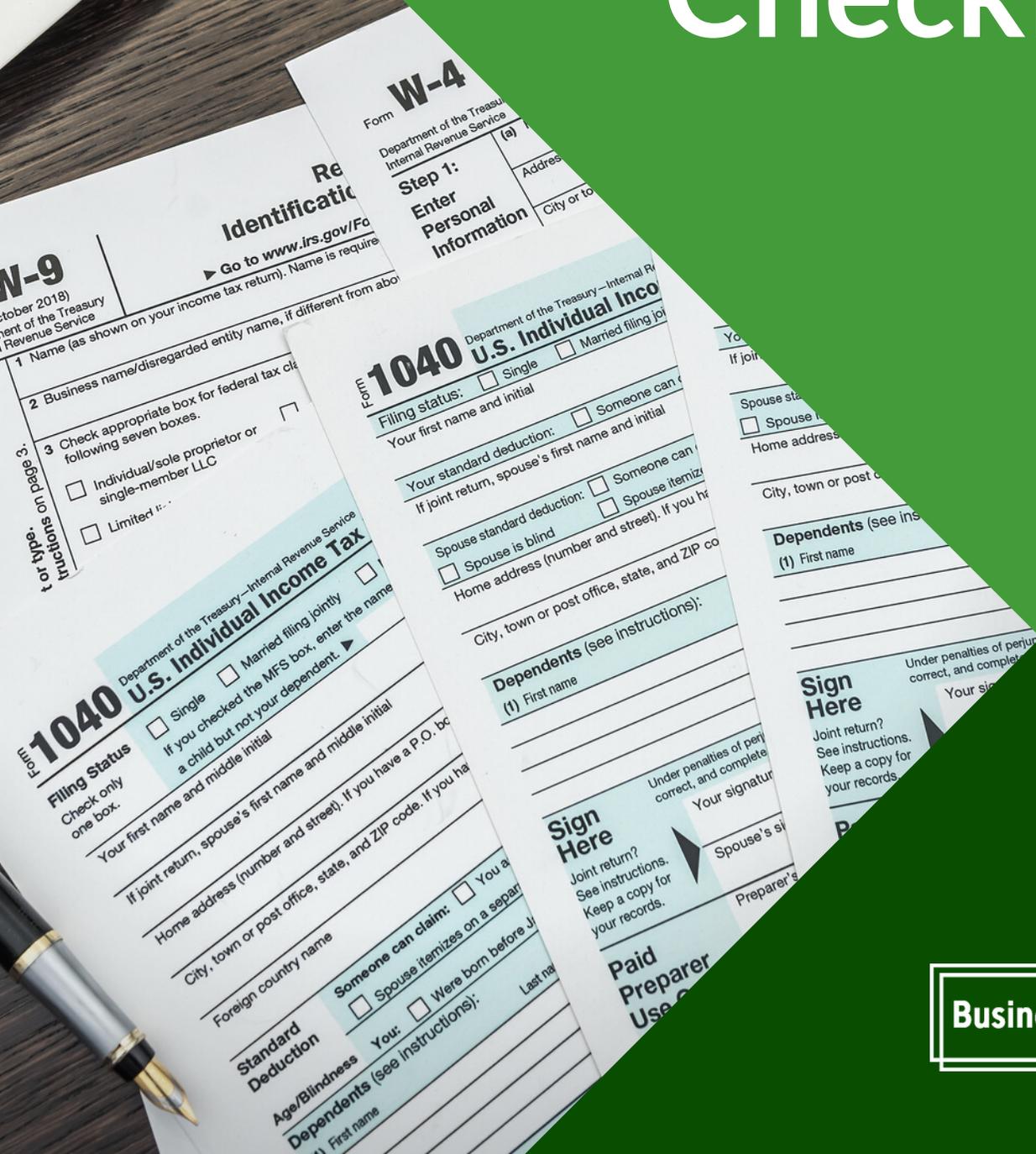


White Paper

Payroll Checklist



Payroll Checklist

A step-by-step compliance guide to each pay period, month, and calendar quarter of the year.

Year-end for Payroll and Accounts Payable doesn't just begin in the third quarter, ramp up in the fourth quarter and wind down at the end of the first quarter of the next year.

It's often said that the ultimate goal is an uneventful year-end. One key way of achieving that goal is to understand that year-end is, really, a year-long process. Best advice: You can never overcheck for accuracy.

