

# 2021 Quarter-End Checklist

Review these items before the end of the quarter

## Has this information been reported?

- All payroll checks issued to employees that you wrote
- Voided checks
- Tax deposits made for an amount other than the amount on the deposit notice
- Identification numbers for every tax agency

## Has this information been verified?

- Employee names and addresses
- Employee social security numbers (SSNs)
- Identification numbers for state and local agencies on each return

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## Have you considered COVID-19 reporting and payments?

### Employee Retention Tax Credits (ERTC)

In order to claim credit for past quarters, employers will need to file Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund, for the applicable quarter(s) in which the qualified wages were paid.

- Report ERTC under the Coronavirus Aid, Relief, and Economic Security (CARES) Act- **this has been extended through December 31, 2021 (fourth quarter).**

- Qualified wages for ERTC.
- Qualified health plan expenses on wages reported for the ERTC.
- The ERTC is increased from 50% to 70% of qualified wages paid in 2021.

- The maximum amount of qualified wages for each employee is \$10,000 **each calendar quarter** for all four quarters of 2021, for qualified wages paid in 2021.
- The maximum credit for qualified wages paid to any employee is **\$7,000 per quarter** for all four quarters of 2021, for qualified wages paid in 2021.

### ERTC for Recovery Startup Businesses

- Report that you are receiving the ERTC as the result of being a Recovery Startup Business so we can correctly report the credits on your 941 return.

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## The ERTC and Paycheck Protection Program (PPP) Loan

Employers who received the PPP loan can now claim the ERTC as well. Employers can also retroactively claim this credit in 2020 as well. The ERTC cannot be claimed on the same wages that were used for PPP forgiveness.

## Employer Social Security Tax Deferral

- If you deferred employer social security tax, remember that 50% of the deferred amount is due to the IRS by December 31, 2021. You may want to start planning for this now.
- If according to our records, you deferred employer social security tax, Paychex will be sending you additional information in June about how we'll be handling the process. Also, in early December, we'll send you information about how much and the date we'll be collecting from your account.
- If you allowed your employees to defer any employee social security tax, remember that these amounts are due for repayment by December 31, 2021. Please make sure you remind employees that an additional amount will be deducted from their 2021 checks to pay back the employee social security tax deferred in 2020.
- If according to our records, you deferred employee social security tax, Paychex will be sending you additional information in early December, about how much and the date we'll be collecting from your account.

## Employee Social Security Deferral

The following changes were made to the Employee Social Security Deferral:

- The repayment period has been extended from April 30 to December 31, 2021.
- Repayments are due to the IRS by December 31, 2021.

## Form 7200

The IRS has advised that taxpayers cannot file the old version of Form 7200 for any second quarter 2021 advances. They must use the [updated version](#) of Form 7200 released on May 18, 2021 with a revision date of April 2021 to claim advances for second quarter 2021.

For the detailed instructions from the IRS, click [here](#). Any Forms 7200 filed claiming an advance for second quarter 2021 using the January 2021 (or prior) revision of the form will be rejected.

For additional information about how Paychex is handling Form 7200, go to the following resources:

- [Form 7200 Explanation Guide](#)
- [Form 7200 Detailed Client Instructions](#)

## Families First Coronavirus Response Act (FFCRA)

### □ FFCRA information:

- Qualified emergency paid sick leave and emergency family and medical leave wages.
- Qualified health plan expenses on qualified sick and family leave wages.
- Tax credits and **voluntary** provision of leaves under the FFCRA framework extended through **September 30, 2021 (third quarter)**.

**Note:** The paid leave is no longer a requirement in effective December 31, 2020; however, employers can voluntarily provide leave to qualified employees under the FFCRA framework from January 1 – September 30, 2021 and utilize payroll tax credits under the FFCRA.

- Beginning April 1, 2021 an employer can provide 80 additional hours of Emergency Paid Sick Leave and 12 additional weeks of Emergency Family and Medical Leave.

**Employers are responsible to track these limits and report only these types of wages up to the limits.**

## Additional Reminders

### Bonus Payrolls

- Bonus checks can be processed with your regular payroll. If a different check date or period-end date is needed, the bonus checks must be processed as a separate payroll.

- You can temporarily override direct deposit on bonus checks so your employees can receive paper bonus checks. Please call your Paychex payroll representative if you need assistance.
- If you are using a 401(k) plan offered through Paychex Retirement Services, we will automatically deduct any 401(k) contributions from the bonus checks of the employees participating in the plan. According to the plan, bonus pay is defined as compensation; therefore, it must have 401(k) contributions deducted, and must be reflected on Forms W-2.

### Quarter-End Deadline Date

- The quarter-end deadline date for you to report changes for third quarter 2021 is **Thursday, September 30, 2021, by 4:00 p.m.** or before your first payroll with a July 2021 check date, **whichever date is earlier.**
- If payroll adjustments are necessary after the quarter-end deadline date, Paychex can reprocess tax returns; however, there is an additional charge and a processing delay. If you anticipate the need for payroll adjustments, contact Paychex immediately so returns can be processed at no additional charge.

If you have any questions, contact your Paychex payroll service representative.