



Preparing for year-end and 2020 payroll compliance

December 5, 2019

Webinar starts at 12:30 p.m. CT



Cindy McSwain
Senior Vice President
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Sonia Phillips
Payroll Senior Manager
Outsourcing Services

Administration



If you need CPE or HR credit, please participate in all polling questions throughout the presentation.

Administration



A recording of today's webinar will be emailed for your reference or to share with others.

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For best quality, call in by phone instead of using your computer speakers.

Administration



To ask questions during the presentation, use the questions box on the right side of your screen.

Administration



Please provide your feedback
at the end of today's presentation.

About the speakers



Cindy McSwain

Senior Vice President
Outsourcing Services

Leads AGH's outsourcing services

10+ years of outsourcing accounting/payroll experience

10+ years of audit experience

5+ years of tax experience

Member of AICPA, KSCPA and numerous civic organizations

About the speakers



Sonia Phillips

Senior Payroll Manager
Outsourcing Services

Handles payroll processing, reporting, and tax filings for multi-state, multi-site companies

Expertise in technology, employee benefits and payroll

Learning objectives

The key takeaways

Learning objectives

✓ Year-end processing tips and reminders

- Compensation
- Year-end reporting requirements
- Reconciliations and other action steps
- Critical dates

✓ What's new for 2020

- Getting ready
- Updated limits and rates
- Pending legislation?

Polling question #1

Please answer for continuing education credit

Welcome!





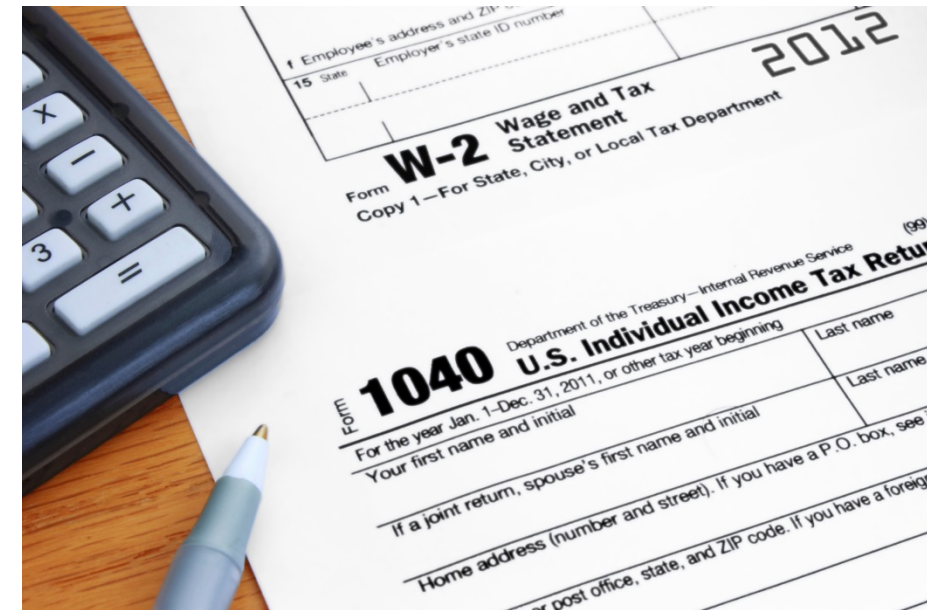
Action list

Critical steps to take before year-end

Year-end action list: Now (2019)

Order forms

(W-2, W-3, 1099s, ACA, states)



Year-end action list: Now (2019)

Order forms

(W-2, W-3, 1099s, ACA, states)

Identify processing dates
for last payroll of 2019



Year-end action list: Now (2019)

Order forms

(W-2, W-3, 1099s, ACA, states)

Identify processing dates

For last payroll of 2019

Holiday schedules



Year-end action list: December (2019)

Obtain payments made to employees through A/P



Year-end action list: December (2019)

Obtain payments made to employees through A/P

Add fringe benefits and other compensable items



Year-end action list: December (2019)

Obtain payments made to employees through A/P

Add fringe benefits and other compensable items

Test any year-end system updates



Year-end action list: December (2019)



Year-end action list: Now (2019)

Reconcile payroll bank account



Year-end action list: Now (2019)

Reconcile payroll bank account

Wage reconciliations



Year-end action list: Now (2019)

Reconcile payroll bank account

Wage reconciliations

Research and document deadlines



Year-end action list: Now (2019)

Reconcile payroll bank account

Wage reconciliations

Research and document deadlines

Look at last year's file



Polling question #2

Please answer for continuing education credit



Compensation

What you need to know

Compensation defined



“...all income from whatever source derived, including (but not limited to) compensation for services, including fees, commissions, fringe benefits, and similar items...”

(IRC §61)

Compensation defined



“...gross income means all income from whatever source derived, unless excluded by law. Gross income includes income realized in any form, whether in money, property or services. Income may be realized, therefore, in the form of services, meals, accommodations, stock, or other property, as well as cash.”

