EVOLVE

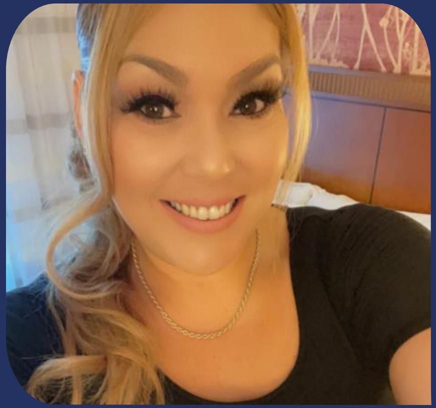
An HCM Growth Summit

Year End Tax Best Practices

2023 Asure Reseller Partner Conference

Asure

Speaker Introduction



Ken LaRose

VP Tax Operations & Process Standardization

- 26 years in Payroll & Tax Operations.
- Joined Asure Software in January of 2019
- Former President/CFO of Omaha based Evolution SBO, Payroll Maxx LLC from 1997-2018
- Evolution user since 2003

Janel Weinke

Director Tax Operations

- 20+ years in Payroll & Tax Operations.
- Joined Asure Software in December of 2020.
- Evolution, Mid-Market HCM and APTM user for 2years.

Year End Tax Best Practices-Evolution

01 Prepare

02 Train

03 Communicate

04 Process

How did we get here already?!!

Prepare

01 Forms Order

02 Preview Reports/Edit Files

03 Calendar of Events

04 Review Balancing/Reconciliation Reports

Prepare

01 Forms Order

- Use the following reports to prepare your year end forms order.
- S161 – W-9 1099
- S3300 – ACA Annual Form EE Count
- Build in a buffer to allow for reprints, changes, etc.
- Order early to ensure timely delivery.
- It's more cost effective to order extra now vs a rush order in January!

02 Preview & Edit Reports

There are various preview and edit reports that all you to provide important information to your clients prior to the production of the final year end forms. Consider using the following to assist in this manner.

- S2594 - W-2 Preview
- S3125 – 1095 Preview

03 Calendar of Events

A calendar of events is a very useful tools to keep yourself, your staff and your clients organized and informed as they move thru year end.

- Bank Holiday's
- Service Bureau Holiday's
- Early Closings
- Due date for Forms
- Last date 2023 PR Entry
- Distribution Dates for YE Forms

04 Balancing & Reconciliation Reports

- As you move thru the final quarter of the year its critical to stay on top of any potential balancing issues with your clients. The following reports assist in the identification of clients with potential issues.
- S270 – Balancing Report
- S1095 – Taxable Wage Reconciliation Report

Train

01 Taxable Fringe Benefits

02 Bonus/Supplemental Payroll Processing

03 Funding Requirements

04 Fraud Awareness

Train

01 Taxable Fringe Benefits

- TFB's entry is a generally a year end task, consider a refresher training with your staff on the types of TFB's and how they should be processed.
- Mishandling of TFB's often result in companies becoming out of balance or inaccurate W-2 reporting.
- TFB's should be processed within a regular payroll to ensure all appropriate taxes can be captured from the employee.

02 Bonus/ Supplemental Payroll Processing

With year end comes an increase in requests for Bonus/Supplemental payrolls. These payrolls generally come with special handling requests. Consider requiring a Bonus Payroll Form to ensure accurate processing.

- Alternate Taxation Requests
- Deduction changes/exclusions
- Direct Deposit vs Live Check
- Alternate Delivery Requirements

03 Payroll Funding Requirements

Bonus/Supplemental payrolls can push a client's Direct Deposit and tax ACH amounts over limits that you have established. Make sure your staff and your clients understand any changes you will require to their normal funding arrangement as a result of these increased payroll amounts.

04 Fraud Awareness

Fraudulent payroll activity tends to increase during this time of the year. Consider a refresher training with your staff on Red Flags to watch for. during this busy time of the year.

- Request via email or different channel than regular payroll
- Unusual request for the client
- Request is urgent in nature, and contact unable to be reached
- Direct deposit account changes in conjunction with bonus request

Communicate

01 Calendar of Events

02 Agency Updates for 2024

03 2024 Limits Updates

04 Additional Wage Adjustments Form

05 Bonus Form

06 Miscellaneous Items

Communicate

01

Calendar of Events

- A calendar of events is a very useful tools to keep yourself, your staff and your clients organized and informed as they move thru year end.
  - Bank Holiday's
  - Service Bureau Holiday's
  - Early Closings
  - Due date for Forms
  - Last date 2023 PR Entry
  - Distribution Dates for YE Forms
- .

02

Agency Updates for 2024

- Notify your clients of the importance of sharing these agencies notifications with you. The accuracy and timeliness of their tax filings depends on these important notifications:
  - SUI Rate Changes
  - Federal/State/Local Deposit Frequency Changes

03

2024 Limit Updates

- Notify your clients of these changes so they can inform their employees and make any adjustment necessary.
  - Social Security Taxable Wage Base change
  - Pension Limits changes
  - H.S.A./F.S.A. Limit changes

Communicate

04 Additional Wage Adjustment Form

- Consider using a form to gather information from your clients about any year end adjustments they may have to report. Putting a list of common TFB in front of your clients will help to ensure they considered these common items they need to report.
  - Third Party Sick Pay
  - Group Term Life
  - S-Corp Health Insurance
  - Taxable Auto

05 Bonus/ Supplemental Payroll Form

- Require a Bonus/Supplemental Payroll Form to ensure you have clearly documented processing instructions from your clients.
  - Alternate Taxation Requests
  - Deduction changes/exclusions
  - Direct Deposit vs Live Check
  - Alternate Delivery Requirements

06 Miscellaneous Items

- Void/Manual checks that have not been reported.
- Missing Tax ID#'s
- Year End Delivery Schedule
- Year End Billing Schedule
- Changing of scheduled check dates
- W-2 Box 12 Code Reference

How to communicate?

