

# 2018 Payroll Year-End Checklist

## October

### Form year-end committee to include any/all departments that touch year-end process

- Include service provider representatives



### Hold first year-end committee meeting:

- Review **prior year-end issues**, current year and upcoming **policy changes**, and **calendar** of processing/due dates/holidays for year-end and the new year



### Preview current-year Forms W-2 and employee data, to include:

- Verifying Earned Income Credit statement is properly on employee copies
- Running mock year-end for Forms W-2 with third-quarter data. Verify that:
  - No one has negative amounts in any Form W-2 field
  - Social Security numbers are verified (identifying those without)
  - Social Security numbers are not truncated
  - Total wages on mock Forms W-2 reconcile with Form 941
  - Bank reconciliations are up to date



## November

### Do:

- Remind employees to recheck their filing status on Form W-4
- Meet with Accounts Payable on payments and noncash items deemed taxable that may not yet be recorded in payroll system; process them in November and December
- Gather facts, calculate income amounts, and impute into pay in November and December noncash fringes under the Special Accounting Rule (e.g., personal use of company car, etc.)



- Identify, develop, and schedule any unique or special year-end reports
- Collect 2019 information, such as Social Security wage base, deferral limits, and other threshold amounts for the new year
- Develop a process for review of state unemployment insurance rate notices as received for accuracy and cost reduction opportunities



## December

### Meet with:

- Information Technology (IT) and/or third party providers on implementing all new tax updates
- Accounts Payable: Request data on payments since last meeting requiring taxation
- HR/Benefits: Get information on new and updated policies for 2019
- HR/Benefits: Schedule testing of Form W-2, Code DD (health insurance) dollars
- Benefits: Update deductions for new amounts, and verify that third parties have updated tables



### Do:

- Message employees on requirements to claim "exempt" tax withholding status for 2019
- Determine if any estimated tax deposits for adjusted payrolls are needed and coordinate if necessary with third-party provider
- Verify that the service provider (if used) has been informed of any state unemployment experience notices



### Don't:

- Accept any personal checks from employees asking to have the amounts applied to their year-to-date tax withholding buckets



### Test:

- Calculations on the first payroll of the new year to verify accuracy



## January

### Verify:

- Late December information (e.g., third-party sick pay) is transferred/managed
- All payroll bank account reconciliations are up to date
- All federal, state, and local tax returns balance to summarized tax reports and ongoing reconciliations

### Review Form W-2 distribution process:

- With any service provider tasked with distributing and filing the forms
- For electronic filing with employees, ensure acceptance by employees and send a notice to them when forms are available on secure site
- To ensure any special state notification of the Earned Income Credit related to Form W-2 filing is adhered to for CA, IL, LA, MD, NJ, TX, and VA

### Communicate to employees any changes for the new year, including:

- Social Security wage base, 401(k) limits, tax rate/withholding, etc.
- 2019 Form W-4 is available for all new hires and for those who need adjustments

### File:

- All Forms W-2 or equivalents with employees and jurisdictions by their due date
- Fourth-quarter Form 941 (by Jan. 31 if balance due; Feb. 11 if no balance due)
- Annual Form 940 (unemployment) on same schedule as fourth-quarter Form 941

## February

### Do:

- File fourth-quarter Form 941 and/or annual Form 940 by Feb. 11 if no additional amounts are due
- Message employees (again) about claiming "exempt" from income tax withholding; exempt status needs to be renewed on or before Feb. 15. If the new Form W-4 has not been received, update the employee record to single, with zero allowances
- Follow up with service providers to verify that all returns were filed in a timely manner
- Ensure any further prior-year returns due in February are filed in a timely manner

## March

### State Unemployment Insurance (UI):

- Verify service provider (if used) is informed of any state UI experience notices
- Verify that new wage bases and rates are included in payroll system
- Document lessons learned to be used for the next year-end season
- Highlight processes that went well and suggested improvements

### Year-end debriefing meeting:

- Discuss successes, failures, and outstanding issues with year-end team
- Celebrate the end of year-end

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