



2022 Year-End Guide

It is hard to believe another year will be ending. We are beginning to prepare for W-2 processing and the start of 2023. During this time of the year, we anticipate higher volumes and therefore you may experience longer than normal response times. We will make every effort to continue providing prompt service and we appreciate your patience and understanding during this busy time of the year. With that in mind, we wanted to communicate important reminders and deadlines

In this packet, we've included:

- ✓ Year-End Checklist
- ✓ Deadline to Submit Changes
- ✓ Tax Form Distribution Dates
- ✓ Holiday Schedule
- ✓ Bonus Payroll Processing
- ✓ Wire Requirement Reminder
- ✓ Fringe Benefit Reminders
- ✓ ACA Reporting Overview
- ✓ Looking Forward to 2023

As always, if you have any questions or concerns about Year-End, please feel free to contact our team.

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Year-End Checklist

- Verify W-2 information for all employees (i.e. social security numbers, correct name spelling, address).
 - **IRS Enforcement of Accuracy Penalties** – Accuracy Penalties may apply to Forms W-2 if forms include incorrect information (including employee name and/or SSN that don't match government databases). Penalties under IRC Section 6721 (failure to file correct Information Returns) can be up to \$250 per Form W-2 up to an annual maximum of \$3,000,000. For smaller businesses, that figure can be adjusted if the taxpayer has had less than \$5,000,000 in gross receipts for the past three tax years. I.R.C. § 6721(d).
- Run Bonus payrolls as early as possible so wages can be added to your payroll schedule.
- Verify all manual and voided checks have been entered into the payroll system.
- Review and submit any applicable fringe benefits (i.e., PUCC, Group Term Life Insurance, S-Corp Health Insurance).
- Gift cards of any value are taxable and should be processed through payroll.
- Submit all Third-Party Sick Payments made to your employees during the 2022 year prior to processing your last payroll of the year.
- Forward any Federal or State filing deposit frequency notices to Paytime.
- Forward all State Unemployment rate change notices to Paytime.

Deadline to Submit Changes

Circumstances may require that some employee and payroll information be adjusted after your last scheduled payroll in December (see fringe benefit reminder on page 5 for examples). If you know you will be submitting information and/or processing any payrolls that will affect the W-2's after your last payroll run in December, please contact your Customer Success Specialist. Any changes received after January 10th will require W-2 Cs and amended tax returns.

Paytime will not begin processing W-2 Cs and amended returns until 2/7/2023. Additionally, the processing time for providing clients with copies of amended returns is 45 Business days from the date of request. Amendment fees will apply. Please reference the Paytime Fee Schedule at the end of the document.

Tax Form Distribution Dates

January 31, 2023, is the deadline to distribute:

- ✓ W-2s to your employees

March 2, 2023, is the deadline to distribute:

- ✓ 1095-Cs to employees

Where are my W-2s?

Our team will be working hard to prepare and ship your W-2s by 1/23/2023. Please note that our payroll team will only be able to track the status of W-2 packages after 1/23/2023.

Because we are printing, packaging, and shipping around the clock, we cannot make exceptions to accommodate expedited shipping requests.

Thank you for allowing us to serve you for another year. We wish you continued success in 2023!

Payroll Submission Deadline:

Paytime greatly appreciates having all payrolls submitted two full business days by 2:00 P.M. EST prior to your check date. This allows us to ensure both timely submission and delivery of your payroll. Beginning in November through the end of January our volumes will be high, therefore submitting payrolls by 2:00 will help us eliminate any unnecessary bottlenecks in our process. If you submit your payroll after 2:00 P.M. EST, it may not be processed until the following business day.

Holiday Schedule

Please review the holiday and closure dates below and adjust your processing schedule accordingly.

Paytime Holiday Closures

- **Thursday, November 24, 2022** - Thanksgiving Day
- **Friday, November 25, 2022** - Day After Thanksgiving
- **Friday, December 23, 2022** – Paytime Closing at 1:00 EST
- **Monday, December 26, 2022** - Christmas Day (Observed)
- **Friday, December 30, 2022** – Paytime Closing at 3:00 EST
- **Monday, January 2, 2023** - New Year's Day (Observed)

Important Direct Deposit Information

If your check date is:	You must submit by:	Check date will be:
Thursday, November 24, 2022	2:00 PM EST on Monday, November 21, 2022	Wednesday, November 23, 2022
Friday, November 25, 2022	2:00 PM EST on Tuesday, November 22, 2022	Friday, November 25, 2022
Monday, November 28, 2022	2:00 PM EST on Wednesday, November 23, 2022	Monday, November 28, 2022
Tuesday, November 29, 2022	2:00 PM EST on Wednesday November 23, 2022	Tuesday, November 29, 2022
Tuesday, December 27, 2022	2:00 PM EST on Thursday, December 22, 2022	Tuesday, December 27, 2022
Wednesday, December 28, 2022	2:00 PM EST on Friday, December 23, 2022	Wednesday, December 28, 2022
Thursday, December 29, 2022	2:00 PM EST on Tuesday, December 27, 2022	Thursday, December 29, 2022
Friday, December 30, 2022	2:00 PM EST on Wednesday, December 28, 2022	Friday, December 30, 2022
Tuesday, January 3, 2023	2:00 PM EST on Thursday, December 29, 2022	Tuesday, January 3, 2023
Wednesday, January 4, 2023	1:00 PM EST on Friday, December 30, 2022	Wednesday, January 4, 2023
Thursday, January 5, 2023	2:00 PM EST On Tuesday, January 3, 2023	Thursday, January 5, 2023

