00	487.28
500.00	541.42
550.00	595.56
600.00	649.70
650.00	703.84
700.00	757.99
750.00	812.13
800.00	866.27
850.00	920.41
900.00	974.55
950.00	1028.70

Net	Gross Up
1000.00	1082.84
1500.00	1624.26
2000.00	2165.67
2500.00	2707.09
3000.00	3248.51
3500.00	3789.93
4000.00	4331.35
4500.00	4872.77
5000.00	5414.19
5500.00	5955.60
6000.00	6497.02
6500.00	7038.44
7000.00	7579.86
7500.00	8121.28
8000.00	8662.70
8500.00	9204.11
9000.00	9745.53
9500.00	10286.95
10000.00	10828.37