



Tips for a Successful Year End

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Jorge De La Nuez

VP, Payroll, Tax & Compliance



Lori Wolfe

Sr. Compliance Analyst

WHAT WE'LL COVER

Tips for a Successful Year End

Important Dates

IRS Updates

Q&A





How many W2s do you think the IRS processed for 2020?



- A. 150 Million**
- B. 250 Million**
- C. 300 Million**



Tips for a Successful Year End
It's never too early to start!

76%

of all W2C's processed were due to set-up errors
100% were preventable

- Employees set up in incorrect worked in/lived in states
- Wages coded incorrectly
- Incorrect W2 box coding



Top 5 Reasons for W2C

01



Wage and Deduction
Corrections (45%)

02



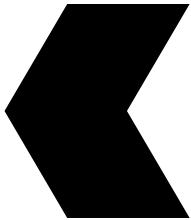
Box 12 Corrections (33%)

03



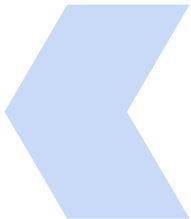
Tax Adjustments (9%)

04

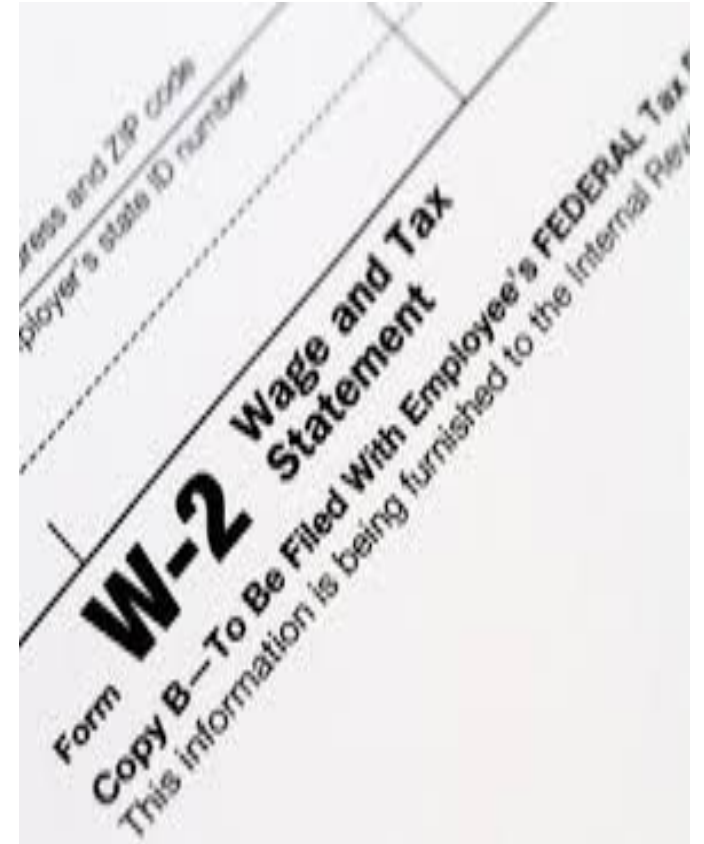


Moving Wages (10%)

05



Other Adjustments (1%)





Ways to Prevent W2Cs

#1 Wage and Deduction Corrections

- Remind employees to review and check
 - Names & Address
 - Social Security Numbers
 - Check stub for proper taxation
 - Complete a new **W4 form** if their situation has changed
 - Opt in for **Electronic W2s**
- Check for negative quarter or year to date figures
- Check for correct box 12 mapping for deductions
- Check for excess contributions to 401k, SIMPLE, Roth, FSA and HSA plans



Help Community Resources:

[Quarter End Payroll and Tax Validation Guide](#)

[What types of payroll adjustments require a W-2c?](#)

#2 W2 Box Corrections

- FSA Dependent care - Box 10
- Group Term Life over \$50k
- Medical Insurance
- Non Taxable Sick Pay