Bonus Payroll Processing

If you are planning to run an extra bonus payroll, we must be advised as soon as possible to include it in our scheduling. Currently, we only need the date you are planning to run this payroll to update your 2022 Payroll calendar; you do not need to give us the bonus amounts now. Please email Focus@paytimepayroll.com to request a form for a supplemental check date as soon as possible.

Below is a helpful checklist of things to consider for bonus or special payroll processing.

- ✓ Is the bonus going to be included with a regularly scheduled check date?
- ✓ If the bonus is running with payroll, will it be on a separate check?
- ✓ Will the bonus be a live check?
- ✓ Will the bonus be taxed differently than a normal check? (Federal supplemental rates are: Less than \$1 million = 22%, More than \$1 million = 37%)
- ✓ Will the total 941 tax liability be greater than \$100,000? (If so, the IRS requires next day payment.)
- ✓ Will Direct Deposits reach \$100K to a single employee or Total Direct Deposits reach \$500K? If so, a wire will be required.

Wire Requirement Reminder

Larger bonus payments may need to be funded by a wire. If either of the following two conditions apply, a wire may be required. We will send you wire instructions if necessary.

1. Total Direct Deposit Exceeds \$500,000
2. Payroll includes an individual receiving a net payment of \$100,000 or more via direct deposit.

The wire for the total amount of the payroll must be processed at the very latest one (1) business day prior to check date by 12 PM EST.

Fringe Benefits & Non-Cash W-2 Reporting

IMPORTANT: Please review your fringe benefit requirements with your accountant or tax advisor. A detailed guide to all the rules applicable to fringe benefits is contained in IRS Publication 15-B. These entries must be processed on or before your last 2022 payroll to ensure that your forms 941 and W-2 will be accurate. Additional charges will be applied for late receipt of this information. Examples of fringe benefits are:

- Personal Use of Company Car (PUCC) -If you provide any employee with a company vehicle, the personal use of the vehicle is fully taxable.
- Group Term Life (GTL) – The coverage in excess of \$50,000 is taxable.
- S-Corp Health Insurance – The cost of health premiums provided by an S-Corp to its 2% shareholders must be reported as income on the W-2.
- Gift cards of any value are taxable and should be processed through payroll.
- Employer contributions to an HSA.

Third-Party Sick Pay

To better assist with the reconciliation of 3rd Party wages, please be aware that Paytime, Inc. will not prepare your year-end reports or W2's until we receive a Year-to-Date 3rd Party Sick Pay Report from your 3rd Party Provider. We suggest you contact your vendor in early December to inquire when you will receive your reports. We need the report by January 10th 2023, anything received after that date will require W-2 C's and amended tax returns. Please keep in mind due to timing of adjustments, any adjustments processed after January 1st, 2023, which increase earnings will result in taxes being deposited after the due date and you may incur interest and penalties. These would be your responsibility to pay. Additional charges will apply for any adjustments processed after January 1st, 2023.

Health Cost on W-2's:

An employer who filed 250 or more W-2's in the previous year is required to report the aggregate cost of applicable employer-sponsored health coverage on the W-2, Box 12 with a code DD. This information must be processed prior to your last payroll of 2022.

ACA Overview

Applicable Large Employer (ALE) obligations under the Affordable Care Act (ACA):

- ✓ Offer medical coverage to full-time and full-time equivalent employees
- ✓ Medical coverage must be affordable and provide minimum value
- ✓ Penalties assessed if at least one employee receives government subsidized coverage through an exchange or forms are not filed

Who must file ACA returns (1094/1095-Cs)?

The Employer Mandate is the Health Care Reform provision that requires all employers with 50 or more full-time equivalent employees (Applicable Large Employers) to offer a certain level of health insurance coverage at an affordable rate to all full-time employees or face a penalty. This mandate is sometimes referred to as the "pay or play" provision.

What happens if I do not offer my full-time employees health insurance?

The "A" penalty is assessed if the employer is subject to the Employer Mandate but fails to offer health insurance to at least 95% of its full-time employees. The "A" penalty is \$2,000 annually for each full-time employee, excluding the first 30 employees.

Good Faith Relief for ACA Filings Not Extended

Good-Faith Relief was intended as transitional relief for employers who report incomplete or incorrect information on their information returns (including missing and inaccurate taxpayer identification numbers or "TINs").

The halt of Good-Faith Relief means steep penalties for those employers who prepare incomplete and/or inaccurate Forms 1094/1095-C in future years. Penalties range from \$50 to \$270 per return per filing/furnishing obligation, and \$550 per return per filing/furnishing obligation for intentional disregard.

