



Year End Guide

2020 - 2021

Preparation Guide and Important Dates

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Introduction

Payroll processing is a complex system of accurately recording compensation, taxes, and deductions. A successful year-end requires a variety of tasks, in addition to running your regular payrolls. Use the following guide to remind yourself of the schedule of tasks that need to be completed, regardless of what NCR platform you are using, as well as a list of resources.

The end of the year 2020 is fast approaching. This is a busy time of year and can be stressful. We hope this year end guide will be useful for you in preparing for the remainder of the year and overall readiness for W-2s. 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 31st.

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 in this Year-End Guide.



Client Processing Deadlines

Standard Deadlines

Payrolls need to be submitted at least **two banking days in advance** of the check date to allow time for payroll funding and employee direct deposits to post on the check date.

Any payroll with \$100,000 or more in federal tax liability or total ACH debit of \$400,000 or more will also require a wire.

Year End Deadlines

Any 2020 payrolls and adjustments must be complete before any 2021 payrolls can be processed. A few important points to remember:

Bonuses and Extra Payrolls

Notify us by November 25, 2020 if there are extra payrolls that need to be included in your 2020 W-2s. (wiring of funds may be required).

Payroll Adjustments

Make sure payroll adjustments (e.g., voided checks) are done **before** your last payroll of 2020 is processed.

Year-End Adjustment Cut-off Date

For adjustments processed after December 31, 2020, 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 processed by 5:00 pm ET on January 8, 2021. Any adjustments made after January 8, 2021 will result in a W-2c for employees and amended returns for employers. Fees will apply. **We encourage you to process adjustments well in advance of January 8, 2021.**

Fringe Benefit Adjustments

Identify and schedule special payroll adjustments such as group term life, auto allowances and other fringe benefits. Because some of these fringe benefits require tax withholdings, they will need to be entered at the same time as a normal payroll run before the end of the year.

Reminder: Process year-end adjustments early. Do not wait until January.

Important: Payrolls processed in 2020 that have a **pay date of 2021** will show up as wages on the 2021 W-2! These wages will not be part of your 2020 YTD totals.



Important Payroll Dates

Date	Description
12/11/2020	Your last payroll of 2020 – Verify employee data (SSN, Address, YTD Earnings, Taxes, Deductions).
12/25/2020	NCR is closed. No bank activity.
1/1/2021	NCR is closed. No bank activity.
1/4/2021	If you choose to run a payroll in January 2021 and backdate it to December 31, 2020, you may be subject to penalty & interest, due to late payroll tax depositing.
1/8/2021	Last day to submit 4th quarter adjustments (fees may occur after this date). You may be subject to penalty & interest, due to late payroll tax depositing.
1/4/2021	First day to approve ACA forms.
1/18/2021	NCR is closed Martin Luther King Day. No bank activity.
1/31/2021	Deadline to postmark employee copies of W-2 and 1099 forms.
1/31/2021	IRS deadline for NCR to electronically file W-2 and 1099 forms.
2/14/2021	Last day to approve ACA forms and guarantee on time delivery to client.
3/2/2021	Deadline to postmark employee copies of 1095 forms.
3/31/2021	IRS/State (if applicable) deadline for NCR to electronically file 1095 forms.

Holiday Schedule – 2020 and 2021

Federal Reserve

When the Federal Reserve is closed, no direct deposit or tax payments will be sent nor, will funds be settled on those days. You should not have checks dated on Federal Reserve Holiday dates.

Holiday	Date Observed (Federal Reserve Closed)
Christmas Day 2020	Friday, December 25
New Year's Day 2021	Friday, January 1
Martin Luther King, Jr. Day	Monday, January 18
2021 President's Day 2021	Monday, February 15
Memorial Day 2021	Monday, May 31
Independence Day 2021	Monday, July 5
Labor Day 2021	Monday, September 6
Columbus Day 2021	Monday, October 11
Veteran's Day 2021	Thursday, November 11
Thanksgiving 2021	Thursday, November 25
Christmas Day 2021	Saturday, December 25
New Year's Day 2022	Saturday, January 1

