



2020 YEAR-END INFORMATION GUIDE

Please note we will be closed, Thursday, November 26th,
Friday, December 25th and Friday, January 1st.

**On Thursday December 24th our deadline for submitting
payroll is 12 noon.**

If you are normally scheduled for a payroll on these days please
make arrangements with your customer service representative before
the holiday.

*Time Sensitive Material – Please Read
Immediately!*



As year-end approaches, Associated HCM would like to make sure we assist you in every way possible. This Year-End Guide will help you gather and submit the necessary information to your Customer Service Representative. This guide also contains reply forms that may apply to you and your business. We encourage you to read through this guide at your earliest convenience so you are prepared for Year-End.

Please keep the following in mind as you prepare for Year-End:

- **Payroll Adjustments** – Final payroll adjustments (manual and voided checks) must be reported with or before your last 2020 payroll in order to avoid any reprocessing fees.
- **Payroll Check Dates**- These are the determining factors for which year the payroll is reported in. If your check date is in 2020, those entries will be reported in 2020. Please ensure you report all 2020 payroll information before Tuesday, December 31, 2020 to avoid amendment fees or tax penalties.
- **W-2 Information Changes** – Prior to your last payroll in 2020, please use the W-2 verification list to verify:
 - employee name
 - address
 - social security number

This list should be in your payroll packets after the Thanksgiving Holiday and is due back by Friday, December 11, 2020.

- **Special Requests** - Due to the time of the year, expect a longer wait time on special/custom report requests.

If you have any questions about the information contained in this guide, your Customer Service Representative is available to assist you. You should also consult with your accountant regarding questions on taxability and year-end filing responsibilities.



Dates and Deadlines

Tax and Liability Dates:

- Due date for un-deposited tax liability of \$100,000 or more is Monday, January 4, 2021.
- Final 2020 due date for semi-weekly depositors is Wednesday, January 6, 2021.
- Final 2020 due date for monthly depositors is Wednesday, January 13, 2020.
- Federal, state and local tax agencies may impose penalties and interest if deposits are made after the scheduled due dates. Please verify your deposits and normal due dates carefully to avoid assessments.
- Adjustments or amendments made to your payroll file after December 31, 2020, may result in penalties and interest. We realize that under certain circumstances you will not have all of your tax information available by December 31. If you want us to make additional tax deposits for your account we can do so, but we ask that you sign a penalty waiver before we proceed. For your convenience, we have included a penalty waiver form at the end of this packet. We appreciate your cooperation.

2020 Payroll Reporting Deadlines

December 11, 2020 - All Employee W-2 Verification Reports are due to your specialist.

- o Please refer to the “Employee W-2 Verification Report” in your payroll packets.

December 27, 2020 – Deadline for direct deposit clients to submit their final payroll with a check date of December 31, 2020 (unless you are required to process more than 2 days prior to check date, please ask your customer service representative if you have this requirement).

December 30, 2020– Final deadline for all clients to run a payroll with a check date of December 31, 2020 without direct deposit.

January 6, 2021 - All additional wage reporting must be reported to Associated HCM. Failure to report these items in a timely fashion may result in amendments and additional fees. Additional wage reporting is restricted to the below listed items:

- o Third Party Sick Pay
- o Group Term Life Insurance
- o Moving Expenses
- o Dependent Care
- o Qualified Pension & Retirement Plans

We highly recommend these items are processed with a regular payroll. This will ensure that your employees have adequate pay from which to withhold the taxes and relieve you from the potential liability of having to pay your employee’s taxes if they have no payable wages from which to pay the required taxes.



Processing Special or Bonus Payrolls

We strongly recommend that all bonus payrolls be processed separately from regular payrolls. If you choose to report bonus checks with your regular payroll (same check or a second check) it may have a substantial impact on both the employer and employees' taxes. The employee may be over or under taxed if a separate check is not cut and the business may have to follow the \$100,000.00 liability rule explained further down. **In addition if your total direct deposit and tax liability combined is 100,000 or more you will be required to wire those funds.**

- If you are using direct deposit, be sure to run your bonus payroll at least **2 days** prior to your check date. Payroll needs to be processed 48 hours prior to check date to avoid late processing fees and to allow time for a possible wire request.