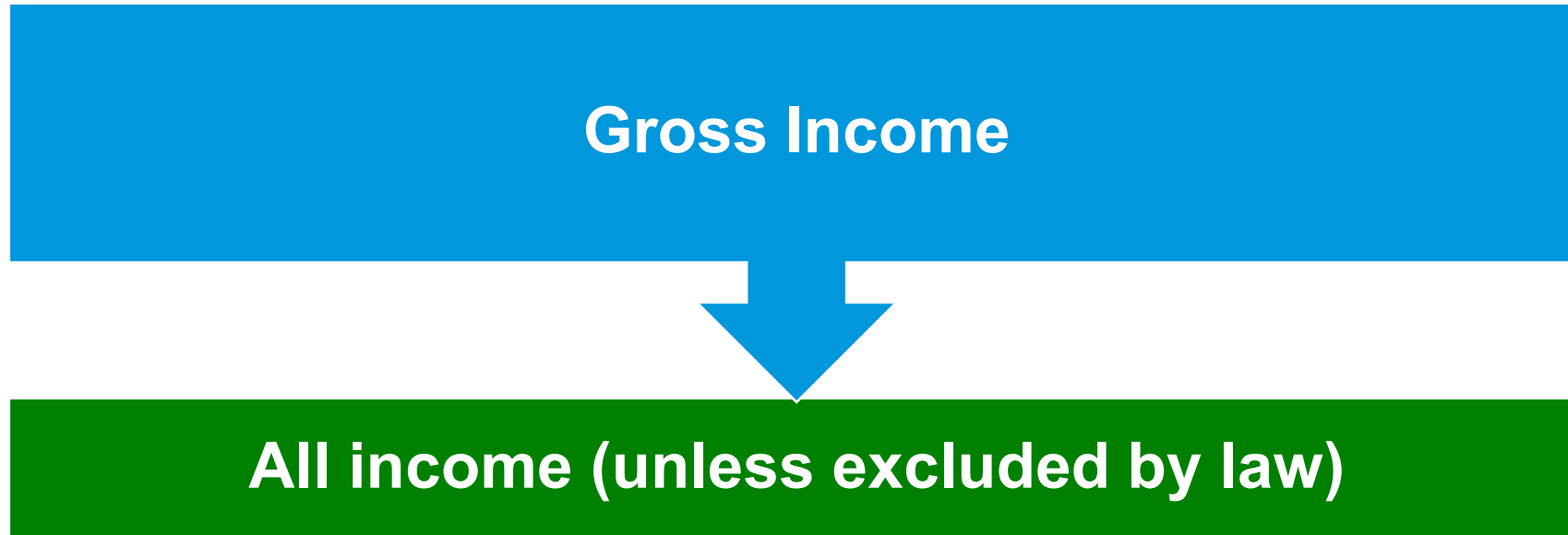
(IRS Regulations §1.61-1)