NCR Payroll & HR Solutions

Holiday	Date Observed
Christmas Day 2020	Friday, December 25
New Year's Day 2021	Friday, January 1
Martin Luther King, Jr. Day 2021	Monday, January 18
Memorial Day 2021	Monday, May 31
Independence Day 2021	Monday, July 5
Labor Day 2021	Monday, September 6
Thanksgiving 2021	Thursday, November 25
Christmas Day 2021	Friday, December 24
New Year's Day 2022	Friday, December 31



Simplified Year End Checklist Overview

November

- Start verifying your company information, including tax IDs, W-2 delivery address, and email address
- Start verifying employee and contractor information
- Start making sure employee totals are correct; verify earnings and deductions
- Review Third Party Sick Pay (if applicable)
- Report fringe benefits (if applicable)
- Report healthcare coverage (if applicable)
- Learn more about the ACA (<https://www.irs.gov/affordable-care-act>)
- Find out if you're in a FUTA credit reduction state

December

Before last Payroll of the Year

- Finish verifying employee and contractor information
- Finish making sure employee totals are correct; verify earnings and deductions
- Review third party sick pay information (if applicable)
- Process your final payroll adjustments
- Report fringe benefits (if applicable)
- Report healthcare coverage (if applicable)
- Prepare your payroll processing for Christmas and New Year's Day impacts

Before December 31, 2020

- Run reports to verify if you need to report for ACA
- Finish verifying company information, including tax IDs, W-2 delivery address, email address
- Prepare to provide Earned Income Tax Credit (EITC) notifications to employees (if applicable)
- Process bonus payrolls
- Run your last payroll for the year
- Review your tax forms

January & February

Before your First Payroll of 2021

- Clear PTO Accrual Balances for Year-End (if applicable)
- Update employee deductions
- Obtain your state's new W-4 form (if applicable)
- Stop retirement plan catch-up contributions (if applicable)
- Review the ACA (if applicable)
- Review 2021 state minimum wage changes
- Review 2021 state unemployment insurance changes
- Review W-2s/1099s

Second Week of January

- Prepare your payroll processing for Martin Luther King, Jr. Day impacts

End of January 2021

- NCR files your quarterly and annual returns (if applicable)
- You file your 1099s (if applicable)
- Tell employees / contractors to download their W-2s or 1099s (if applicable)

January 31, 2021

- Distribute W-2s / 1099s to employees / contractors
- Provide Earned Income Tax Credit (EITC) notifications to your employees (if applicable)

Additional Recommendations

Fourth Quarter Filing Date is Firm

Update missing totals (see checklist above) and run by **January 8, 2021**. Special payroll runs that occur AFTER end of quarter, may incur IRS charges.

For example: If third-party sick payments are filed after the last day of the quarter, government agencies may charge you with penalties and interest, based on deposit and filing frequencies.

Bonus Payrolls

Bonus payrolls are special payrolls run separate from regular payrolls. This allows you to turn off direct deposit, issue printed checks and control voluntary deductions to include with ease. Closely review each bonus check on the Payroll Register Preview report for accuracy prior to submitting the payroll.

Avoid Bonus Penalties

Bonus payrolls with a 2020 check date will be included in 2020 wages and reflected in all fourth quarter tax reports and W-2s. If you report a 2020 bonus after January 1, 2021 with a 2020 check date you may incur penalties and interest. *If your Federal tax liability is over \$100,000 your tax deposit must be made by the next business after the check date and therefore requires a wire transfer.* Report these payrolls at least 48 hours before the check date to allow enough time to process and deposit the tax payment.

Group Term Life

The cost of employer paid group term life insurance in excess of \$50,000 is taxable income to employees. Enter this cost on a live check to allow for Social Security/Medicare withholding (and State withholding if applicable). If the cost is entered with no other wages, enter a gross up amount as wages to cover the applicable withholding.

S-Corp Health

Report the value of company paid health insurance for 2% or greater shareholders/owners of S corporations to include on their W-2.

Fringe Benefits

Report any Fringe Benefits that must be included on the W-2 and/or have tax implications. These Fringe Benefits may include: Personal Use of a Company Car, Moving Expenses, Stock Options, Dependent Care or other Company Paid Benefits.

Employer HSA

Report Employer contributions made directly to an Employee's HSA account if it is not currently reported through payroll. Contact your Client Service Representative for details.



Time Off Balances

If NCR tracks vacation, sick, PTO or other time off balances in the payroll system, there may be adjustments needed. Please contact your Client Service Representative to discuss any changes and/or adjustments needed to your accrual plans.

