

**Cooking up a  
Successful Year End  
with our  
Client Services Chefs!**



# Mise en Place

- 2021 DP Year End Guide
- Year End Checklist
- IRS Publication 15b
- iSolved
- Friendly Customer Service Chefs





# Set your Kitchen Timers for Important Dates

**Federal Holidays – Dominion Payroll is CLOSED**

- Thursday, November 25th – Thanksgiving Day
- Monday, January 17<sup>th</sup> – Martin Luther King Jr. Day

**Federal Holidays – Dominion Payroll is OPEN**

- Friday, December 24<sup>th</sup> – Christmas Eve\* (*reduced staff*)
- Friday, December 31<sup>st</sup> – New Years Eve



# Set your Kitchen Timers for Important Dates

- Friday, December 31<sup>st</sup> is the last day to process payroll for 2021
- Wednesday, January 5<sup>th</sup> is the last day to file W2 Corrections without the need for amended returns
- Tuesday, January 11<sup>th</sup> electronic W-2's are available for viewing
- Tuesday, January 11<sup>th</sup> - Tuesday, January 25<sup>th</sup> all paper W-2's will be mailed
- Tuesday, January 18<sup>th</sup> - 2021 Quarter 4 Reports will be available in iSolved



## Don't forget the Appetizers!

In accordance with IRS requirements, we will only be producing 1099s for anyone with \$600 or more in non-employee compensation.





## Review the Recipe (Payroll Schedule)

Please review your  
payroll calendar for 2022  
and contact the customer  
service team with any  
necessary changes.



# Measure out those Employee Profiles

Now is the time to audit your Employee SSN and Address Information

Reporting → Client Reports

- Employee W2 Verification Report
- Exceptions – Invalid Tax ID
- Year End Exceptions Report





# Folding in the Year End Adjustment Cheese

Please notify customer service no later than

**Monday, December 13<sup>th</sup>**

for any year-end payroll adjustments to  
help avoid fees and amended returns!

We understand that some information  
related to closing 2021 payroll records  
may not be available by this date



**Save room for Dessert!**  
*Why not add a Bonus??*





# Follow the Bonus Recipe Shopping List!

## How will you be entering the bonuses? \*

- ☐ Hand-key
- ☐ Spreadsheet import
- ☐ Other

## How many employees are receiving bonuses? \*

## Scheduling \*

- ☐ Combined with normal pay
- ☐ Separate checks on a normal pay run
- ☐ Separate payroll with the same check date
- ☐ Separate payroll with different check date

## Bonus Payroll Check Date \*

## Pay Method \*

- ☐ Direct Deposit
- ☐ Live Checks
- ☐ Cash

## Who will cover the taxes on the bonuses? \*

- ☐ Employee (start with gross pay, calculate net)
- ☐ Employer (start with net pay, calculate gross)

## What taxes would you like to have withheld from the bonuses? \*

- ☐ FICA & Medicare taxes only
- ☐ All taxes
- ☐ Other

## Which voluntary deductions, if any, should be deducted from the bonuses? \*

- ☐ Retirement (401k, 403b, IRA, etc)
- ☐ None
- ☐ Other

## When should employees see the electronic pay stubs for their bonuses? \*

- ☐ When payroll runs
- ☐ On check date
- ☐ Other



# Watch the High (Liability) Payroll Oven Temp!

Prefunding by wire or proof of funds may be required for payrolls that significantly exceed your normal payroll amount. Please reach out to us as soon as you are aware of the larger payroll amount so that the appropriate arrangements can be made.

The 2-Business day processing deadline still applies for timely funding and posting





# An extra helping of Fringe Benefits:

## Definition:

The IRS defines a fringe benefit as “a form of payment for the performance of services.”

We use the term as a catch-all to refer to different types of non-cash employee compensation items – many of which are reported as a lump sum at the end of the calendar year.