Compensation breakdown

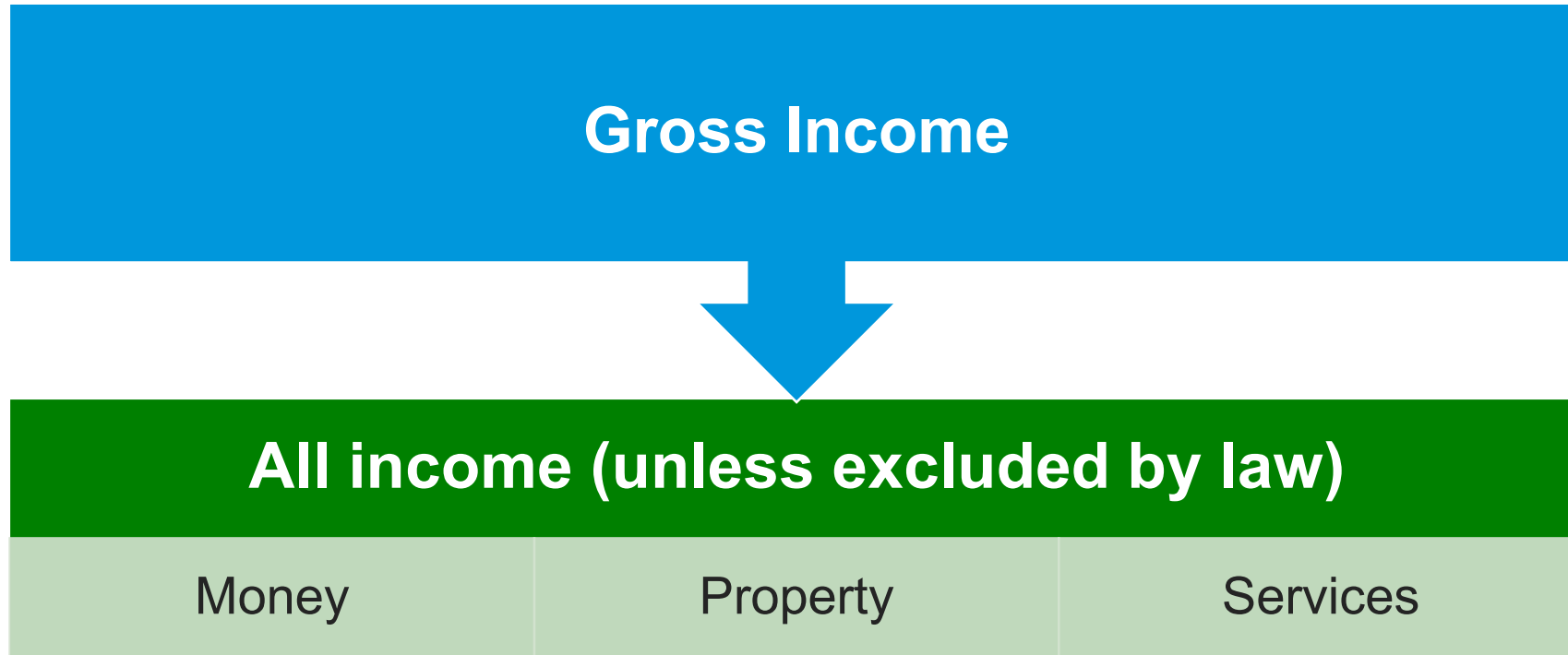


Gross Income

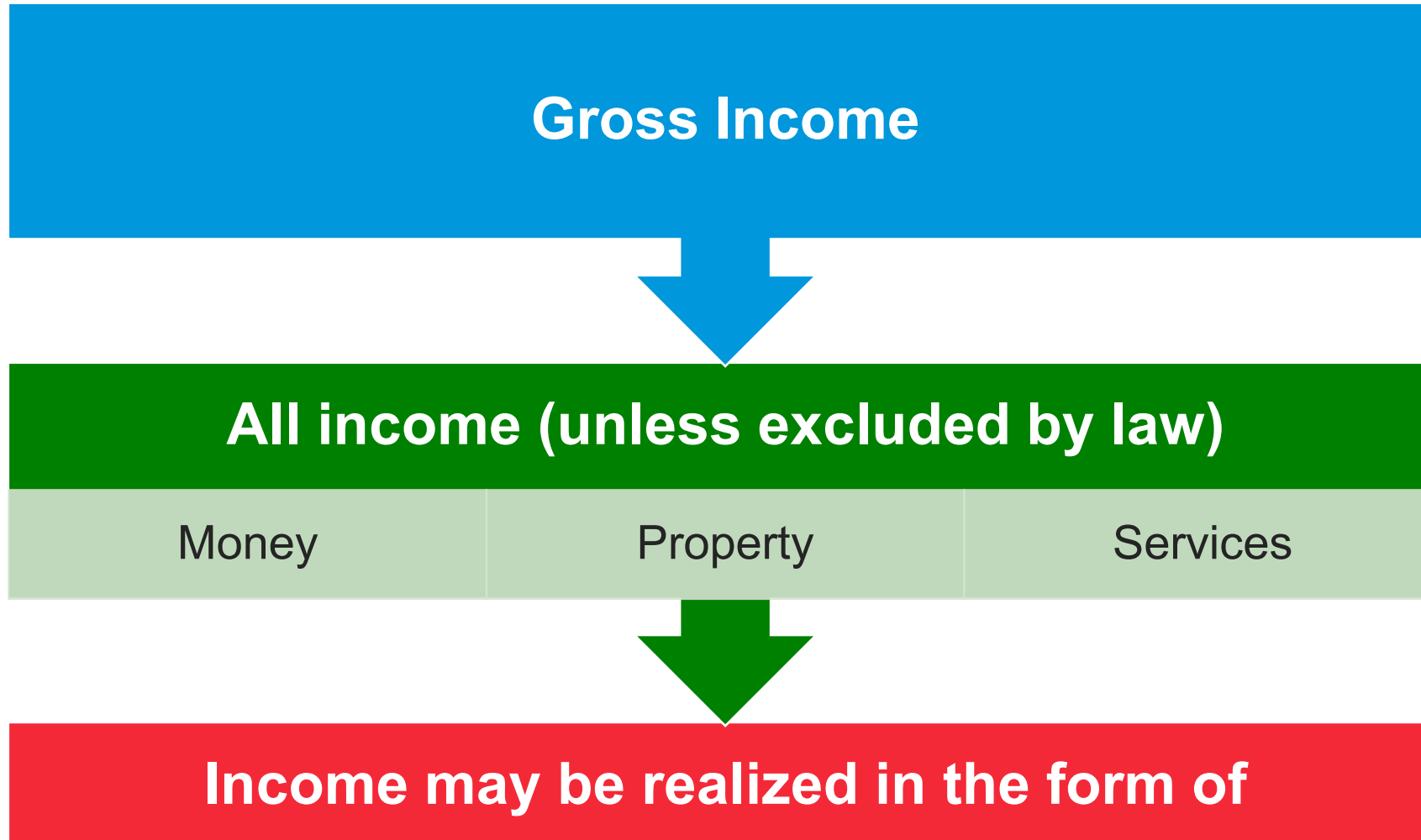
Compensation breakdown



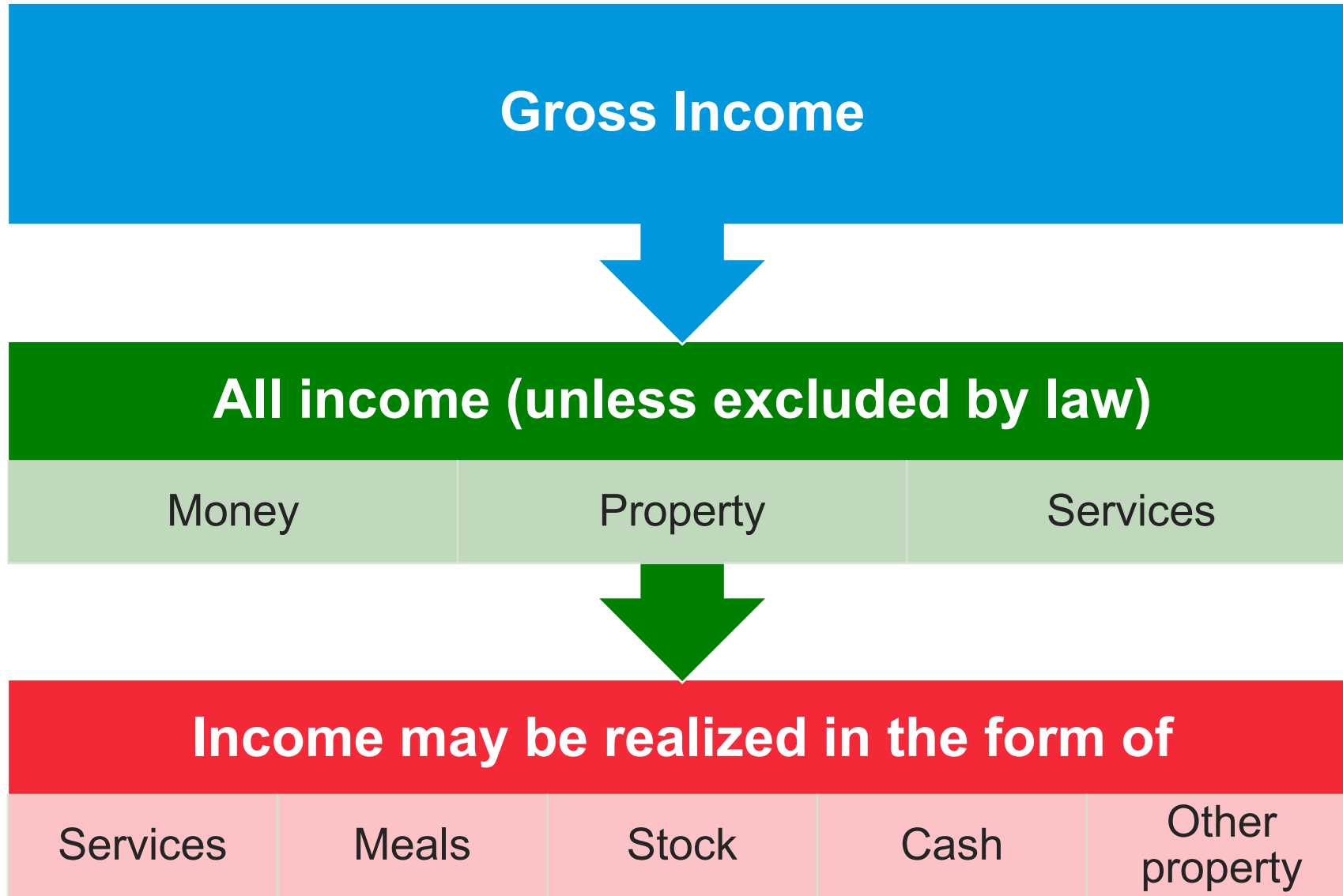
Compensation breakdown



Compensation breakdown



Compensation breakdown



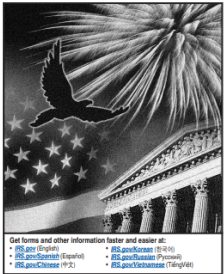
Fringe benefits & the IRS

Department of the Treasury
Internal Revenue Service

Publication 15-B
Cat. No. 571046

Employer's Tax Guide to Fringe Benefits

For use in 2019



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Future Developments

For the latest information about developments related to Pub. 15-B, such as legislation enacted after it was published, go to IRS.gov/Op15B.

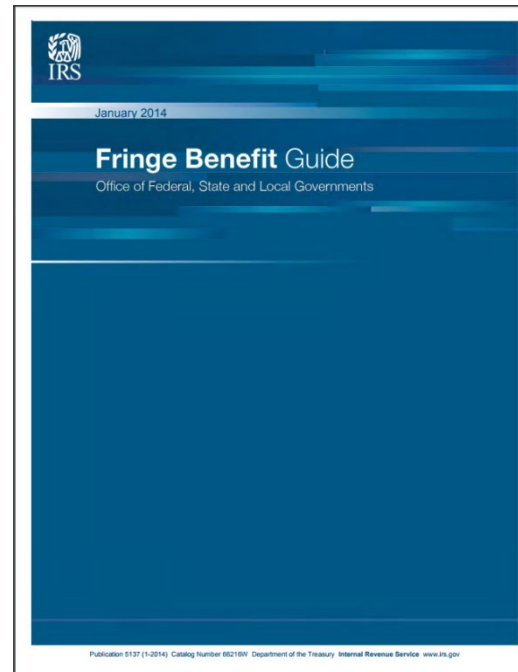
