

2021 Year-End Checklist

Review these items before the end of 2021

Has This Information Been **Reported?**

- All checks manually written in-house
- Voided checks
- Employee pension information
- Group-term life adjustments
- Tax deposits made for an amount other than the amount on the deposit notice
- Tip allocations for TEFRA
- Third-party sick pay insurance benefits
- Any premiums for health and accident insurance paid by an S Corporation on behalf of 2% shareholder/employees
- Other amounts on Form W-2, Box 14
- Compensation adjustments paid to employees that need to be included on employee Forms W-2 (i.e., charitable contributions, union dues)
- Taxable cash and non-cash fringe benefits (i.e., personal use of a company car)
- Educational assistance reimbursements
- Any dependent care services provided to employees in an employer-sponsored program
- Identification numbers for every tax agency

Has This Information Been **Verified?**

- Employee names and addresses
- Employee social security numbers (SSNs)
- Your company's Forms W-2 delivery address
- 1099 payees' SSNs or taxpayer ID numbers
- Identification numbers for state and local agencies on each return

For more detailed information, refer to the Year-End Reference Guide on the Tax Filing Site at <https://go.paychex.com/tax-filing>

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. For most employers, ERTC ended on September 30, 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 Form 941 return. Recovery Startup Businesses are able to claim the credit for wages paid through December 31, 2021.

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.

If according to our records, you deferred *employer* social security tax, Paychex will be sending you additional information about the amount and the date we will be collecting funds from your bank account.

Employee Social Security Deferral

- If you allowed your *employees* to defer any employee social security tax, remember that these amounts are due for payment by December 31, 2021.
 - If according to our records, you deferred employee social security tax, Paychex will be sending you additional information

about the amount and the date we will be collecting your account.

- Based on IRS instructions, employers will be responsible for withholding/collecting deferred tax obligations ratably from their employees and paying back the deferred amounts between January 1, 2021 and December 31, 2021.
- If employers cannot withhold or otherwise collect deferred amounts (i.e., an employee is on leave or the individual no longer works for the business because of termination or by choice), they are still responsible for remitting the payment by December 31, 2021 or it will result in penalties/interest on the unpaid tax beginning January 1, 2022.

Note: Employee social security deferrals do not apply to Paychex PEO.

Families First Coronavirus Response Act (FFCRA)

Tax credits and voluntary provision of leaves under the FFCRA framework extended through September 30, 2021. If you have a pay period that includes September dates, but the check date is in October, you can still use credits for FFCRA leave in September.

Due to the October check date this credit will be reported on the fourth quarter return.

Form 7200

For the detailed instructions from the IRS about Form 7200, click [here](#).

For additional information about how Paychex is handling Form 7200, go to the [Tax Filing Resources site](#).

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 visit the Paychex Flex Help Center or 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.

Local Paychex offices will be closed for the holidays on Friday, December 24, and Friday, December 31, 2021; however, banks will be open. Discuss the implications to payroll processing with your payroll service representative.

If you have any questions, visit the Paychex Flex® Help Center or contact your Paychex payroll service representative.

Year-End Deadline Date

- The year-end deadline date for you to report changes for 2021 is **Thursday, December 30, 2021, by 4:00 p.m.** or before your first payroll with a January 2022 check date—**whichever date is earlier.**
- If payroll adjustments are necessary after the year-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.

Funding Responsibilities

- Processing large payroll liabilities may require funding Direct Deposit/Readychex® by a secure wire method. When this method is required, you will be contacted by the Paychex Risk Management Department after your payroll is processed.

Time and Attendance

With 2022 right around the corner, now is a good time to update your Time and Attendance information for the upcoming year.

- Review and update 2022 holidays.
- Review and update time off policies if necessary.
- Review and update employee schedules if necessary.

The foregoing is provided for informational purposes only and is not intended to be tax or legal advice. Consult your licensed attorney, accountant, or other tax professional to discuss your particular facts, circumstances, and how these opportunities might apply to your business. The information is considered current as of the date of publication and subject to change.