Help Community Resources:

[Form W-2 Box Definitions](#)

[Does Namely automatically calculate Group Term Life benefits for payroll?](#)

Form W-2 Reference Guide for Box 12 Codes

A	Uncollected social security or RRTA tax on tips	L	Substantiated employee business expense reimbursements	Y	Deferrals under a section 409A nonqualified deferred compensation plan
B	Uncollected Medicare tax on tips (but not Additional Medicare Tax)	M	Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only)	Z	Income under a nonqualified deferred compensation plan that fails to satisfy section 409A
C	Taxable cost of group-term life insurance over \$50,000	N	Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (but not Additional Medicare Tax) (former employees only)	AA	Designated Roth contributions under a section 401(k) plan
D	Elective deferrals under a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement)	P	Excludable moving expense reimbursements paid directly to members of the Armed Forces	BB	Designated Roth contributions under a section 403(b) plan
E	Elective deferrals under a section 403(b) salary reduction agreement	Q	Nontaxable combat pay	DD	Cost of employer-sponsored health coverage
F	Elective deferrals under a section 408(k)(6) salary reduction SEP	R	Employer contributions to an Archer MSA	EE	Designated Roth contributions under a governmental section 457(b) plan
G	Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan	S	Employee salary reduction contributions under a section 408(p) SIMPLE plan	FF	Permitted benefits under a qualified small employer health reimbursement arrangement
H	Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan	T	Adoption benefits	GG	Income from qualified equity grants under section 83(i)
J	Nontaxable sick pay	V	Income from exercise of nonstatutory stock option(s)	HH	Aggregate deferrals under section 83(i) elections as of the close of the calendar year
K	20% excise tax on excess golden parachute payments	W	Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA)		

#3 Tax Adjustments

- Review the taxability of Pay and Deduction Types
- Review all employees excluded from taxes
- Ensure all Tax accounts have correct account numbers and no “Applied For”
- Ensure all Unemployment rates are correct
- Wire all taxes due from past “applied for” tax accounts

Help Community Resources:

[Namely Toolkit: Tax Services](#)

[Non-Collection of Taxes with IDs in "Applied for"](#)

[Status & Tax Validation](#)



#4 Moving Wages

- Check for invalid employee names
- Check for missing or incorrect/invalid Social Security numbers
- Review employee work locations for correct taxability of wages

Help Community Resources:

[Adding and Editing Employee Tax Information](#)

[Payroll Corrections](#)



#5 Other Adjustments

- Third Party Sick Pay
- Payrolls processed outside of Namely
- Stock Options
- Ensure all voided or reversed paychecks have been accounted for in the system

Help Community Resources:

[Third Party Sick Pay](#)

[Understanding the Void and Reissue Process](#)





Payroll Reporting

W2 Preview Report

➤ Found under Reports → Quarterly & Year End

○ Validate Employee Data

- Name & Address
- Social Security Number
- Tax Withholding

○ Review Box 12 Mapping

- Group Term Life = C
- 401K = D
- Employer Sponsored Health = DD

○ Validate Taxes

- Moving Wages
- Missing Account Numbers

VOID <input type="checkbox"/>		a Employee's social security number 765490399		OMB No. 1545-0008	
b Employer identification number (EIN) 999999999			1 Wages, tips, other compensation 19580.00	2 Federal income tax withheld 0.00	
c Employer's name, address, and ZIP code Broadway Theater League 260 W 54th ST New York, NY 10019			3 Social security wages 19600.00	4 Social security tax withheld 1215.20	
			5 Medicare wages and tips 19600.00	6 Medicare tax withheld 284.20	
			7 Social security tips 0.00	8 Allocated tips	
d Control number 646980			9	10 Dependent care benefits 0.00	
e Employee's first name and initial Last name Suff. Chidi Agagonye 195 Broadway C/O Namely New York, NY 10007-3100			11 Nonqualified plans 0.00		12a See instructions for box 12 D 20.00
			13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b
			14 Other		12c
					12d
f Employee's address and ZIP code					
15 State NY	Employer's state ID number 999999999	16 State wages, tips, etc. 19580.00	17 State income tax 1333.14	18 Local wages, tips, etc. 19580.00	19 Local income tax 791.66
				19600.00	441.00
					OH-Holland

