



## 2018 Year-End Letter

The end of the year 2018 is fast approaching. This time of year is very busy and can be very stressful for everyone. 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.

### MassPay Closures

- Thursday, November 22nd and Friday November 23rd in observance of Thanksgiving
- Tuesday, December 25th in observance of Christmas Day
- Tuesday, January 1st in observance of New Year's Day

### Deadline for Employers Filing W2s and 1099s

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 W2 and 1099 data to the Social Security Administration and IRS by Thursday, January 31, 2019.

### Standard Deadlines

Payrolls need to be submitted **at least two banking days in advance** of the check date to allow sufficient time for payroll funding and employee direct deposits to be received and posted by the check date. **Any payroll with \$100,000 or more in federal tax liability will require a wire prior to payroll being finalized.**

### Year-end Deadlines

Any 2018 payrolls and adjustments must be complete before any 2019 payrolls can be processed. A few important points to remember:

- **Bonuses and extra payrolls**: If you are paying bonuses or have any extra payrolls that need to be included in your 2018 W-2s, notify us by Thursday, December 20, 2018 (wiring of funds may be required).



- Payroll adjustments: To avoid additional adjustment fees, be sure payroll corrections/updates (e.g., voided checks, in-house checks, fringe benefits) are done **before** your last payroll of 2018 is processed.

- 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.

- Year-End Adjustment Cut-off Date: Payroll adjustments must be processed by **12:00p.m., Monday, December 31, 2018, or the day a payroll with a January 2019 check date is processed, whichever is earlier.** This deadline is in place to help mitigate any potential penalties or fees associated with late tax payments. We recommend that you run any adjustments with a payroll to ensure that the taxes are withheld correctly. Please remind your accountant to report payroll adjustments **no later** than your cut-off date. For adjustments processed after December 31, there will be an additional charge and year-end processing delay. Please remember that tax agencies may consider filing and payments late and you will be responsible for any penalties and interest incurred.

**Important: Payrolls processed in 2018 that have a pay date of 2019 will show up as wages on the 2019 W-2, regardless of the pay period. These wages will not be part of your 2018 YTD totals.**

## **Audit**

Employee W-2 information must be correct as the IRS may charge a penalty for filing W-2 forms with incorrect information. Take the time to audit your employee records.

- Please verify Social Security Number, name and address for each employee (the name must be exactly as it appears on the employee's Social Security card). Please note, the generation of Forms W-2 will be delayed for the company until all Social Security Numbers have been entered in iSolved.



- For your convenience, please use the following report for verification purposes:
  - Reports > Client Reports > Employee W2 Verification > Generate report.
- Any updates to name, Social Security Number or address should be made immediately and no later than your last processing date in 2018. Changes made after the final payroll of 2018 has processed will not be included on 2018 forms. Access your employee records and make corrections in iSolved as follows:
  - Employee Management > Employee Maintenance > General.

#### **Forms W-4**

- Send a reminder to your employees regarding submitting a new W-4 for 2019. Employees who are currently claiming **exempt** from withholding must submit a new form W-4 by February 15, 2019 to maintain that status. Employers are required to begin withholding federal tax for those employees who fail to provide a new W-4 by that date. Also, any employees who have experienced a life event may need to submit a new W-4 due to the change in number of allowances.

#### **Employer Portion of Health Care**

The Affordable Care Act provides that employers must report the cost of employer-provided health care coverage on W-2 Forms.

- Reporting is mandatory for employers that file 250 or more Forms W-2.
- The amount reported should include both the portion paid by the employer and the portion paid by the employee.
- Please contact Customer Support to discuss the entry of the employer portion of the health insurance premium.
- **It is your responsibility to preview your W2s and verify the amounts in Box 12 DD prior to printing.**



## **IRS and State Notifications for 2019**

Unemployment rates and tax filing frequencies are mailed to the taxpayer and it is imperative these tax-related communications are forwarded to MassPay immediately. We require this information to ensure your taxes are paid accurately and timely in 2019.

- Please note: Late tax payments result in interest and penalty charges. If your federal tax filing frequency is changed and you don't notify us, we will not be responsible for any penalties or interest that may be charged.