Here's a payroll checklist you can use to help guide you through each pay period, month, and calendar quarter. Since year-end is a long and arduous process, your human resources team should jot down your year-end procedures as you complete them, and add them to this checklist. That will make your next year-end a snap.

© 2022, Business Management Daily, a division of Capitol Information Group, Inc., 7600A Leesburg Pike, West Building, Suite 300, Falls Church, Virginia 22043-2004; telephone: (800) 543-2055; www.businessmanagementdaily.com. All rights reserved. All rights reserved. No part of this report may be reproduced in any form or by any means without written permission from the publisher. Printed in the U.S.A.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting or other professional service.

Payroll checklist special circumstances

Post-pandemic record-keeping:

- Retain the Forms 7200 you've filed to request advances on your pandemic-related tax credits.
- For Paycheck Protection loan forgiveness purposes, assemble documentation showing you continued employees' pay and benefits for up to 24 weeks after receiving the loan.

For each new employee:

- Verify new employees' work eligibility and complete Form I-9.
- Request that new employees present their Social Security cards, photocopy those cards, and record their Social Security numbers.
- Have new employees complete Forms W-4 to determine payroll tax withholdings.
- Report new hires to the state directory of new hires.
- Enroll new employees in direct deposit or a paycard program. Ensure that new employees receive all applicable disclosures.

For each terminating employee:

- Enter the last payroll date.
- Terminate the employee's direct deposit and pay the last check on paper.
- Ensure that payouts for accrued vacation follow company policy or state law.
- Ensure that COBRA and 401(k) rollover notices are distributed.

For each independent contractor:

- Review vendor contracts for vendors' Taxpayer Identification Numbers (TINs). Begin backup withholding for vendors who didn't provide their TINs prior to payment. Solicit TINs by sending them Form W-9.
- Track amounts paid to independent contractors; Tax Form 1099-NEC reporting is necessary for noncorporate vendors who receive cash payments of \$600 or more during the calendar year.
- Track vendors who accept credit cards, debit cards, or other electronic payments; Form 1099-NEC reporting isn't required for those vendors.

Payroll checklist recurring tasks

Before every payday:

- Ensure that employees turn in their timesheets for payroll processing.
- Determine whether additional pay, factored into an employee's wages (e.g., overtime or spot bonuses), must be included in the payroll run.
- Determine whether any vacation/PTO payouts must be made and adjust the employee's vacation time balance.

After every payday:

- List each earning and deduction category & tie those figures to Form 941, Line 2.
- Map & reconcile each payroll earning & deduction category to the general ledger.
- Reconcile employees' gross pay to net pay.
- Post employees' benefit/payroll adjustment data. Include third-party paid sick pay & manual & void checks.
- Run payroll adjustments for year-to-date corrections.
- Get input from other departments (e.g., Accounts Payable, Finance, HR and Benefits) to track taxable payments to employees that aren't made through the Payroll department. Tax, withhold, and post adjustments as necessary. Payments include:
 - Benefits that exceed monetary thresholds—dependent care assistance in excess of \$5,000, group-term life insurance in excess of \$50,000, educational assistance in excess of \$5,250; monitor for these thresholds.
 - Business expense reimbursements that employees don't substantiate within 60 days, or, if the IRS' safe harbor is used, within 120 days of your quarterly statement to employees.
 - Reimbursements or payments for employees' moving expenses.
 - The fair market value of individual gym memberships, even if the company obtains a corporate discount.
 - The fair market value of health benefits provided to employees' domestic partners or civil union partners of either gender.
 - Dependent group-term life insurance, if the policy exceeds \$2,000.
 - Group-term life insurance in excess of \$50,000 provided to retirees.
 - The amount of forgiven loans.
 - Employee recognition awards that are more than *de minimis* benefits (e.g., all-expense-paid trips, gift certificates).