What's New

Cents-per-mile rule. The business mileage rate for 2019 is 59 cents per mile. You may use this rate to reimburse an employee for business use of a personal vehicle, and under certain conditions, you may use the rate under the cents-per-mile rule to value the personal use of a vehicle.

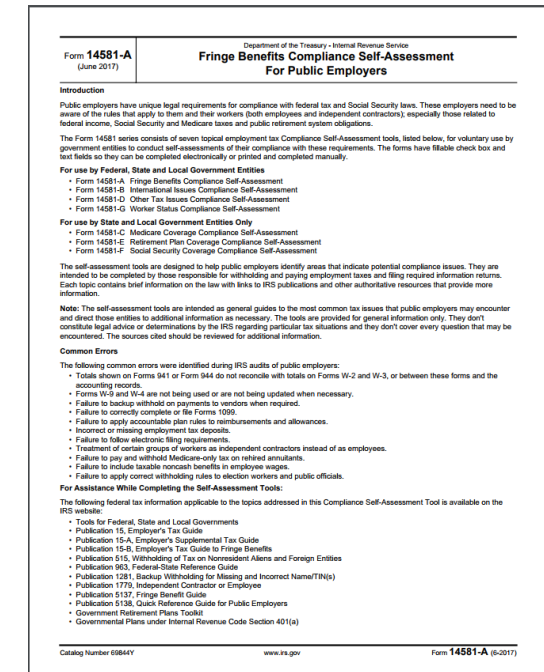
Get forms and other information faster and easier at:
• IRS.gov (English) • IRS.gov/Op15B (Spanish)
• IRS.gov/Op15B (French) • IRS.gov/Op15B (Portuguese)
• IRS.gov/Op15B (Chinese) • IRS.gov/Op15B (Korean)

Dec 18, 2019

IRS Publication 15-B
Employer's Tax Guide
to Fringe Benefits



IRS Publication 5137
Fringe Benefit Guide
**USE WITH CAUTION –
Not updated for TCJA**