Federal Tax Liabilities Over \$100,000

All federal tax liabilities greater than \$100,000 must be deposited by the next banking day following the check date. Please keep in mind, even if you run two separate payrolls with the same check date, the liabilities from both runs must be added together in order to determine if the \$100,000 rule applies to you. Depending on the size of your federal tax liability, it may be necessary to wire the funds prior to the check date.

Tax Filing Information

Payroll Adjustments

All manual checks, voided checks, and other adjustments should be reported no later than your last scheduled payroll of the year. This will ensure that your taxes are deposited in a timely manner and no late payment penalties will be assessed by the agencies or any amendment fees will be required.

Correction Waiver

If you require Associated HCM to process payroll adjustments after December 31, 2020, it may result in late payment penalties and interest, as well as late processing fees. You must submit a Letter of Release prior to running this payroll to ensure you are aware of possible penalties and interest that will be your responsibility. We have included a sample letter that will apply to a specific payroll. Simply complete the letter and return it to your Customer Service Representative.



Year-End Checklist

Please be sure the following items are completed prior to your final 2020 payroll.

- The following information has been verified and submitted using the Employee W-2 Verification Report:
 - Social Security Numbers
 - Legal employee names
 - Current legal addresses

- You have verified your tax identification numbers and communicated your filing responsibilities with your customer service representative.

- The federal government requires Box 13 on Form W-2 to be marked for each active and/or eligible participant of a retirement plan for any part of the calendar year. This will be done automatically if you have employees with year-to-date deferred compensation amounts in our system.
 - Consult your accountant or tax advisor if you have pension plans other than those reported in our payroll system, or if you need assistance in determining your pension plan's reporting requirements under federal government regulations. If it is determined that the pension box needs to be checked on Form W-2, please submit a list of the affected employees to your Customer Service Representative.

- All adjustments for 2020 have been applied or an adjustment payroll has been scheduled.
 - This includes additional items such as but not limited to:
 - Allocated tips
 - Dependent Care
 - Group Term Life Insurance
 - Qualified pension and retirement plans
 - Moving expenses
 - Third party sick pay
 - Taxable fringe benefits
 - Personal Use of Company Car
 - S Corp Health
 - Pension Plan
 - Employer HSA contributions

- All terminated employees have been classified as such so they will be removed from your call sheets for the New Year.

- All employees have their birth date correctly entered in the employee maintenance screen. **This is especially important for clients with a 401(k) or SIMPLE IRA plan in force.**



- Federal regulations require employers who filed 250 or more Forms W-2 for the prior tax year to report the total aggregate cost of certain types of health care coverage. The reporting is informational only and must be reported as a single item in Box 12 on the W-2, labeled with code “DD”. Please report this amount to your Customer Service Representative so that it can be properly reported on Form W-2. Certain employers are not subject to this new reporting, including Indian tribal governments and small employers– defined as fewer than 250 Forms W-2 in the prior tax year.

- Medicare Tax Rate for Higher-Income Taxpayers: Higher-income taxpayers will pay an additional Hospital Insurance (HI) tax rate of .9% on income that exceeds certain thresholds. Income greater than \$250,000 for married couples filing jointly, \$125,000 for married couples filing separately, and \$200,000 for single, head of household with qualifying child, and qualified widow(er) with a dependent child will pay the higher rate. As standard in our industry, our system begins calculating the additional Medicare tax once an individual employee has earned \$200,000.00 in taxable Medicare wages. Employees generally pay Medicare at a rate of 1.45% on all wages which is matched by the employer. The employer will not be required to match the additional rate of .9% that will be withheld from the higher-income employees. The additional HI tax withheld will be reported on the W-2 in Box 6 and the IRS will modify Form 941 to report the excess wages. For more information on this topic, the IRS has released an article “Questions and Answers for the Additional Medicare Tax” in a question and answer format to help employees, employers, and payroll service providers comply with the health care mandate. This article can be found on the IRS website: <http://www.irs.gov/>. Once you get there, search for Questions and Answers for the Additional Medicare.