- Employee prizes, referral bonuses, and suggestion awards.
- The fair market value of unrestricted gift certificates or gift cards.
- The value of personal miles driven on a company-provided gas card.
- Employees' personal use of company vehicles. *Note:* For company cars only, income tax withholding is optional. If you choose not to withhold, notify employees that you haven't withheld (see December), and include 100% of the value of their business and personal use in the appropriate boxes on their Forms W-2.
- Unsubstantiated mileage allowances provided to employees who drive their own cars on business.
- Break out taxable executive benefits and get input from the appropriate departments (e.g., Executive Compensation Committee) to track taxable payments to executives. Tax and post adjustments, as necessary.
Payments include:
 - Distributions from nonqualified deferred compensation plans.
 - The fair market value of annual physicals.
 - The fair market value of meals regularly provided in an executive dining room.
 - The fair market value of sky boxes and other private luxury boxes leased for more than one event; catering is valued separately.
 - Country club dues.
 - Reimbursements for spousal travel.
 - Medical expense reimbursements provided under a discriminatory self-insured plan.
 - Health plan premium payments for 2% S corp shareholders.
 - The imputed interest from compensation-related loans exceeding \$10,000 with below-market interest.

After every month:

- Reconcile your tax register and bank accounts.
- Research outstanding checks that are older than 30 days; post unclaimed checks to an unclaimed earnings escrow account.
- Document gross-to-net calculations for manual checks; ensure that manual checks and voids are entered properly; review the general ledger accounts.
- For health care compliance, for each full-time employee of a large employer (i.e., employers with at least 50 full-time and full-time equivalent employees):
 - The names of employees who change status from part-time to full-time, and vice versa, and the dates when those changes in status occur.
 - The names of rehired employees who have been off the payroll for at least 13 weeks.
 - The beginning and ending dates of new hires' and existing employees' orientation periods and waiting period for health care coverage.
 - The amount of the employee's share of the lowest cost monthly premium for self-only minimum value health coverage (this may or may not be a constant figure for all employees, per plan year).
 - The type of health coverage chosen by employees, if any (e.g., self-only, self plus dependent, self, plus dependent, and spouse).
 - For full-time employees who decline coverage, signed and dated waivers.
 - Whether the employer satisfied its chosen affordability safe harbor (i.e., W-2, Box 1 safe harbor, rate-of-pay safe harbor, or federal poverty line safe harbor).
- For health care compliance, for each non-full-time employee of a large employer:
 - The number of hours worked.
 - The beginning and ending dates of new hires' initial measurement period, administrative period, and stability period.
 - The beginning and ending dates of ongoing employees' standard measurement period, administrative period, and stability period.
- For health care compliance, for each employee and dependent who receives self-insured coverage from a large employer:
 - Dependents' Social Security numbers, or if Social Security numbers aren't available, dependents' dates of birth.
 - For each covered individual, the months during which he or she had health coverage for at least one day.
- For health care compliance, for each large employer:
 - The number of full-time employees.
 - The total number of employees.

- Information regarding whether coverage was offered to at least 95% of full-time employees and their dependents.
- For health care compliance, for each employee of a self-insured small employer/small business (i.e., employers with fewer than 50 full-time and full-time equivalent employees):
 - Dependents' Social Security numbers, or if Social Security numbers aren't available, dependents' date of birth.
 - For each covered individual, the months during which he or she had health coverage for at least one day.

After every quarter:

- For income tax withholding, create a worksheet to reconcile taxable wages, from Form 941, Line 2, to taxable wages, as recorded in a wage summary report; also, reconcile the tax amount, from Form 941, Line 3 to taxable wages, as recorded in a wage summary report.
- Create a worksheet to reconcile your state tax liability to state taxable wages, as shown in a wage summary report; also, reconcile state taxes withheld to state taxes deposited.
- Tie federal income tax withholding totals to state income tax withholding totals.
- For Social Security tax withholding, create a worksheet to reconcile taxable wages, from Form 941, Line 5a to taxable wages, as recorded in a wage summary report; also, reconcile the tax amount, from Form 941, Line 5a to the taxable amount, as recorded in a wage summary report.
- For Medicare tax withholding, create a worksheet to reconcile taxable wages, from Form 941, Lines 5c and 5d to taxable wages, as recorded in a wage summary report; also, reconcile the tax amount, from Form 941, Lines 5c and 5d to the taxable amount, as recorded in a wage summary report.
- Create a worksheet to reconcile FUTA tax liability to FUTA taxable wages, as recorded in a wage summary report; also, reconcile FUTA tax amounts to FUTA tax calculations.
- Create a worksheet to reconcile SUTA tax liability to SUTA taxable wages, as recorded in a wage summary report; also, reconcile SUTA tax liability to SUTA tax amounts.
- Tie FUTA totals to SUTA totals.
- Create a worksheet that reconciles the Form 941 totals and wage summary totals to Forms W-2/W-3.
- Balance quarterly reports and Forms 941 to the general ledger.