IRS Form 14581-A
Fringe Benefits
Compliance
Self-Assessment

Common fringe benefits

More than 2% shareholders of S-Corporations

De minimis benefits

Employee vehicle

Cell phones

Awards & prizes

Educational assistance

Working conditions

Health & medical

Lodging

Meals

Transportation

Dependent care

Gym memberships

Travel

Employee discounts

Commuting

Equipment & allowances

Group term life insurance

Employee stock options

Professional licenses & dues

Fringe benefits

No dollar limit on **de minimis** fringe benefits



Fringe benefits

No dollar limit on **de minimis** fringe benefits

All cash benefits are taxable



Fringe benefits

No dollar limit on **de minimis** fringe benefits

All cash benefits are taxable

Date of “payment” **optional** for non-cash benefits as long as **reported at least annually**

Withholding on fringe benefits:

- Add to regular wages
- Or flat tax rate (22% federal)



Supplemental wage payments

Anything that isn't regular wages

- Bonus
- Back pay
- Commissions

Federal withholding at 22%

State withholding – check the rates



Supplemental wage payments

#1 - Supplemental Method

Bonus	1,000.00
Supplemental FIT (22%)	-220.00
Supplemental KS SIT (5%)	-50.00
FICA (6.2%)	-62.00
Medicare (1.45%)	-14.50
	<hr/>
	653.50

#2 - Concurrent with Other Wages (W-4)

Salary	1,500.00
Bonus	1,000.00
taxable wages	<hr/>
	2,500.00
W-4 FIT (M-0)	-189.17
K-4 SIT (M-0)	-58.13
FICA (6.2%)	-155.00
Medicare (1.45%)	-36.25
	<hr/>
	2,061.45

#3 - No Concurrent Wages (Calculated)

1. Add supplemental wages to regular wages and calculate tax on total
2. Reduce tax calculated by tax already withheld on regular check

Regular Check

Salary	1,500.00
W-4 FIT (M-0)	-77.92
K-4 SIT (M-0)	-27.13
FICA (6.2%)	-93.00
Medicare (1.45%)	-21.75
	<hr/>
	1,280.20

Bonus Check

Bonus	1,000.00
Concurrent less Regular Check FIT	-111.25
Concurrent less Regular Check SIT	-31.00
FICA (6.2%)	-62.00
Medicare (1.45%)	-14.50
	<hr/>
	781.25

Paying employee taxes

Grossing up earnings

Gross earnings = Desired net payments / (100% - total tax %)

Note: Be careful when nearing the \$200,000 additional Medicare tax wage threshold or the \$1 million threshold

Paying employee taxes

Gross Up Calculator		FIT Supplemental rate = 22%						KSSIT Supplemental rate = 5%					
Things to consider:													
Have they met the FICA threshold?													
What about the \$200,000 limit for FHI?													
Has the employee earned > \$1 million?													
Employee Name	Net Pay Amount	FICA	FHI W/H	FIT W/H	SIT W/H	Total Pay	Addl Pay	Tax Rates				effective tax rate	Gross
								FICA	FHI	FIT	SIT		
Phillips, Sonia	1,500.00	142.31	33.28	504.97	114.77	2,295.33	795.33	6.20%	1.45%	22.00%	5.00%	34.65%	2,295.33
McSwain, Cindy	2,500.00	237.18	55.47	841.62	191.28	3,825.55	1,325.55	6.20%	1.45%	22.00%	5.00%	34.65%	3,825.55
Ingrim, Debby	10,000.00	-	240.66	-	-	10,240.66	240.66	0.00%	2.35%	0.00%	0.00%	2.35%	10,240.66
		-	-	-	-	-	-	6.20%	1.45%	0.00%	0.00%	7.65%	-
		379.49	329.41			16,361.55	2,361.55						



Reporting info

Helpful reminders

Year-end reporting issues

Employer-provided health insurance

- Greater than 250 employees
- Excludes Indian tribal governments

Deferred compensation

Third-party sick pay



**Search
www.irs.gov**

ACA reporting requirements

**Information reporting for 2019
by “applicable large employers”**
Generally > 50 full-time employees
(including full-time equivalents)

**Certain information about
health care coverage
offered or not offered**



ACA reporting requirements

A Series

Health insurance marketplace statement

B Series

Health coverage

C Series

Employer-provided health insurance offer and coverage

1095 (individuals) 1094 (transmittal)



ACA reporting requirements

Due to employees by March 2, 2020

Due to IRS by:

- Paper forms – February 28, 2020
- Electronic – March 31, 2020



ACA reporting requirements

600118

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

Do not attach to your tax return. Keep for your records.

Go to www.irs.gov/Form1095C for instructions and the latest information.

VOID

CORRECTED

OMB No. 1545-2251

2019

Part I Employee				Applicable Large Employer Member (Employer)												
1 Name of employee (first name, middle initial, last name)		2 Social security number (SSN)		7 Name of employer			8 Employer identification number (EIN)			10 Contact telephone number						
3 Street address (including apartment no.)				9 Street address (including room or suite no.)			11 City or town			12 State or province						
4 City or town		5 State or province		6 Country and ZIP or foreign postal code		13 Country and ZIP or foreign postal code										
Part II Employee Offer of Coverage				Plan Start Month (enter 2-digit number):												
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec			
14 Offer of Coverage (enter required code)																
15 Employee Required Contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)																
Part III Covered Individuals				If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. <input type="checkbox"/>												
(a) Name of covered individual(s) First name, middle initial, last name	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of Coverage												
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60705M

Form **1095-C** (2019)

ACA reporting requirements

600318

Form 1095-C (2019)

Page 3

Name of employee (first name, middle initial, last name)

Social security number (SSN)

Part III Covered Individuals – Continuation Sheet

	(a) Name of covered individual(s) First name, middle initial, last name	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
23				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Form 1095-C (2019)

Polling question #3

Please answer for continuing education credit

Reconciling

Wages and tax

Wage & tax reconciliation

Logical tie-out of each wage bucket

Reconcile each quarter

Tie to compliance filings
(941s, state returns, W-2s, etc.)



