

2019

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**DELUXE** | Payroll

# Year-End Guide

# Dear Prospective Deluxe Payroll Client,

This guide — designed to ensure businesses of the accurate, timely delivery of their quarterly and annual returns — is just one example of the expertise and dedication you'll experience when you choose us as your payroll provider.

Inside, you'll find the following information to help you prepare for year-end 2019:

1. [Company and Employee Level Review Checklists](#)
2. [Frequently Asked Questions](#)
3. [2020 Bank Closing Schedule](#)
4. [What's New in 2020](#)
5. [Payroll Preparation for 2020](#)

If you need additional help or have any questions regarding year-end 2019, please contact Deluxe Payroll today.

**We wish you a wonderful holiday season and prosperous New Year and are looking forward to working with you.**

***The Deluxe Payroll Team***

Deluxe Payroll Year-End Guide is for informational purposes only. This guide does not constitute professional tax or payroll advice. Always consult with a certified accountant, financial advisor or other professional about the specific needs of your business.



# Company Level

## Company Address

Make sure your company address is correct. All W2's and annual filings must use your legally registered address. If there has been any change in your company address, the address must be changed with all government agencies. Please visit [irs.gov](https://www.irs.gov) and any/all other applicable state agencies to obtain instructions on address changes.

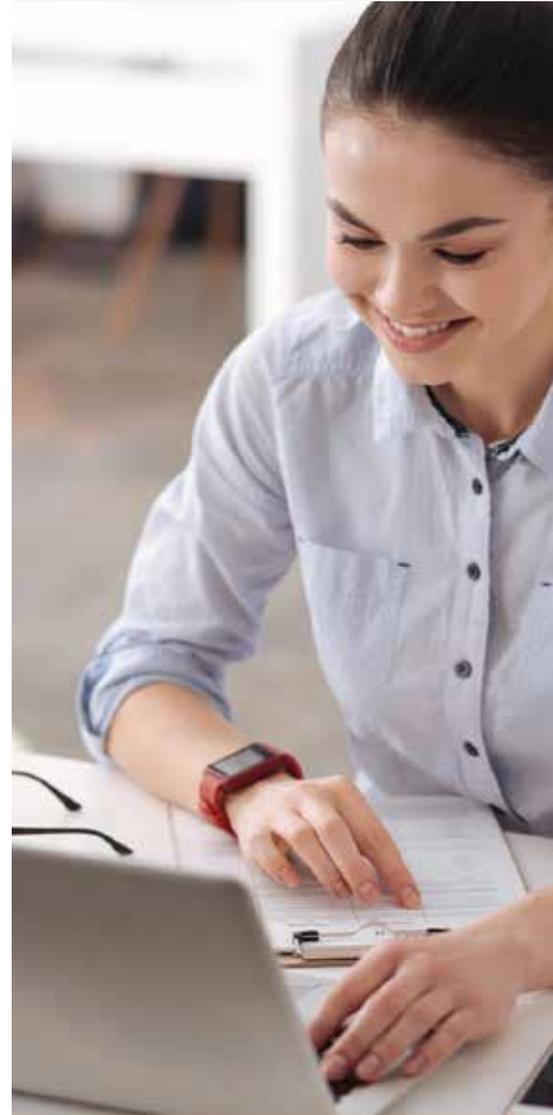
Please note that when initially registering your **new** business with the IRS, you may have used your **home** address. If your company address has not been updated to your new **business** location, your original home address will appear on W2's and tax returns.

## Entity Changes

Any change to your Federal Identification Number (FEIN) or legal name has changed it will affect the assignment of wages and tax liabilities associated with each FEIN.

## State/Local Identification Numbers

In order to file electronically an identification number is necessary. Most agencies are now requiring electronic filings. Penalties may be assessed due to filing with an "applied for" status.