- After filing Form 941 for the quarter, make interest-free adjustments of underreporting errors by filing Form 941-X by the due date of Form 941 for the quarter during which the error is discovered, and pay any tax due. Also, file Forms W-2c/W-3c, as appropriate.

Payroll checklist 2022: Month-by-month

September 2022

- Verify the 2023 deposit schedule. Monthly depositors in 2022 will deposit semi-weekly in 2023 if the total taxes on the two Forms 941s filed for the third and fourth quarters of 2021 and if the first and second quarters of 2022 exceeded \$50,000.
- If you deferred the deposit of the employer's 6.2% share of Social Security taxes during 2020, ensure the second installment is paid back by January 3, 2023.
- Plan holiday pay schedules by reminding managers of the deadlines for submitting time sheets.
- Send current year Forms W-4 to employees. Use these forms to fulfill your solicitation duties, if you receive a notice from the IRS that employee information (name/Social Security number) doesn't match.
- Ensure that employees' 0.9% additional Medicare tax is accumulating properly; ascertain whether any interest-free adjustments need to be made, and begin the process now.
- Ensure that executives who participate in nonqualified deferred compensation plans have the proper amounts withheld from distributions.
- Health flexible spending accounts without grace periods or a rollover option should inform employees that they will forfeit amounts left in their accounts at the end of the plan year. Employees can accelerate expenses into the current year.
- Health flexible spending accounts should inform employees of the maximum pretax deferral amount for the coming year.

October 2022

- Set up a year-end committee, assign tasks and completion dates. Include Accounting, Finance, HR, Benefits, Mailroom, and IT. Create an online log so everyone can see the progress of all participants.
 - Plan for the implementation of the IRS' new information return e-filing regulations, which drop the e-filing threshold down to 100 or more returns and require all information returns to be aggregated, by convening a subcommittee meeting with all other departments that file information returns (e.g., Finance for 1099s, Benefits for 1095s).
 - Check state rules for mandatory e-filing of information returns.
- Confirm employees' addresses and update your computer-generated mailing labels, as necessary.
- Ask employees to confirm their Social Security numbers; if your payroll system/payroll software masks Social Security numbers, unmask them so employees can confirm them.
- Confirm that employees' names and Social Security Numbers match by using the SSA's Social Security Number Verification Service. Go to www.ssa.gov/employer/ssnv.htm.
- Research whether state tax agencies will accept Forms W-2 on which employees' Social Security numbers have been truncated.
- Review the holiday processing schedule.
- Confirm year-end payroll deadlines and final federal/state deposit dates.
- Inquire whether other departments will need year-end payroll reports, and send memos to other departments thanking them for their timely input last year and reminding them that their cooperation will again be needed for this year.
Examples: HR and Accounts Payable.
- If personnel changes occurred in other departments, identify new people with whom you'll be working. Prepare a memo detailing the information they must provide to you.
- Identify new outsiders, such as third-party administrators, third-party payers of sick pay, or other payroll services with whom you'll be working.
- Find out when your software provider will publish tax updates for the upcoming tax year.
- Review posting descriptions on nonrecurring journal entries. Delegate this task to yourself if support staff's notations aren't adequate.
- Check deduction codes for employees making charitable donations through payroll deductions. If you choose, you can report those amounts in Box 14 of their Forms W-2.

- Review facsimile signatures for Forms 941, 940, 945, and 944, and authorization letters from upper management.
- Update employees' consents for electronic Forms W-2; also, check your e-delivery system.
- Order Forms W-2 and W-3 from the IRS for the current tax year.
- Electronic Forms W-2 filers must register with the SSA for a PIN; go to www.ssa.gov/bsowelcome.htm#wage and click on Registration.
- By **October 31**, file Form 941 for the third quarter with the IRS.