Wage and tax reconciliation

Earning Code	FIT	FICA	FHI	FUTA	SIT	SUI	Year End	FIT	FICA	FHI	FUTA	SIT	SUI
BEREAVEMNT	1	1	1	1	1	1	8,354.03	8,354.03	8,354.03	8,354.03	8,354.03	8,354.03	8,354.03
BIRTHDAY	1	1	1	1	1	1	15,508.46	15,508.46	15,508.46	15,508.46	15,508.46	15,508.46	15,508.46
BONUS	1	1	1	1	1	1	769,490.79	769,490.79	769,490.79	769,490.79	769,490.79	769,490.79	769,490.79
FRINGE_INS	1	1	1	1	1	1	82,923.00	82,923.00	82,923.00	82,923.00	82,923.00	82,923.00	82,923.00
FRNG_TXPRP	1	1	1	1	1	1	5,145.00	5,145.00	5,145.00	5,145.00	5,145.00	5,145.00	5,145.00
HOLIDAY	1	1	1	1	1	1	96,866.20	96,866.20	96,866.20	96,866.20	96,866.20	96,866.20	96,866.20
JURY	1	1	1	1	1	1	661.68	661.68	661.68	661.68	661.68	661.68	661.68
OT	1	1	1	1	1	1	29,886.77	29,886.77	29,886.77	29,886.77	29,886.77	29,886.77	29,886.77
OTHER	1	1	1	1	1	1	64,876.50	64,876.50	64,876.50	64,876.50	64,876.50	64,876.50	64,876.50
REGULAR	1	1	1	1	1	1	4,481,779.41	4,481,779.41	4,481,779.41	4,481,779.41	4,481,779.41	4,481,779.41	4,481,779.41
REIMB_EXP	0	0	0	0	0	0	23,347.00	0.00	0.00	0.00	0.00	0.00	0.00
SEVERANCE	1	1	1	1	1	1	21,490.40	21,490.40	21,490.40	21,490.40	21,490.40	21,490.40	21,490.40
SICK	1	1	1	1	1	1	79,013.02	79,013.02	79,013.02	79,013.02	79,013.02	79,013.02	79,013.02
SUBS_OHLTH	1	0	0	0	1	0	24,593.74	24,593.74	0.00	0.00	0.00	24,593.74	0.00
THPRTY_LT	1	0	0	0	1	0	10,323.60	10,323.60	0.00	0.00	0.00	10,323.60	0.00
VACATION	1	1	1	1	1	1	244,966.01	244,966.01	244,966.01	244,966.01	244,966.01	244,966.01	244,966.01
							<u>5,959,225.61</u>						

Wage and tax reconciliation

Earning Code	FIT	FICA	FHI	FUTA	SIT	SUI	Year End	FIT	FICA	FHI	FUTA	SIT	SUI	
401K	-1	0	0	0	-1	0	283,017.20	-283,017.20	0.00	0.00	0.00	-283,017.20	0.00	
401K_EECU	-1	0	0	0	-1	0	5,782.93	-5,782.93	0.00	0.00	0.00	-5,782.93	0.00	
401K_EERTH	0	0	0	0	0	0	22,473.59	0.00	0.00	0.00	0.00	0.00	0.00	
401K_ER	0	0	0	0	0	0	175,051.55	0.00	0.00	0.00	0.00	0.00	0.00	
401K_LOAN	0	0	0	0	0	0	9,883.88	0.00	0.00	0.00	0.00	0.00	0.00	
ADV_REPAY	0	0	0	0	0	0	400.00	0.00	0.00	0.00	0.00	0.00	0.00	
CHILD_125	-1	-1	-1	-1	-1	-1	1,153.86	-1,153.86	-1,153.86	-1,153.86	-1,153.86	-1,153.86	-1,153.86	
CHILD_SUP1	0	0	0	0	0	0	16,102.98	0.00	0.00	0.00	0.00	0.00	0.00	
CHILD_SUP2	0	0	0	0	0	0	5,355.00	0.00	0.00	0.00	0.00	0.00	0.00	
GARN_FEE	0	0	0	0	0	0	620.00	0.00	0.00	0.00	0.00	0.00	0.00	
GARN_FIX	0	0	0	0	0	0	39,743.86	0.00	0.00	0.00	0.00	0.00	0.00	
GARN_KS_P1	0	0	0	0	0	0	319.88	0.00	0.00	0.00	0.00	0.00	0.00	
GARN_PCT1	0	0	0	0	0	0	160.00	0.00	0.00	0.00	0.00	0.00	0.00	
GENESIS	0	0	0	0	0	0	2,070.00	0.00	0.00	0.00	0.00	0.00	0.00	
HEALTH	0	0	0	0	0	0	15,873.44	0.00	0.00	0.00	0.00	0.00	0.00	
HEALTH_125	-1	-1	-1	-1	-1	-1	261,403.58	-261,403.58	-261,403.58	-261,403.58	-261,403.58	-261,403.58	-261,403.58	
HEALTH_ER	0	0	0	0	0	0	514,087.13	0.00	0.00	0.00	0.00	0.00	0.00	
MEDSAV_125	-1	-1	-1	-1	-1	-1	5,134.66	-5,134.66	-5,134.66	-5,134.66	-5,134.66	-5,134.66	-5,134.66	
YMCA_FAM	0	0	0	0	0	0	9,128.00	0.00	0.00	0.00	0.00	0.00	0.00	
YMCA_SING	0	0	0	0	0	0	1,700.00	0.00	0.00	0.00	0.00	0.00	0.00	
							1,369,461.54	5,379,386.38	5,633,269.17	5,633,269.17	5,633,269.17	5,379,386.38	5,633,269.17	
												SIT	SUI	
												State 1	5,251,581.31	5,500,040.72
												State 2	95,682.52	101,105.90
												State 3	32,122.55	32,122.55
													5,379,386.38	5,633,269.17
												Variance	0.00	0.00