- The most effective way to handle these year end communication items is to publish a **Year End Newsletter**. This is a powerful tool for both your staff and your clients.
- Email reminders for important upcoming deadlines.

Process

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01 Tax Queue

02 Enlist Groups

03 Pre-Processing

04 SB Scheduler

05 Quarterly Schedule Report (S354)

06 Common Causes for Companies in Red

Process

01 Tax Return Queue

- Tax returns and reports are automatically added or enlisted to the Tax Return Queue when the last scheduled payroll of the quarter is processed.
- S3300 – ACA Annual Form EE Count
- Build in a buffer to allow for reprints, changes, etc.

02 Enlist Groups

- There are various preview and edit reports that all you to provide important information to your clients prior to the production of the final year end forms. Consider using the following to assist in this manner.
  - S2594 - W-2 Preview
  - S3125 – 1095 Preview

03 Pre-Processing

- Pre-processing calculates all weeks in the quarter to verify that wages & taxes are in balance. It fixes problems and identifies items that need to be checked prior to processing. If imbalances are found during pre-processing, two types of payrolls may be automatically created:
  - QEC: Fixes problems and creates and adjustment (A) type payroll
  - Tax Adjustment: Identifies rounding adjustments for SUI & FUI and creates a tax adjustment (T) type payroll

Process

04 SB Scheduler

- Use the SB Scheduler to pre-process quarterlies each night. When the last scheduled payroll of the quarter is run for a company, it will automatically be pre-processed.
- Best practice recommends that pre-processing be done off-hours, so it doesn't impact resources during production hours.

05 Quarterly Schedule Report (S354)

- The Quarterly Schedule Report (S354) should be run to verify all companies are in the tax return queue for processing. The most common reason for missing companies is:
  - Last scheduled payroll of quarter wasn't processed
  - Date inserted into the company calendar effecting the last schedule payroll
- Any companies missing will need to be manually enlisted.

06 Common Causes for Companies in RED

- Why does a company turn Red?
  - Negative Wages
  - Tax Threshold Exceeded
  - Previous QEC not Finished or EE Tax Needs to be Reviewed
  - Out-of-Balance
- Common causes:
  - Under/over collected Soc/Med taxes
  - Incorrect manual check entries
  - Manual override of Soc/Med taxes

Tax - APTM

Communication

Action Required

Tax Year-End Rules

Client Profile Updates

Asure Payroll Tax Management - APTM

Communicate

- A calendar of events & useful tools to ensure timely remittance of filing and tax payments.
  - Date of importing test files
  - Dates of resolving out-of-balance conditions
  - Global Pass
  - Variance Drafts Collections
  - Client Tax Packets
  - Recorded Training – Resolve Phase 2 errors.

Tax Action

- Beginning December 1st -31st import W2 and quarter-end test files.
- Data Integrity - Mapping, validating data requirements on agency compliance rules.
- Funding resolve non-sufficient payroll liabilities by funding or reversing to ensure timely filing and remitting tax payments.
- Negative Payrolls - last two weeks of December ensure posting a reversal payroll or including within the QE file.
- SUI QE files taxable wages for each employee.
- Mid-QTR start clients - tax due for FUTA and SUI will be calculated during reconciling process.
- Maintenace on client profile – Applied-For and TPA

Tax Year-End Rules

- Federal 944 Filing Status
- FUTA deposit threshold $500.00
- Internal Revenue Service (IRS) will release the 2023 Futa credit reduction states in late November 2023.
- 3rd Party Sick Pay (3PSP) - New Jersey disability annual statements will issue there statements the 2nd week of January.
- 3PSP form 8922 is due to the IRS on February 28th.

Asure Payroll Tax Management - APTM

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Client Profile

- 2024 tax rates & frequency notices will be sent to employers in October 2023.
- In compliance with agency guidelines, Asure PTM will not remit tax deposit/filings if agency does not accept an applied-for account number.
- Helpful resources:
    - Asure PTM Dashboard
    - Agencies with applied For IDs – export report

Date Exchange

- Asure processes data exchange with tax agencies quarterly and annually.
    - SUI : 26 states
    - SIT: 12

Asure will only receive data from agencies if we have power of attorney on file.

2024 we will be increasing the number of states we obtain data from on behalf of our clients.

Service

- Dedicated service representative.
- Tax agency requirements – we are the experts of handling tax filing and payments.
- Tax agency relationships on new compliance guidelines.
- Tax Portal - for your clients

Support Portal

- Year End User Guide
- Troubleshooting Quarterlies
- APTM – Help Menu --> View Online Information

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Resources & Contact

(800) 282-7319 (Option 3)

EVO: support@evolutionhcm.com APTM: PTMTaxService Team@payrolltaxmgmt.com

Support Portal – https://support.asuresoftware.com/

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Every task, goal, race and year comes to and end....therefore, make it a habit to FINISH STRONG

- Gary Ryan Blair

Q & A

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Thank You!

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