November 2022

- Mark **November 1**, or any later date, as the cut-off date, if you use the special accounting rule for non cash fringe benefits.
- By **November 10**, file Form 941 for the third quarter with the IRS. This due date applies only if you deposited the tax for the quarter in full and on time.
 - Determine whether your state will pay back loans it borrowed from the Department of Labor during 2020; put aside extra money for your fourth-quarter FUTA deposit in case your FUTA tax credit will be lowered as a result of the outstanding loan.
- Once your third-quarter Form 941 is filed, check your records against the totals on all three forms. Identify any over- or under-reporting of income or wages, and adjust tax overpayments or underpayments on your fourth-quarter Form 941.
- Test computer programs for Forms W-2 that are due next year.
- If you print your own substitute Forms W-2, review the specifications in IRS Pub. 1141 and update your software. Run samples on plain paper to test for the current year and to ensure that all data appear in the correct boxes; shred samples before disposing of them. *Rule of thumb:* Have 125% of the forms you'll actually need. The extra will account for forms used in tests, forms with mistakes, and duplicate forms your employees ask you to provide. Order envelopes for Forms W-2.
- Submit laser-printed substitute Forms W-2 (Copy A) and W-3 to the SSA for approval; e-mail the SSA at copy.a.forms@ssa.gov.
- Check the IRS's website www.irs.gov/app/picklist/list/formsPublications.html to ensure that you have the most recent Forms 941, 940, 944 and 945.
- Note the next year's Social Security taxable wage base, employees' withholding adjustments and income tax withholding tables.
- Schedule special year-end reports to/from other departments.

- Send memos to employees showing the next year's paydays, the new Social Security taxable wage base, 401(k) pre tax limit, and state unemployment/disability wage bases, if applicable.
- Make new folders for the next year.
- Check your SSA-issued website password; passwords expire every 90 days, so you may need to create a new one.
- Ask your bank to prepare an early cut-off statement for December.
- Head off last year's problems for this year. *Consider:* Was the mailroom notified of the volume of outgoing mail when Forms W-2 and 1095 were mailed? Was there enough postage in the postage machine?
- Decide whether employees' Forms 1095-C will be provided in the same mailing as their Forms W-2; if yes, be prepared to adjust postage accordingly.

December 2023

- Schedule bonus payrolls.
- Notify employees if you're not withholding on their personal use of company cars or are using the special accounting rule to value non cash fringe benefits.
- Double-check employees' pretax deductions, coding for Form W-2, Box 12, and year-to-date figures.
- Confirm final calculations of the taxable cost of group-term life insurance over \$50,000 and employees' personal use of company cars; finalize calculations for imputed interest for loans with below-market interest rates.
- If paid time off isn't allocated on a calendar-year basis, check that employees' balances aren't re-set to zero with the first payroll of the new year.
- Distribute the next year's Forms W-4 to employees. Employees whose family status changed within the last two years, or those who claimed an exemption from income tax withholding in the current year, *must* file new forms; everyone else *may* refile.
- Cut manual checks for employees fired between the last payroll of the current year and the first payroll of the next year.
- Conduct a final review of the general ledger for "hidden" wages, notably noncash fringes.
- Let all interested parties (HR, IT and Accounting) know the cut-off date for the previous year's payroll and the first payroll for the new year.
- Before processing the first payroll of the new year, make sure the new Social Security wage base, state unemployment and disability wage bases (if applicable), federal adjustments, state withholding allowances, federal and state tax rates, and employees' benefits data are input into the system.

- Back up your system before processing the first payroll of the new year.
- Inform your service bureau of your Forms W-2 schedule, and any changes for the coming year, including employees' benefits deductions and new Forms W-4.