Health Insurance Premiums

Reporting of health insurance premiums is mandatory for employers who had 250 or more W-2's issued in 2019. If NCR produced your 2019 W-2's, we will contact you to make sure you are aware that you meet this criterion to ensure your obligation is met.

Third-Party Sick Pay

Please notify us if you expect to report additional Third-Party Sick after December 31, 2020 so that we can delay your W-2 processing. Forward sick pay reports to your Client Service Representative prior to the last payroll of the year to have any sick pay included in the employee W-2's. **Do not wait until the end of the year to report all sick pay for the entire year.** Any additional Third-Party Sick Pay received after your last payroll of the year must be submitted by January 8, 2021. Additional Third-Party Sick pay received after **January 8, 2021** will result in Amended Returns including additional fees and possibly penalties and interest due to late tax filing.

Most carriers provide monthly Third-Party Sick Pay statements throughout the year or allow online access to statements, and a recap each January. This reporting method allows employers to review and submit Third-Party Sick payments throughout the year rather than all at year end. Check with your carrier for options.

2021 Company Schedule

Please review your payroll schedule for year end and next year. Please contact us immediately if you need to change any of your scheduled check dates. January 1st is a Friday. If your normal check date is the first of the month, will you be dating your checks on December 31, 2020 or January 4, 2021? This will determine if the payroll is included in 2020 or 2021.

Please contact your Client Service Representative if you need to change the check date.

Unemployment Rate Notices

Forward notices of 2021 state unemployment tax rates to your Client Service Representative via fax or email.

Verify Employee and Contractor Information

After processing the last payroll of the year, make sure to check the following for errors:

- Employee Name & Address
- Social Security Number
- Filing Status & Exemptions
- YTD Wages & Taxes
- Pre-Tax YTD amounts such as 401(k) and Medical Section 125 Cafeteria Plan Premiums
- PTO information

Social Security Number Verification



Ask employees to review recent pay stubs for name and address accuracy. W-2's cannot be filed with missing Social Security Numbers so please be sure to collect any missing numbers and report them to NCR as soon as possible.

W-2 Delivery

W-2's will be delivered via FedEx or NCR delivery to the business delivery address on file. If you would like to confirm or change the delivery method, reach out to your Client Service Representative as soon as possible. You must deliver the forms to employees no later than February 1, 2021. Electronic copies may be available in your payroll platform (if applicable).

1099 Delivery

1099's will also be delivered via FedEx or NCR delivery to the business delivery address on file. If you would like to confirm or change the delivery method, reach out to your Client Service Representative as soon as possible. You must deliver the forms to employees no later than February 1, 2021. Electronic copies may be available in your payroll platform (if applicable).

W-2 Errors and Changes

W-2 forms are required to have a name and social security number that match. If you discover an error, please notify us immediately. We are unable to correct W-2's for address changes after **January 8, 2021**. As an employer, you are required to send the employee W-2 to the last known address. If the W-2 is returned for an incorrect address and the employee contacts you to provide you with a correct address, the IRS instructs you to issue the W-2 with the incorrect address to the employee in an envelope showing the correct address or otherwise deliver it to the employee.

ACA Reporting

Separate communications will go out with instructions to those of you that have enrolled to have NCR file your IRS/State (if applicable) ACA 1094/1095s.



Additional Resources

- IRS Pub 15-b: Employer Tax Guide to Fringe Benefits <https://www.irs.gov/pub/irs-pdf/p15b.pdf>
- IRS Pub 525: Taxable and Non-Taxable Income <https://www.irs.gov/pub/irs-pdf/p525.pdf>
- IRS Pub 535: Business Expenses <https://www.irs.gov/pub/irs-pdf/p535.pdf>
- IRS Pub 15: Employers Tax Guide <https://www.irs.gov/pub/irs-pdf/p15.pdf>
- Internal Revenue Service www.irs.gov
- Social Security Administration www.ssa.gov
- Bureau of Labor and Statistics www.bls.gov
- Tax Links By State <https://payments.ncr.com/docs/tax-links-by-state/>
- American Payroll Association www.americanpayroll.org
- Affordable Care Act <https://www.irs.gov/affordable-care-act>
- IRS Instructions for Forms 1094-C and 1095-C <https://www.irs.gov/pub/irs-pdf/i109495c.pdf>