LOOKING FORWARD TO 2023

Please note that **Paytime will be closed** on the following holidays in 2023:

- New Year's Day – Observed Monday, January 2, 2023
- Memorial Day – Monday, May 29, 2023
- Independence Day – Tuesday, July 3, 2023
- Labor Day – Monday, September 4, 2023
- Thanksgiving Day – Thursday, November 23, 2023
- Black Friday – Friday, November 24, 2023
- Christmas Day – Monday, December 25, 2023

Please contact your Client Success Specialist if you have any questions regarding your payroll processing schedule.

Bank Holidays

Please note that the days below are bank holidays. If your processing time frame (process date through check date) falls on any of the dates below or any of the Paytime holidays, you will need to adjust your process date and check date. Paytime requires processing two full business days by 2:00 PM EST prior to check date. This will reduce the possibility of interruptions in payroll delivery and posting of direct deposits.

- New Year's Day – Observed Monday, January 2, 2023
- Martin Luther King Jr. Day – Monday, January 16, 2023
- President's Day – Monday, February 20, 2023
- Memorial Day – Monday, May 29, 2023
- Juneteenth National Independence Day – Observed Monday, June 19, 2023
- Independence Day – Tuesday, July 4, 2023
- Labor Day – Monday, September 4, 2023
- Indigenous People's Day – Monday, October 9, 2023
- Veterans Day – Friday, November 10, 2023
- Thanksgiving Day – Thursday, November 23, 2023
- Christmas Day – Monday, December 25, 2023

Update Tax Information

The IRS and State agencies have begun focusing heavily on taxpayer compliance with information reporting laws. Specifically, penalties for failure to file correct information on returns may apply if we file on paper when you are required to file electronically.

Please report changes and provide Paytime with new ID numbers and correspondence as soon as you receive these notifications from tax agencies. Below are examples of common notices that are routinely sent by agencies between now and January:

- **Tax Deposit Frequency** - As company numbers grow, tax deposit frequency can change.
- **Rate Changes** - Employers typically receive notice of new unemployment tax rates beginning in November for the upcoming year.
- **Additional or Missing States or Localities** - Please submit any missing ID numbers that you have applied for and their corresponding deposit and frequencies to Paytime immediately.

Applying for new state identification numbers

You must apply with any new state/local tax agencies to open an account. After you apply, you should receive account information within 2 - 6 weeks. Please forward your confirmation of registration to your Client Success Specialist. If you do not receive the required account information from the agencies, please follow up with them to inquire about the status of the account. Many agencies will not accept "Applied For" or missing identification numbers on tax returns and payments. This could result in late filings, penalties, and/or interest. Paytime must receive your missing account information within 30 days of set up. If we have not received it within the allotted time, you will be charged a **\$50** fee per payroll for each account number that is missing or in an "applied-for" status.

SS-R Deferred Tax Repayment

For employers who opted to defer payment of the employee and employer portions of Social Security tax, employers must pay back these deferred taxes by their applicable dates.

The deferral deposits of the **employer's share** of Social Security tax must be deposited by the following dates to avoid a failure to deposit penalty:

- On Dec. 31, 2021, 50% of the eligible deferred amount, and
- On Dec. 31, 2022, the remaining amount.

Social Security Wage Limits

The wage limit will reset effective January 1, 2023. The Social Security tax rate is 6.2% for both the employee and the employer (total of 12.4%). The wage base limit for 2023 is \$160,200.

Medicare Wage Limits

The wage limit will reset effective January 1, 2023. The Medicare tax rate is 1.45% for both the employee and employer (total of 2.9%). There is an additional 0.9% employee only tax on wages in excess of \$200,000 through the end of each calendar year.

Federal Unemployment (FUTA) Wage Limits

The wage limit will reset effective January 1, 2023. The wage base for FUTA is \$7,000. Once an employee's year-to-date wages exceed \$7,000, an employer stops paying FUTA for that employee.

State Unemployment (SUTA) Wage Limits

The wage limit will reset effective January 1, 2023. The wage base for SUTA varies by state. Once an employee's year-to-date wages exceed their state's limit, an employer stops paying SUTA for that employee.

Company Information Audit

Verify that Paytime has the most current information for your company including:

- a. Company address
- b. Company contacts (please review name, email addresses, and contact phone numbers)

Please send any changes to FOCUS@paytimepayroll.com

Paytime Communications

Our team primarily sends out important communications regarding upcoming deadlines, holiday payroll reminders, informational webinars, and platform updates via email.

If you or any member of our team who should be receiving this information are not currently subscribed to our client email list, please let us know by calling 800.298.6431 or emailing FOCUS@paytimepayroll.com so that we can subscribe you.

Paytime Fee Schedule

The following list provides general information on common transaction fees that could be associated with Paytime Tax Services. It is not a complete list of all costs that could be assessed by Paytime.

This schedule is provided for informational purposes only and may be changed at any time.

Type of Fee	Description	Fee
Amended Tax Returns	Corrections of previously filed tax returns	\$250
Corrected W-2C's (each)	Name/SSN changes on an already filed W-2.	\$50/W-2C
Reprinted W-2	Fee to re-print W-2 per employee.	\$25/W-2