Wage and tax reconciliation

Sample Company										
2017 Payroll Summary										
Per 941s	FED INCOME				MEDICARE	MEDICARE TAX	ADDL MC	3P SICK	941 Recon	
	FEDERAL WAGES	TAX W/H	SS WAGES	SS TAX W/H	WAGES	W/H	WAGES			
1	1,198,397.94	129,395.77	1,256,895.66	155,855.06	1,256,895.66	36,449.97				321,700.80
2	1,290,372.43	145,745.75	1,356,348.00	168,187.15	1,356,348.00	39,334.09				353,266.99
3	1,393,828.94	188,831.14	1,279,290.92	158,632.07	1,462,659.23	42,417.12				389,880.33
4	1,496,787.07	216,269.70	1,184,598.24	146,890.18	1,557,366.28	45,163.62	211,720.23	1,905.48		410,228.98
	5,379,386.38	680,242.36	5,077,132.82	629,564.46	5,633,269.17	163,364.80	211,720.23	1,905.48	0.00	1,475,077.10
			W2 EE FICA	314,782.23	W2 EE FHI	83,587.88				
KANSAS	STATE INCOME		KS SUTA		FUTA TAX	FUTA PAYMENT				
	STATE WAGES	TAX W/H	GROSS WAGES	SUTA TAX						
1	1,177,406.68	37,024.55	1,234,728.62	29,442.59	4,480.74	4,480.74				
2	1,266,667.96	41,026.50	1,331,313.12	11,638.96	63.96	63.96				
3	1,364,168.71	46,683.28	1,431,674.84	491.41	67.77	67.77				
4	1,443,337.96	48,980.18	1,502,324.14	326.97	33.62	33.62				
	5,251,581.31	173,714.51	5,500,040.72	41,899.93	4,646.09	4,646.09				
LOUISIANA	STATE INCOME		SUTA							
	STATE WAGES	TAX W/H	GROSS WAGES	SUTA TAX						
1	20,991.26	593.07	22,167.04	37.73						
2	23,704.47	685.56	25,034.88	0.00						
3	23,585.72	683.06	24,909.88	0.00						
4	27,401.07	889.62	28,994.10	0.00						
	95,682.52	2,851.31	101,105.90	37.73						
			NOTE: LA L-3 rounds							
WAGES FOR W-3	5,347,263.83	KS and LA Only								
WH FOR W-3	176,565.82									
State Wages	5,379,386.38									
Federal Wages	5,379,386.38									
Diff	0.00									

Pitfalls to avoid

Deadlines, penalties and common errors



Deadlines

Deadline	Item
Jan. 31, 2020	Q4 Forms 940 and 941
Jan. 31, 2020	Distribute W-2s to employees
Jan. 31, 2020	File paper W-2s with SSA
Jan. 31, 2020	Submit electronic W-2s to SSA

Deadlines – ACA forms

Deadline	Item
March 2, 2020	Distribute ACA forms to employees <ul style="list-style-type: none">- Deadline relief issued again- and “upon employee request”... if you meet certain requirements
February 28, 2020	File paper forms
March 31, 2020	Submit electronic filing

Electronic reporting of W-2s

**Required for employers with
250 employees or more**

Encouraged for others



Penalties

Penalty #1: Failure to furnish correct payee statements by due date

Penalty #2: Failure to file correct information returns by due date

If correctly filed within:	Per return	Maximum penalty	Small business maximum*
30 days	\$50	\$556,500	\$194,500
31 days late – Aug. 1	\$110	\$1,669,500	\$556,500
After Aug. 1 or not at all	\$270	\$3,339,000	\$1,113,000
Intentional disregard	\$550	None	None

* Small business:

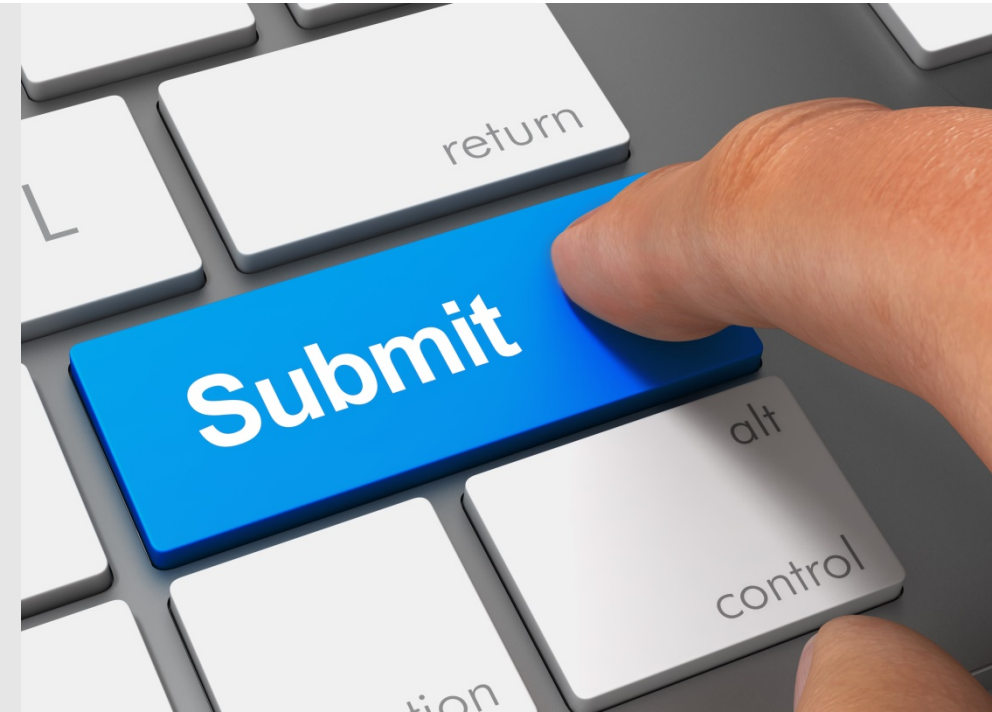
- Average annual gross receipts for the 3 most recent tax years (or for the period which you were in existence, if shorter)
- Ending before the calendar year in which the information returns were due
- Are \$5 million or less