# Employee Level

## Verify Employee Name, Address and Social Security Numbers

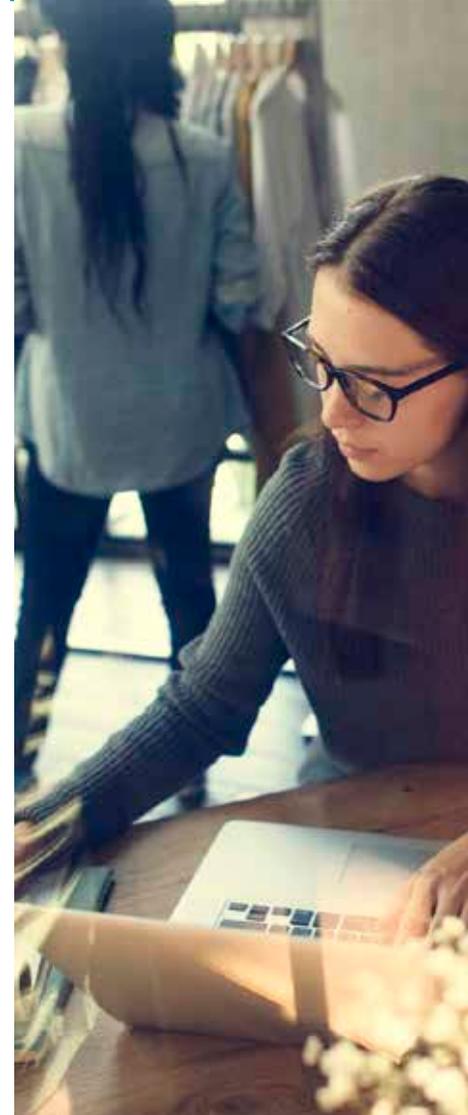
This will allow accurate delivery of W2 statements. Each employee must have their correct SSN listed on the W2 so their wages are reported to state agencies for unemployment purposes. All missing or invalid SSN's reported on W2's are subject to an IRS penalty per incorrect W2. Employer filings are also now due on January 31, 2020. Therefore, avoid W2c (correction) filings and additional costs by ensuring all employee social security numbers are correct **prior to December 30, 2019**.

## HSA

Both the amount that is withheld from the employee and any employer contribution need to be reported on the W2 in box 12 code W.

## Report Fringe Benefits such as:

- **Group Term Life (GTL):** When the employer-provided GTL exceeds \$50,000, all premium amounts over \$50,000 are subject to all withholding taxes.
- **S-Corporation/2% Shareholders Health Insurance:** The cost of the health premiums provided by an S-Corporation to it's > 2% shareholders must be reported as income on the W2 and is not subject to social security or medicare.
- **Dependent Care:** Up to \$5,000 paid for child care expenses is excluded from taxable income, provided that both spouses are working. This is reported in box 10 of the W2.
- **Personal Use of a Company Car:** If you provide any of your employees with a company vehicle, the personal use of that vehicle is fully taxable.
- **Total Value of Health Insurance:** All employers that have paid 250 employees or more, need to report the entire cost of the health premiums for each employee to be included on the W2 in box 12 code DD. This amount should be for medical insurance only. Supplemental health, dental and vision should not be included.
- **Miscellaneous Fringe:** Employers will often give employees gifts in the form of tangible items and services; such as real estate rentals, gift cards, televisions, ipads, etc. The value of these items is considered taxable and is subject to all withholding taxes.





## Frequently Asked Questions

**Q: What is my deadline to mail out employee annual statements?**

**A:** Statements must be post-marked or distributed by January 31, 2020.

**Q: What portion of an employee's HSA is reported on the W2?**

**A:** Both the amount that is withheld from the employee and any employer contribution need to be reported on the W2 in box 12 code W.

**Q: Are social security numbers that start with a "9" valid?**

**A:** No. Numbers starting with a "9" are ITIN's (Individual Taxpayer Identification Numbers). According to the IRS: "ITIN's are for federal tax reporting purposes and are not intended to serve any other purpose. An ITIN does not authorize work in the U.S. or provide eligibility for social security benefits or the earned income tax credit."

**Q: Do I need to report the cost of health insurance for W2 purposes?**

**A:** All employers that have paid 250 employees or more need to report the entire cost of the health premiums for each employee to be included on the W2 in box 12 code DD. This amount should be for medical insurance **only**. Supplemental health, dental and vision should not be included.