Payroll checklist 2023: Month-by-month

January 2023

- Determine how many Forms 1099 Accounts Payable and other departments will be issuing, Forms 1095 Benefits will be issuing, and Forms 3921/3922 the Executive Compensation Committee will be issuing. If the combined total is at least 100 returns, including W-2s, prepare to e-file all returns.
- Notify the mailroom of the date your Forms W-2 and 1095 will be mailed to employees. Remind mailroom personnel to have sufficient postage in the postage machine.
- Send memos to employees explaining that Form W-2 Box 1, 3 and 5 entries may differ due to pretax deductions.
- Prior to processing your Forms W-2 and fourth-quarter Form 941, verify that the general ledger accounts balance. *What to look for:* employer/employee tax withholding accounts. Be prepared to make correcting journal entries for out-of-balance situations caused by year-end adjustments.
- Complete your fourth-quarter Form 941 first, then do a final balance of the Forms 941 and W-2 totals. *What must balance:* federal income tax withheld, Social Security and Medicare wages and Social Security and Medicare taxes withheld.
- Do a preliminary run of your Forms W-2 on plain paper. Verify your Forms W-2/941 totals against an annual reconciliation worksheet. Track any missing adjustments so you won't have to issue a Form W-2c later on.
- Renew third-party designee status on annual Forms 940, 944, and 945.
- Use the Social Security Administration's (SSA) free Accuwage software to check balances before distributing Forms W-2. Accuwage is available at www.ssa.gov/employer/accuwage.
- If you need an extension of time to file Forms W-2, 1099 or 1095, file Form 8809 with the IRS. Extensions of time to file Forms W-2 and 1099-NEC on which nonemployee compensation is reported in Box 1 will only be at the IRS' discretion and for good cause.
- W-2 e-filers that format files to the SSA's EFW2 specifications should take these steps.
 - Make sure that data files are in text format.

- Test wages file through AccuWage Online before uploading those files to the Social Security Administration.
- Enter the correct tax year in the Employer Record (Record RE).
- Scan files for viruses before submitting them to the SSA.
- Configure anti-spam e-mail software so that e-mail from the SSA isn't tagged as spam.
- Ensure that the user ID that's assigned to the employee who is attesting to the accuracy of the W-2 data is included in the Submitter Record (Record RA). Also, include this employee's phone number and e-mail address; failure to do so may lead the SSA to reject the submission.
- Make sure each data field is complete (Record RA through Record RF).
- Don't create a file that contains data after the Final Record (Record RF).
- Before transmitting data to the SSA, randomly sample from the beginning, middle and end of an employee record. *What should match:* the employee's name, address, Social Security number, wages and taxes.
- When logging onto the SSA's business services online, check your user ID characters. For example, a capital "O" could be mistaken for a zero, or a lowercase "l" could be mistaken for a one. Try the other choice if your first choice doesn't work.
- **By January 3**, repay one-half of the amount of Social Security taxes that were deferred during 2020.
- **By January 31**, give employees their Forms W-2 and 1095; give retirees their Forms 1099-R; give Form 1099-NEC forms to independent contractors. File all forms with the SSA or IRS, as applicable. File Form 941 for the fourth quarter and Forms 940 and 945 for the previous year.
 - For corrected Forms W-2 issued to employees prior to filing, check the Void Box on Copy A, and insert "Corrected" at the top of Copies B, C and 2.
 - File paper Copy A of Form W-2, along with transmittal, Form W-3, with the SSA. Employers filing 250 or more W-2 reports must file with the SSA electronically.

February 2023

- Check that employees' requests for duplicate or corrected Forms W-2 are signed by employees and that signatures are legitimate. This ensures that ex-spouses haven't slipped one by employees.
- Send Forms W-2c to the SSA as soon as Form W-2 errors are discovered.

- Reply promptly to any SSA notice that Form W-2 totals for a year disagree with the IRS' Form 941 totals. Respond in a timely fashion to the SSA's request for corrections to Form W-2 identity data.
- By **February 10**, file Form 941 for the fourth quarter. This due date applies only if you deposited the taxes for the quarter in full and on time. File Forms 940 and 945. This due date applies only if you deposited the taxes for the year in full and on time.
- **By February 28**, file Copy A of all paper Forms 1099 (except Forms 1099-NEC on which nonemployee compensation is reported in Box 1) and Form 1096 with the IRS; file paper Forms 1095 and 1094 with the IRS.

March 2023

- By **March 2**, provide employees with Forms 1095-C, if forms could not be provided by January 31, 2023.
- **By March 31**, file Forms 1095 with the IRS. This due date applies only if you file electronically through the IRS' AIR system. File Forms 1099 (except Forms 1099-NEC on which nonemployee compensation is reported in Box 1). This due date applies only if you file electronically through the IRS' FIRE system.

May 2023

- By **May 1**, file Form 941 for the first quarter with the IRS.
- By **May 10**, file Form 941 for the first quarter with the IRS. This due date applies only if you deposited the tax for the quarter in full and on time.