Quarterly / Annual Payroll Register

➤ Found under Reports → Date Range

○ Applied for Taxes

- Quarterly amounts due
- Missing account numbers

○ Review Wages / Deductions / Taxes

- Negative Wages
- Excess contributions to deductions
- Employees excluded from taxes

○ Validate Adjustments

- Third Party Sick Pay
- Stock Options
- Voids / Reversals
- Payrolls processed outside of Namely

NamelyPayroll.com

Broadway Theater League

Payroll Register for Period

Pay Code: 161-All

01/01/2021 through 03/31/2021

Wage			Employee Tax		Employer Tax		Deductions			
Forester, Sutton			Employee #: 130		Hire Date: 02/24/1999		Emp ID: 4184			
Type	Hours	Current	Type	Period Total	Type	Period Total	Type	Period Total		
Employee			Collected Taxes		Collected Taxes		401k - Gross			
Salary	0.00	\$310,837.52	Federal	\$109,109.68	Medicare	\$4,507.14		\$400.00		
Period Total	0.00	\$310,837.52	Medicare	\$4,507.14	Social Security	\$8,853.60				
Hours Detail			Medicare Additional	\$997.54	Subtotal	\$13,360.74	Total	\$400.00		
Hour Type	Hours		Social Security	\$8,853.60	Uncollected Taxes (Due to Missing Tax Filing Information)					
Hours Total	0.00		Subtotal	\$123,467.96	FUTA	\$42.00				
			Uncollected Taxes (Due to Missing Tax Filing Information)		VA-UI	\$80.00				
			PA-Philadelphia	\$12,033.12	Subtotal	\$122.00				
			State - VA	\$17,763.68	Total	\$13,482.74				
			Subtotal	\$29,796.80						
			Total	\$153,264.76						



Schedule additional payrolls needed

- Bonus checks
- Taxable Fringe benefits
- Stock Payments
- Non- Qualified Moving Expenses
- Non- Accountable Business Expenses
- GTL Over \$50k

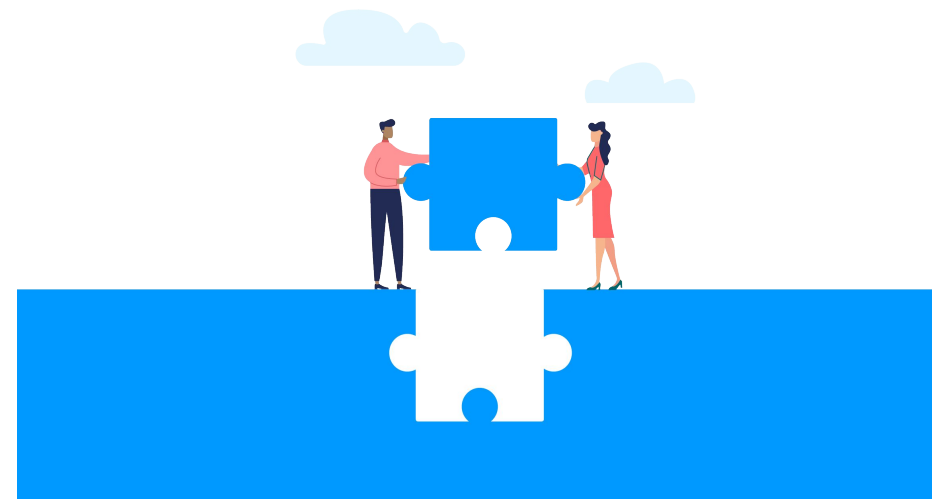


Request any special reports needed



Wire any taxes due from past “applied for” tax accounts

Process all payments by Year End cut-off date





Do you have a Year End review process?

