



Three Steps for a Successful Year-End

1. Check employee and employer indicative data:

- Indicate which employees the “retirement plan” indicator in Box 13 of Form W-2 applies
- Confirm that employee names and Social Security numbers are in the correct format.
- The IRS may impose a penalty for each Form W-2 with a missing or incorrect Social Security number or employee name.

2. Check wage, tax, and benefits data:

- Confirm that the deferred compensation plan type is correct and verify employee contribution amounts.
- Check that Group-Term Life Insurance adjustments have been updated and submitted.
- Ensure that other special tax items have been updated and submitted, such as Other Compensation, Third-Party Sick Pay, Employee Business Expense Reimbursements, Taxable Fringe Benefits, Tip Allocation information, and Dependent Care Benefits.
- Verify the employer state unemployment insurance tax rate.
- Verify that withholding has been made correctly, or withhold from the final paycheck for taxable fringe benefits. These may include:
 - Group-term life insurance in excess of \$50,000
 - Third-party sick pay (is the third party issuing a W-2?)
 - Non-accountable business expense reimbursements or allowances
 - Employer-paid education not related to the employee’s job
 - Personal use of company vehicle
 - Non-qualified moving expense reimbursements
 - Company-provided transportation or parking
 - Bonuses
 - Non-cash payments

3. Check for “special procedures”:

- Schedule any special bonus payrolls for the current year.
- Remind employees to fill out a new Form W-4 if their situation has changed or if they filed exempt in the previous year.
- Confirm that all “manual” checks written during the year have been accounted for and updated in the system.
- Determine that all voided or reversed paychecks have been accounted for in the system