

# 2015 Year end processing package

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## Dear Valued Customer,

Sage Payroll Services is providing you with a year-end reference guide containing important information to help prepare and plan for year-end. Our goal is to provide the best customer service and support.

### 1. W-2 verification - report enclosed for phone/fax clients

Please review and submit corrections to your Customer Care Specialist via fax or mail by Friday, December 4, 2015. Email is not a secured method.

**Online Employer Customers:** The W-2 Verification report can be found under Web Reports, "W-2 Verification Report". Changes must be included before or during the last scheduled payroll in 2015 in order to be effective on the W-2. Changes update when payroll is processed.

- In addition to requiring SSN's, **employees must also have a full street address for W-2 purposes.** If an address is unknown, consider using the employers address.
- **Failure to provide an employee address could result in the SSA or State(s) rejecting your W-2 file. Fees may apply.**
- The return address on the W-2 form will be your company address.

### 2. Fringe benefits, gtl, sub-s health, manual (in-house) checks, void checks, employer cost of health insurance, 3rd party sick pay, taxable auto allowance, 1099 additions

- Payroll adjustments must be submitted by your last scheduled payroll in December.
- It is best to submit taxable adjustments (example: fringe benefits, GTL) with regular payroll whenever possible so there are wages to cover required taxes.
- Wednesday, December 30th is the last day payroll corrections can be submitted for 2015. A minimum late fee of \$100 will apply if submitted after this date.
- Helpful "fill-in" forms for adjustments and bonuses can be found at [www.sage.com/us/sage-payroll-services/resources](http://www.sage.com/us/sage-payroll-services/resources).

### 3. Bonus payrolls

- Please schedule **in advance** bonus payrolls that are **separate** from normal check dates.
- Please decide if you wish to "gross-up" taxes (example: employee nets \$100 bonus)
- If your Federal tax liability exceeds \$100,000 a wire transfer will be required, unless prior authorization has been granted.
- Please let your Customer Care Specialist know if deductions should be taken, direct deposit turned off, and if taxes need to be a different percentage or frequency than normal. Encore customers will control these options when submitting payroll. Use the Pre-Process Report to verify accuracy and totals before submission.

### 4. Affordable Care Act (ACA) Compliance

- Please note that an ACA Comply subscription is required for Sage Payroll Services to prepare forms 1095-C and 1094-C
- These forms are mandatory for applicable large employers with 50 or more equivalent full time employees and are due by January 31, 2016, similar to a W-2 Form.
- If you have any questions on the Affordable Care Act and how it applies to your business, please contact us for more information.

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### 5. Year-end service offerings - due by Friday, December 4th

Please review the Client Year End Check list for additional services and return to us either via fax, mail or the link provided that will be sent via email.

December 2015							January 2016						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
29	30	1	2	3	4	5	26	27	28	29	30	1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31	1	2	24	25	26	27	28	29	30
3	4	5	6	7	8	9	31	1	2	3	4	5	6

Sage Payroll Services closed
  Sage Payroll Services open, Federal Banking holiday
  Key dates

### December 2015

December 4th – Deadline for Year End Checklist and W-2 changes to Regional office

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December 25th – Holiday, Sage Payroll Services offices closed

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December 30th – Last day to submit 2015 payroll corrections or adjustments

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### January 2016

January 1st – Holiday, Sage Payroll Services offices closed

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January 6th – Payroll adjustments received after this date will result in amended returns

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January 18th – Martin Luther King holiday, Sage Payroll Services offices open

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January 31st\* – W-2/1099 forms due to employees, 4th quarter returns due

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\*W-2/1099's technically due 2/1/16 because January 31st is on a Sunday.

### Delivery of W-2 forms

Payment and W-2 forms will be shipped in a separate package, arriving prior to or during the week of January 18th. W-2 fees will be debited in January. Please plan accordingly.

### State unemployment tax rates and deposit frequency changes

Federal and state agencies will send 2016 tax frequency and unemployment rate changes beginning in November. It is your responsibility to forward this information to Sage Payroll Services, as well as any recently applied for tax ID numbers. Tax rates and ID numbers can be verified using the Tax Liability Report that is provided each payroll.