July 2023

- Ensure that all monthly, quarterly and annual balances are accumulating properly; pay attention to adjustments.
- Inquire whether your group health insurer will pay medical loss ratio rebates this year; tax, withhold, and report rebates that are attributable to employees' pretax contributions made during the previous calendar year.
- Visit the SSA's website www.ssa.gov and download and review changes to the Form W-2 e-filing specifications—*Electronic Filing of W-2s (EFW2)*. First-time e-filers can take an SSA-provided tutorial; all e-filers can use the SSA's AccuWage program to test files for errors.
- **By July 31**, file Form 941 for the second quarter with the IRS.

August 2023

- By **August 10**, file Form 941 for the second quarter with the IRS. This due date applies only if you deposited the tax for the quarter in full and on time.
- Alert Finance as employees max out on the Social Security taxable wage base and state unemployment/disability wage bases.
- Review year-to-date salary figures for high earners. Begin withholding Medicare taxes at the 2.35% rate for employees when their wages exceed \$200,000.
- Suggest that high earners who may be liable for the additional 0.9% Medicare tax and employees who obtained advance premium tax credits to buy individual health insurance through a health insurance exchange reconcile their liability for additional income taxes and refile their Forms W-4 to increase their withholding for the remainder of the year.
- Begin gathering employees' consent for electronic delivery of their Forms W-2.
- Begin gathering employees' separate consents for electronic delivery of their Form 1095-C or Form 1095-B.
- Sweep your payroll system clean of Individual Taxpayer Identification Numbers (ITINs). The IRS provides ITINs to aliens for tax purposes unrelated to work; employees always have SSNs.
- Scan undeliverable Forms W-2 and the postmarked envelopes, and shred the paper copies. *Note:* Be sure IRS auditors can read the scanned forms.
- Have your IT department test the payroll system for employees' names/Social Security Numbers, Forms W-4, and withholding on taxable fringe benefits.
- Purge the master file of terminated employees.
- Review your list of taxable fringes and decide how they will be recorded in the general ledger.

September 2023

- Verify the 2024 deposit schedule. Monthly depositors in 2023 will deposit semi-weekly in 2024 if the total taxes on the four 941s filed for the last two quarters of 2022 and the first two quarters of 2023 exceed \$50,000.
- Plan holiday pay schedules by reminding managers of the deadlines for submitting time sheets.
- Send current year Forms W-4 to employees. Use these forms to fulfill your solicitation duties, if you receive a notice from the IRS that an employee's name/Social Security number doesn't match.

- Ensure that employees' 0.9% additional Medicare tax is accumulating properly; ascertain whether any interest-free adjustments need to be made, and begin the process now.
- Ensure that executives who participate in nonqualified deferred compensation plans have the proper amounts withheld from distributions.
- Health flexible spending accounts without grace periods or a rollover option should inform employees that they will forfeit amounts left in their accounts at the end of the plan year. *Idea:* Employees can accelerate expenses for prescription drugs into the current year.
- Health flexible spending accounts that use the calendar year as the plan year should inform employees of the maximum pre tax deferral amount for the coming year.

October 2023

- Set up a year-end committee, assign tasks and completion dates. Include Accounting, Finance, HR, Benefits, Mailroom, and IT. Create an online log so everyone can see the progress of all participants.
 - Plan for the implementation of the IRS' new information return e-filing regulations, which drop the e-filing threshold down to 10 or more returns and require all information returns to be aggregated, by convening a subcommittee meeting with all other departments that file information returns (e.g., Finance for 1099s, Benefits for 1095s).
 - Check state rules for mandatory e-filing of information returns.
- Confirm employees' addresses and update your computer-generated mailing labels, as necessary.
- Ask employees to confirm their Social Security numbers; if your payroll system masks Social Security numbers, unmask them so employees can confirm them.
- Confirm that employees' names and Social Security Numbers match by using the SSA's Social Security Number Verification Service. Go to www.ssa.gov/employer/ssnv.htm.
- Review the holiday processing schedule.
- Confirm year-end payroll deadlines and final federal/state deposit dates.
- Inquire whether other departments will need year-end reports from Payroll, and send memos to other departments thanking them for their timely input last year and reminding them that their cooperation will again be needed for this year.
Examples: HR and Accounts Payable.