**Q: What should I do with a W2 that is returned to me by the US Postal Service, indicating delivery failure due to an invalid address?**

**A:** As long as the employer has proof they attempted delivery they are in compliance with the IRS. Retain the original postmark as proof. The employer must keep any returned W2's on file in the event an employee contacts them requesting a copy.

**Q: Does Deluxe Payroll supply 1099s if I issue them on my own?**

**A:** If you provide your own accounts-payable checks to your employees, you'll need to issue your own 1099s. Go here to purchase the forms: [checksimple.com](https://www.checksimple.com)



# 2020 Bank Closures

<i>Holiday</i>	<i>Closures</i>
New Year's Day	January 1 - Banks closed
Martin Luther King, Jr. Day	January 20 - Banks closed
President's Day	February 17 - Banks closed
Memorial Day	May 25 - Banks closed
Independence Day	July 4 - Banks closed
Labor Day	September 7 - Banks closed
Columbus Day	October 12 - Banks closed
Veterans Day	November 11 - Banks closed
Thanksgiving Day	November 26 - Banks closed
Christmas Day	December 25 - Banks closed

## What's new in 2020?

- The Old-Age, Survivors and Disability Income Insurance (OASDI) taxable wage base is increasing to \$137,700 in 2020 from \$132,900 in 2019 according to Social Security Administration. This equates to a maximum OASDI employee contribution of \$8537.40 or 6.2% of the wage base. Employers are also required to match this amount.
- The Medicare portion of the FICA tax has no wage base for the employee share as all taxable earnings require a 1.45% contribution rate with an extra 0.9% for > \$200,000 of employee wages.
- New Health Savings Account (HSA) limits for 2020 will be \$3,550 for individual coverage up from \$3,500 and \$7,100 for family coverage up from \$7,000. Deductibles for HSA eligible health plans must be at least \$1,400 for individual coverage and \$2,800 for family coverage.
- 401k, 403b, and 457 contribution limits will increase to \$19,500 in 2020 from \$19,000. For participants age 50 and over the catch-up contribution increases to \$6500 from \$6000. Simple plan contribution limits will increase to \$13,500 from \$13,000. The catch-up contribution limit will remain at \$3,000.



# Payroll Preparation for 2020

## Before your First Payroll of 2020:

- **Update Employee Deductions**
  - Update any/all deduction amounts or limits for medical, dental, 401k or any other applicable voluntary deduction.
- **Employee Leave Pay**
  - Verify that the company policies are scheduled to reset as expected.
- **Pay Date Changes**
  - Please examine all 2020 paydates to accommodate holiday or bank closings. If you have a semi-monthly or monthly payroll schedule, your new 2020 paydates will appear on the last payroll summary report of 2019.
- **W4 Statements**
  - Make sure new 2020 W4 statements are submitted by employees making any changes for the 2020 tax year. Any employees that had previously claimed “exempt” on federal or state taxes should also complete new 2020 forms.

## Important Reminders from the TAX DEPARTMENT:

- **When Applying for New State Identification Numbers**

Please keep in mind that you must apply with the agencies to open an account. Once you apply, look forward to receiving a confirmation from the agency via mail within 2-6 weeks. If you do not receive your account information, please contact the agency to obtain your new identification number, payment frequency and/or contribution rate.

**NOTE:** *There are numerous agencies that no longer accept “Applied For” filings while waiting for your permanent identification number. Proactively contact your state to ensure registration has been received/completed avoiding unnecessary additional charges.*

## How Can We Help You in 2020 ?

As you can see, Deluxe Payroll offers you professional, timely, compliant service in a variety of areas. We look forward to welcoming you as a client and helping you in any way we can in 2020

- ACA Compliance Dashboard and Reporting
- Custom Fields/Custom Reports
- Employee Self Service and Onboarding
- EZ IRA Program
- Fully Integrated Time and Attendance Solution
- Applicant Tracking
- General Ledger
- HR Analytics Dashboard and Reporting
- Payroll Cards (provided by Global Cash Card)
- Point-of-Sale and Time and Attendance Interfaces
- Poster Compliance Update Service
- Premium Link
- Think HR Compliance Tools
- **And much more, call us today!**