- A. Yes**
- B. No**



Benefits of a Year End Review



Reduce Payroll Costs



Save Time



Higher employee trust level



Less Stressful Year End



TIPS FOR A SUCCESSFUL YEAR END



Review
Employee
Wages and
Deductions



Review Box 12
Mapping



Review Tax Set Up
and Rates



Review
Employee SSN,
Work Locations



Process other
payroll
adjustments

Important Dates to Remember

**December
20, 2021**

**50% of SS Tax
Deferral Due**

**January 3,
2022**

**Last Day to submit payroll
corrections for 2021**

**January 17,
2022**

**Last Day to process Third
Party Sick Pay**

**January 31,
2022**

**W2 Forms due to
employees**



IRS Updates

Senate Plans to end ERC Credit Early

- The **Employee Retention Credit** is planned to end on September 30, 2021
- 3 months earlier than planned
- Will only impact established business and not recovery startup businesses
- Saving 8.2 Billion

**Namely is not able to process any ERC Credits for
pay dates in Q4**

Help Community Resources:
[American Rescue Plan Act: Employee
Retention Credit](#)

Did you know that the IRS still has delayed processing of 941 forms?

25

As of September 8, 2021

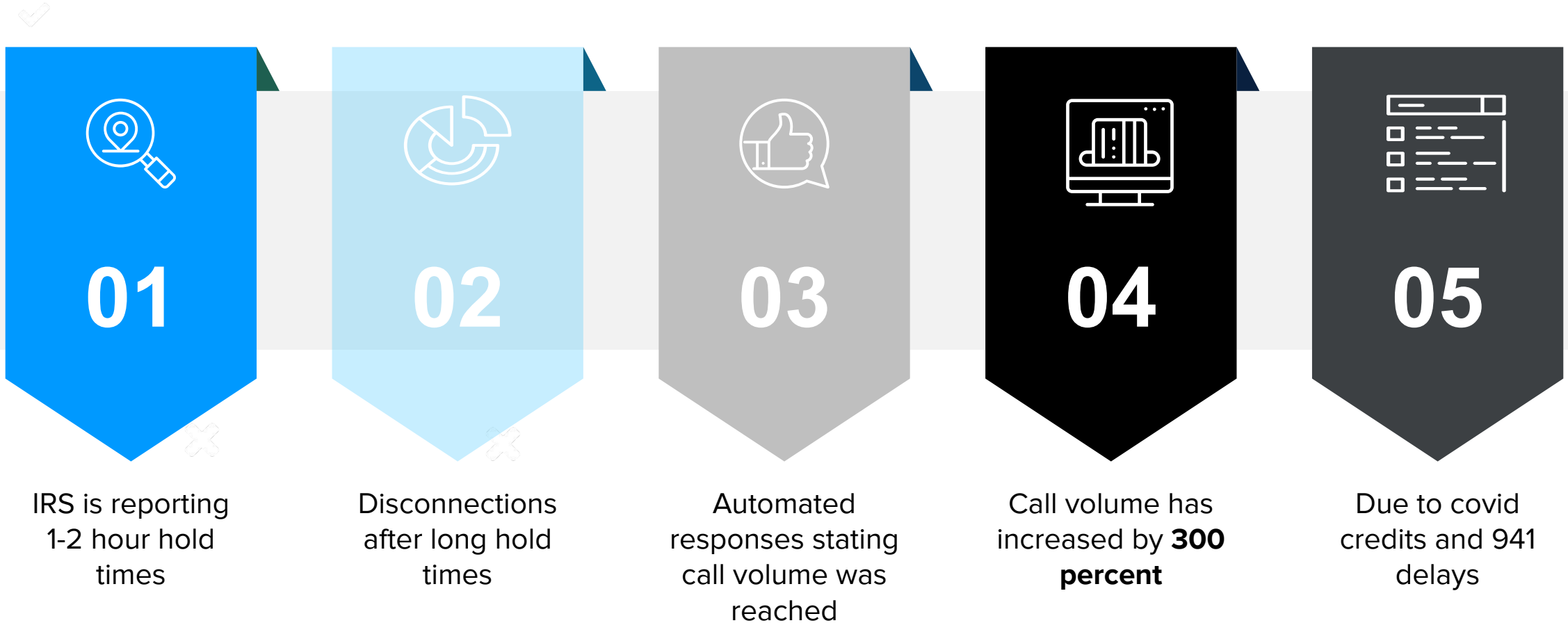
2.3 Million unprocessed 941 forms

341,000 941X forms waiting on 941s to be processed

**The IRS urges employers NOT to
file a second tax return or to
contact the IRS on the status of
these returns**



The IRS is still experiencing phone delays



REMINDER: DEFERRED TAX PAYMENTS DUE BY 12/31/21

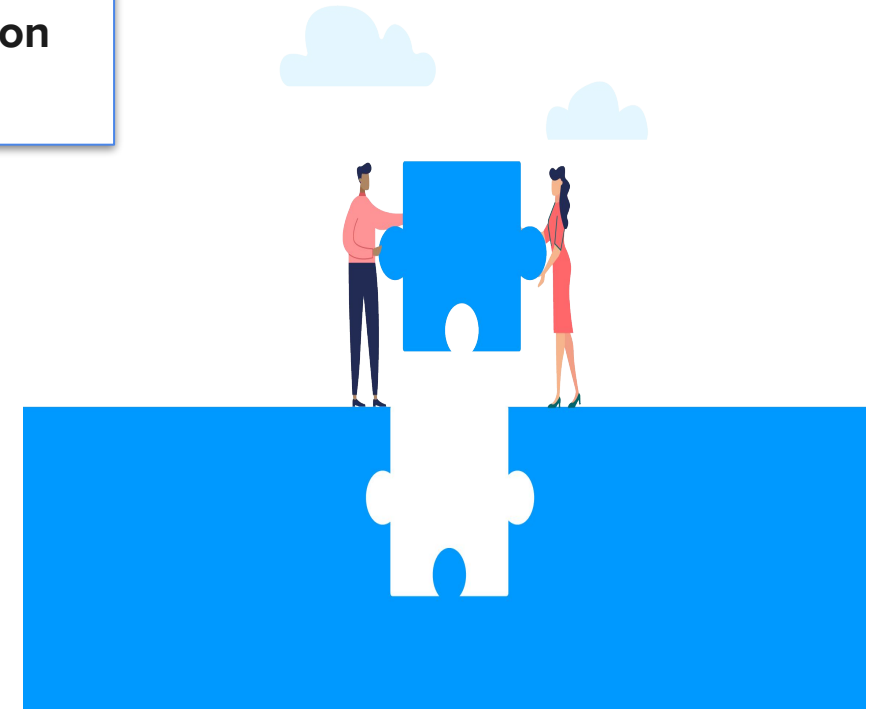
The Coronavirus, Aid, Relief and Economic Security Act – CARES Act – allowed employers to defer the deposit and payment of the employer's share of Social Security taxes.

Here are some important dates to know:

- **50% of the amount eligible** deferral is due by **December 31, 2021**
- Remaining deferred tax by **December 31, 2022.**
- Penalties and interest will apply to **entire deferral portion if not paid on time**

What you need to do:

- Wire the funds to Namely by **December 20, 2021**
- Wire the funds to the **Namely Payroll Trust Account**
- [Follow Wire Instructions](#)





Q & A?



THANK YOU

Namely  HR for Humans