## Client year end check list

(please retain a copy for your records)

### Please complete this checklist and return to your Regional Office by Friday, December 4th

(If you have already submitted electronically, please disregard.)

Attn: Payroll Specialist:	Regional Office Fax #:
Company Name:	Customer ID:
Payroll Contact Name:	Email:

#### PTO balances calculated in payroll

Your current PTO Carryover settings **will remain** unless otherwise specified below:

- Vacation note: \_\_\_\_\_
- Sick note: \_\_\_\_\_
- Personal note: \_\_\_\_\_

For more information, please contact your local customer care specialist.

#### 1099-M (miscellaneous) information

Sage Payroll Services **will not expect** 1099-M data submitted by the last payroll in 2015 unless specified below:

- Our company will submit 1099-M data by the last payroll in 2015.

#### 2015 Annual archival Frontrow CD

Sage Payroll Services **will generate** your 2015 annual archival Frontrow CD unless otherwise specified below (additional fees apply):

- No, we do not want the Annual Frontrow CD.
- I would like more information. Please contact me!
- Yes! We want the Annual Frontrow CD (\$95)

The Frontrow CD includes all 2015 payroll reports, check stubs, quarterly reports and W2/1099 forms. Did you know that as an employer, you are legally required to retain these records for a minimum of 3 years?

- Encrypted and password protected
- Eliminates paper storage
- Provides method for off-site records for backup or security
- Create PDF documents directly from CD – easy to email to CPA or auditor
- Reprint W2's easily at your convenience

#### Interested in processing payroll online in 2016?

- Yes, please contact me with more information about Encore Online!

**Sage Payroll Services would like to extend our best for a happy and safe holiday season.**

## 2015 Year end processing package

### Explanation of commonly used year-end adjustments

**Please call your local branch office for help if you do not see the type of adjustment you need. To better assist you, we will need to know the adjustment's impact on W-2 form boxes and the taxes to be withheld. It may be helpful to consult with your accountant.**

#### Employer healthcare cost

Impacts W-2 box 12, code DD

**Description:** Used for W-2 reporting of the aggregate (employee and employer) cost of applicable employer-sponsored health insurance coverage. The amount reported with code DD is not taxable, and used to provide employees with useful and comparable consumer information on the cost of their health care coverage. This reporting is mandated if filing 250+ W-2 forms in 2015, or was mandated in the prior calendar year.

#### Fringe benefit

Impacts W-2 boxes 01, 03, 05, 14

**Description:** Fringe benefits included in taxable wages for federal and state, but only FICA and Medicare are withheld. These types of fringes **must be submitted with other paid wages** to allow for tax deduction or must be submitted as an adjustment to allow FICA/Medicare to automatically catch up on current or next live check. Usually reported as LIVE (included in net) earnings. Typical fringes are: cars provided by employer, flights provided by employer, free/discounted commercial flights, discounts on property or services, country club membership or social memberships, tickets for entertainment/sporting events, vacation expenses paid by the employer.

#### Taxable auto allowance

Impacts W-2 boxes 01, 03, 05, 14

**Description:** Taxable auto allowance including either 100% value of the employee's use of the vehicle or only the value of the personal use of the vehicle, depending on the employer's accounting policy. Taxed same as fringe benefit, subject to all taxes.

#### Taxable group-term life over \$50,000

Impacts W2 boxes 01, 03, 05, 12 (c)

**Description:** Taxable group-term life insurance premiums paid by the employer on coverage in excess of \$50,000 per year. Fully taxable, however, FICA, Medicare, FUTA and SUI will only withhold when processed. No federal, state or local taxes will withhold; employee resolves any tax due as part of their personal tax return.

#### Taxable group-term life over \$50,000

Impacts W2 Boxes 01, 03, 05, 12 (c)

**Description:** Fully taxable and WITHHOLDS FEDERAL TAX.

#### Sub S health insurance for shareholders

Impacts W2 boxes 01, 14

**Description:** S Corporation health insurance premiums paid by the corporation for owners with at least 2% ownership in an S Corp where an employee "non-discriminatory" medical plan is offered. FICA, Medicare and FUTA exempt. Taxable for federal, state and local.

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For more info, visit: [Sage.com](http://Sage.com)  
or contact us at 866-996-7243