# An extra helping of Fringe Benefits:

## Common Fringe Benefits include:

- Group Term Life
- Insurance Premiums paid by the Employer
- Auto Allowances
- Rent paid by the Employer
- Tuition Assistance
- Awards & Prizes, i.e., gift cards or non-cash compensation
- Moving Expense\*



# Fringe Benefit Shopping List:

How many employees are being included in the fringe reporting? \*

Fringe Benefit Type \*

Have you reported this type of fringe with DP before? If so, what W-2 year?

**Tax Coverage \***

NOTE: FICA + Medicare covered by YTD Fed Withholding is most often used in cases involving terminated employees and/or after the benefit calendar year has already closed.

- ☐ Employee (FICA + Medicare deducted from normal pay)
- ☐ Employee (all taxes deducted from normal pay)
- ☐ Employee (FICA + Medicare covered by YTD Fed Withholding)
- ☐ Employer (gross up for FICA + Medicare)
- ☐ Employer (gross up for all taxes)

**Taxability \***

- ☐ Social security taxes only
- ☐ All taxes
- ☐ Withholding taxes only
- ☐ No taxes

Is there a specific Box 12 code for these earnings on the W-2? If so, what is the code?

Would you like a description of the earnings to appear in Box 14? If so, what description?

How will you be entering the Fringe Benefit information?

- ☐ Hand-key
- ☐ Spreadsheet import
- ☐ Other



# A spoonful of Group Term Life (GTL):

You may exclude the cost of up to \$50,000 in GTL coverage.

Here's what you need to know:

- The employer pays the insurance premiums on the employee's behalf.
- Only coverage in an amount greater than \$50,000 is taxable
- Value of the GTL Benefit is calculated using a table provided by the IRS.
- The amount is subject to Social Security and Medicare Taxes
- GTL for spouse or dependents, with face value less than \$2000, can often be excludable as a de minimus fringe benefit.





# A Dash of Auto Allowances

There are several different vehicle-related benefits that are taxable and need to be reported.

Here's the two most popular:

- **Personal Use of Company Car (PUCC):** The non-business use of a company car is taxable.
- **Auto/Cash Allowance:** Paid allowance to an employee related to use of a personal car is taxable.
- The business mileage rate for 2021 is 56 cents per mile.





## A Sprinkle of Employer-Paid Insurance for Owners:

If an “employee” is a 2% or more shareholder in an S-Corp, IRS rules exclude them from pre-tax medical or dental benefits.



Here is how it's handled:

- If you provide health insurance to employees who own more than 2% of stock in your S Corp, the premiums are tax deductible for your company. The premium amounts are taxable for your employees.
- If the employer pays the insurance premium on behalf of the shareholder, the amount of the insurance premium paid is reported as taxable income in boxes 1 and 14 (where state tax is applicable)





# How is it All Done? A Client Prep List for

## Ingredients:

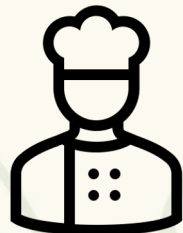
Valuation: Check with CPA

Class of Employee: Check with Attorney

Taxability: IRS Publication 15b

NOTE: Fringe Benefits are often taxable for all tax types, but a common practice is to withhold FICA and Medicare and let the employee “true up” Fed or State when they file their return.

- 1) Call or email DP with what you need
- 2) DP will send a link with either the Fringe or Bonus Checklist
- 3) Complete the e-form and attach spreadsheets, if applicable
- 4) Once we receive it back, we'll work with you to be sure it's taken care of.



# Check out some other swell Payroll Cookbooks!

- IRS publication 15-B: [www.irs.gov/publications/p15b](http://www.irs.gov/publications/p15b)
- [customerservice@dominionpayroll.com](mailto:customerservice@dominionpayroll.com)
- 877-DPS-PAYU {877-377-7298}
- DP Website: [dominionpayroll.com](http://dominionpayroll.com)
  - Under Resources > Help & Guides



**BON APPETIT!!**

**Questions?**