- If personnel changes occurred in other departments, identify new people with whom you'll be working. Prepare a memo detailing the information they must provide to you.
- Identify new outsiders, such as third-party administrators and third-party payers of sick pay, with whom you'll be working.
- Find out when your software provider will publish tax updates for the upcoming tax year.
- Review posting descriptions on non recurring journal entries. Delegate this task to yourself if support staff's notations aren't adequate.
- Check deduction codes for employees making charitable donations through payroll deductions. If you choose, you can report those amounts in Box 14 of their Forms W-2.
- Review facsimile signatures for Forms 941, 940, 945, and 944, and authorization letters from upper management.
- Update employees' consents for electronic Forms W-2; also, check your e-delivery system.
- Order Forms W-2 and W-3 from the IRS for the current tax year.
- Electronic Forms W-2 filers must register with the SSA for a PIN; go to www.ssa.gov/bsowelcome.htm#wage and click on Registration.
- By **October 31**, file Form 941 for the third quarter with the IRS.

November 2023

- Mark **November 1**, or any later date, as the cut-off date, if you use the special accounting rule for non cash fringe benefits.
- By **November 10**, file Form 941 for the third quarter with the IRS. This due date applies only if you deposited the tax for the quarter in full and on time.
- Once your third-quarter Form 941 is filed, check your records against the totals on all three forms. Identify any over- or under-reporting of income or wages, and adjust tax overpayments or underpayments on your fourth-quarter Form 941.
- Test computer programs for Forms W-2 that are due next year.
- If you print your own substitute Forms W-2, review the specifications in IRS Pub. 1141 and update your software. Run samples on plain paper to test for the current year and to ensure that all data appear in the correct boxes; shred samples before disposing of them. *Rule of thumb:* Have 125% of the forms you'll actually need. The extra will account for forms used in tests, forms with mistakes, and duplicate forms your employees ask you to provide. Order envelopes for Forms W-2.

- Submit laser-printed substitute Forms W-2 (Copy A) and W-3 to the SSA for approval; e-mail the SSA at copy.a.forms@ssa.gov.
- Check the IRS's website www.irs.gov/app/picklist/list/formsPublications.html to ensure that you have the most recent Forms 941, 940, 944, and 945.
- Note the next year's Social Security taxable wage base, employees' withholding adjustments, and income tax withholding tables.
- Schedule special year-end reports to/from other departments.
- Send memos to employees showing the next year's paydays, the new Social Security taxable wage base, 401(k) pre tax limit, and state unemployment/disability wage bases, if applicable.
- Make new folders for the next year.
- Check your SSA-issued website password; passwords expire every 90 days, so you may need to create a new one.
- Ask your bank to prepare an early cut-off statement for December.
- Head off last year's problems for this year. *Consider:* Was the mailroom notified of the volume of outgoing mail when Forms W-2 and 1095 were mailed? Was there enough postage in the postage machine?
- Decide whether employees' Form 1095-C or Form 1095-B will be provided in the same mailing as employees' Forms W-2; if yes, be prepared to adjust postage accordingly.

December 2023

- Schedule bonus payrolls.
- Notify employees if you're not withholding on their personal use of company cars or are using the special accounting rule to value non cash fringe benefits.
- Double check employees' pretax deductions, coding for Form W-2, Box 12, and year-to-date figures.
- Confirm final calculations of the taxable cost of group-term life insurance over \$50,000 and employees' personal use of company cars; finalize calculations for imputed interest for loans with below-market interest rates.
- If paid time off isn't allocated on a calendar-year basis, check that employees' vacation balances aren't re-set to zero with the first payroll of the new year.
- Distribute the next year's Forms W-4 to employees. Employees whose family status changed within the last two years, or those who claimed an exemption from income tax withholding in the current year, *must* file new forms; everyone else *may* refile.
- Cut manual checks for employees fired in between the last payroll of the current year and the first payroll of the next year.

- Conduct a final review of the general ledger for “hidden” wages, notably noncash fringes.
- Let all interested parties (HR, IT, and Accounting) know the cut-off date for the previous year’s payroll and the first payroll for the new year.
- Before processing the first payroll of the new year, make sure the new Social Security wage base, state unemployment and disability wage bases (if applicable), federal adjustments, state withholding allowances, federal and state tax rates, and employees’ benefits data are input into the system.
- Back up your system before processing the first payroll of the new year.
- Inform your service bureau of your Forms W-2 schedule, and any changes for the coming year, including employees’ benefits deductions and new Forms W-4.