The following items should be completed with your first payroll of 2021:

- Updates to employee deductions such as medical, dental, 401(k), etc.
- Updates to “allowed and taken” accruable hours (vacation, sick or personal hours).
- Deactivate any 401(k) catch-up contributions. If you have any employees that are set up with the 401(k) catch-up deduction, both the regular and catch-up deductions may come out on the first payroll of 2020 unless you request a change.
- Send deposit frequency notice you may receive from the IRS for 2021 tax deposits.
- Send 2020 Unemployment rate notices you will receive from your state(s).



W-2 And 1099 Filing Deadlines

As a reminder, tax filing deadlines for 2020 W-2s and 1099's is January 31, 2021 for employers.

The deadline for employees to file with Internal Revenue Service is April 15, 2021.

ARE YOU ACA COMPLIANT?

Businesses that are considered an applicable large employer under the employer shared responsibility (ESR) provisions under the Affordable Care Act — that is, any employer with 50 or more full-time employees, including full-time equivalents — are required to provide detailed reporting to the IRS of full-time employees and of health insurance offered to these employees, their spouses, and their dependents. If your business is an applicable large employer, you must file Forms 1094-C and 1095-C with the IRS as well as provide Forms 1095-C to their full-time employees, or face potentially costly non-filing penalties. As the end of 2020 quickly approaches, all employers should ensure ACA reporting is completed.

- **Are all full-time employees, working on average of 30 hours per week, offered health insurance?**
- **Have you completed reporting for months of coverage with your ACA representative?**
- **Are EIN's for companies with common ownership recorded for 1094B/C forms?**
- **Review if any employee came out of the measurement period and is now determined as full-time.**

Deadlines for reporting:

- March 2, 2021 – to distribute Forms 1095-C/1095-B to employees and individuals
- March 1, 2021 – Paper Forms 1094-C/1094-B and Forms 1095-C/1095-B must be filed to the IRS
- March 31, 2021 – Electronic Forms 1094-C/1094-B and Forms 1095-C/1095-B must be filed to the IRS. Employers filing more than 250 forms must file electronically.

We wanted to remind you to keep up with making sure the coding is completed by December 31, 2020. All forms will be generated in January, along with your W2's.

We are here for support, but want to remind you that we are not responsible for the coding input in the system, this remains your responsibility. We will continue assist you and file the proper forms on behalf of your organization. Thank you for permitting Associated HCM to assist you with your Affordable Care Act (ACA) record keeping and filing.



Multi-State Unemployment Tax Compliance

If you are a multi-state employer, are you aware of the DOL (Department of Labor) guidelines for determining the jurisdictions to which you must remit SUI (State Unemployment Insurance)? Because, if you're not, you could be paying too much!

There are 4 factors in successive order that apply which include where services are localized, base of operations, direction and control, and residence to determine the single jurisdiction to which an employer must remit SUI. When an employer misapplies the four factors, the result may well in fact produce a significant overpayment of the required SUI liability. Let us help you determine where your employees should be taxed. Please contact your customer service representative if you have any questions.

For CPA's:

Be sure you have access to all of your client's accounts, reports, and tax returns. With Associated HCM, you will have a single-sign on log in with access to all of your clients. Be sure to have your clients sign the 3rd party authorization form included in this packet, and have them send it to their customer service representative for setup.



Correction Waiver

Company Name:

Company Number:

Date:

Due to the timing of my payroll adjustments, I understand that Associated HCM cannot guarantee the timely deposit of my taxes. While Associated HCM will make every effort to help deposit the taxes timely, should any penalties and/or interest be incurred, I release Associated HCM from any and all liabilities and accept full responsibility for these charges.

Check Date:

Quarter/Year:

Processing Date:

The reason for the adjustment or late deposit: (check all that apply)

- Manual checks / Void checks
- Incorrect prior balances
- Bonus payroll
- Third party sick pay
- Other (please describe below)

Signature of Officer

Print name and Title

E-mail this form to tax@associatedhcm.com