## **Bonus Payrolls**

If you are paying bonuses, please notify us prior to Thursday, December 20, 2018. Please keep in mind that you have many options when running bonus payrolls to consider:

- Blocking direct deposit
- Blocking deductions
- Tax frequency /Supplemental Tax Rates
- Gross up to provide a specific net pay

## **Manual and Void Checks**

Important: Verify that all pending 2018 Manual and/or Void checks are processed before any 2019 payrolls are processed.

## **Third-Party Sick Pay**

Important: Determine if you have Third Party Sick Pay information that must be reported for 2018. This will need to be completed before you run a 2019 payroll. Please contact your provider and request the information in advance of our Year-End Adjustment Cut-Off dates to avoid a delay in W-2 printing. If you will not receive the information in time from your provider, please notify us before Friday, December 28, 2018.

## **Forms W-2, 1099 & 1095 Delivery**

With the understanding that all Year-End processing deadlines have been met and you have reported all necessary information, W-2s will be processed and delivered on or before Wednesday, January 30, 2019. We will be printing and shipping all Forms W-2 to



the requested W-2 delivery address or primary delivery address on file for the company. This must be a physical address as this information cannot be delivered to a P.O. Box. Please contact your primary MassPay representative to verify the address on file. Please note: MassPay will not send Forms W-2/1099/1095 directly to employees/independent contractors.

**Forms W-2 and 1099 will be available for viewing and printing within Employee Self Service effective Friday, February 1, 2019. Reprints of the forms can be provided at an additional cost; please expect a 2-3-week turnaround from the time of request.**

### **Year-End Related Fees**

Year-End fees will be included on your invoice for the first payroll in 2019.

Adjustments made after your deadline will result in additional processing fees.

- Year-End Processing - \$149 base plus \$5.95 per Form W-2, 1099 and 1095
- Form W-2/1099/1095 Reprint - \$25 each
- Form W-2/1099/1095 Correction to Name or address- \$50 each
- SSN/ITIN/EIN Change - \$50 per affected quarter
- Wage Adjustments Requested After Deadline - \$150 base plus \$75 Per Hour

### **Additional Resources**

Internal Revenue Service	<a href="http://www.irs.gov">www.irs.gov</a>
Social Security Administration	<a href="http://www.ssa.gov">www.ssa.gov</a>
Bureau of Labor and Statistics	<a href="http://www.bls.gov">www.bls.gov</a>
State Agencies	<a href="http://www.taxsites.com">www.taxsites.com</a>
American Payroll Association	<a href="http://www.americanpayroll.org">www.americanpayroll.org</a>

### **ACA Reporting for 2018**

If you have at least **50 full-time employees (including full-time equivalent employees)**, **you are considered an Applicable Large Employer (ALE)** according to the Affordable Care Act (ACA) and must offer full-time employees ACA compliant health care coverage or



pay a penalty. You will need to report information to the IRS about the health care coverage offered to your full-time employees using Forms 1094 and 1095.

You must also distribute copies of Form 1095 to your full-time employees, which contains information they may need to report as part of their income tax submission for the 2018 tax year. To meet the 2019 reporting, employers should already be compiling and analyzing data now to determine coverage and affordability.

### **Important Deadlines for Reporting**

**Employers:** You will need to approve ACA Forms 1095 for 2018 in iSolved no later than Monday, January 7, 2019.

**Employee 1095:** MassPay will send all Forms 1095 to the primary address of your company. You will be responsible for handing out or postmarking the forms for mailing no later than Thursday, January 31, 2019 (same as Form W-2).

### **Additional ACA Resources**

Healthcare.gov	<a href="http://www.healthcare.gov">www.healthcare.gov</a>
IRS Q&A	<a href="http://www.irs.gov/Affordable-Care-Act/">www.irs.gov/Affordable-Care-Act/</a>
Treasury Dept ACA Fact Sheet	<a href="http://www.treasury.gov/press-center/press-releases/Pages/jl2290.aspx">www.treasury.gov/press-center/press-releases/Pages/jl2290.aspx</a>
U.S. Small Business Assoc. Webinars	<a href="http://www.sba.gov/healthcare">www.sba.gov/healthcare</a>