Penalties

Penalty #3: Failure to file electronically (if required)

Up to **\$100 per return** for each return over 250

Applies separately to original and corrected returns



Exceptions to penalty

Due to **reasonable cause** and not willful neglect

Inconsequential error or omission is not considered a failure to include correct information

De minimis rule for corrections

Safe harbor rule

FUTA credit reduction states

Credit reduction states include:
Virgin Islands – 2.7%



Common errors

State compliance issues

Not including applicable fringe benefits

SSNs not matching to W-2s

- SSA's social security number verification service (SSNVS)
- E-Verify (employment eligibility)



2020 prep work

Helpful reminders and info for 2020 payroll



Prior to first payroll of the new year

Validate and test tax updates



Prior to 1st payroll of the new year

Validate and test tax updates

**Inquire about additions
to benefits package**



Prior to 1st payroll of the new year

Validate and test tax updates

Inquire about additions
to benefits package

Input and test new/changed benefits



Prior to 1st payroll of the new year

Validate and test tax updates

Inquire about additions
to benefits package

Input and test new/changed benefits

Reset accumulators



2020: Social security

	2019	2020
FICA rate	6.2%	6.2%
FICA wage base	\$132,900	\$137,700
Medicare rate	1.45%	1.45%
Medicare wage base	Unlimited	Unlimited
Supplemental Medicare rate (EE)	0.9%	0.9%
Supplemental Medicare wage base	\$200,000	\$200,000

2020: Retirement plans

	2019	2020
Elective deferral limit (401k, 403b, 457b, SEP)	\$19,000	\$19,500
Catch-up (401k, 403b, 457b, SEP)	\$6,000	\$6,500
Elective deferral limit (SIMPLE)	\$13,000	\$13,500
Annual compensation limit	\$280,000	\$285,000

2020: Mileage

	2019	2020
Business mileage	\$.58	\$.??
Charitable mileage	\$.14	\$.??
Medical-related mileage	\$.20	\$.??

2020: Standard deductions & exemptions

	2019	2020
Married, filing jointly or qualified widow(er)	\$24,400	\$24,800
Married, filing separately	\$12,200	\$12,400
Head of household	\$18,350	\$18,650
Single	\$12,200	\$12,400
Annual personal exemption	\$ --	\$ --

2020: Other

	2019	2020
Medical flexible spending	\$2,700	\$2,750
Federal unemployment wage base	\$7,000	\$7,000

State unemployment wage base

Changes announced		
Arkansas	Nebraska	Oklahoma
Iowa	Nevada	Oregon
Kentucky	New Jersey	Utah
Minnesota	New Mexico	Vermont
Missouri	New York	Washington
Montana	Ohio	Wyoming

Not yet announced	
Alaska	Michigan
Colorado	North Carolina
Hawaii	North Dakota
Idaho	Rhode Island
Illinois	Tennessee

Jan. 1 state minimum wage changes

States with minimum wage changes

Alaska

Massachusetts

Connecticut

Montana

Delaware

New Jersey

Illinois

Ohio

Maryland

South Dakota

W-4 Change

New W-4 forms

- Removes concept of allowances
- Ability to include other income
- Ability to exclude deductions
- Multiple job worksheet

Don't be a tax advisor!

Withholding estimator:

www.irs.gov/W4App

Form W-4 Employee's Withholding Certificate OMB No. 1545-0074

Department of the Treasury Internal Revenue Service

2020

▶ Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. ▶ Give Form W-4 to your employer. ▶ Your withholding is subject to review by the IRS.

Step 1: Enter Personal Information

(a) First name and middle initial Last name Social security number

Address

City or town, state, and ZIP code

(c) Single or Married filing separately
 Married filing jointly (or Qualifying widow(er))
 Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov.

Complete Steps 2 through 4 ONLY if they apply to you. To see if you are exempt from withholding or if you have concerns about your privacy, see page 2. Everyone must complete Step 2. See instructions on page 2.

Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do only one of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding, or
(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or
(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.

CAUTION: If you have privacy concerns, choose (a) or (b). If you and/or your spouse have income from self-employment, including as an independent contractor, choose (a).

Complete Steps 3 through 4(b) on Form W-4 for only one of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3 through 4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependents

If your income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$

Multiply the number of other dependents by \$500 ▶ \$

Add the amounts above and enter the total here 3 \$

Step 4 (optional): Other Adjustments

(a) **Other income.** If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income. You should not include income from any jobs 4(a) \$

(b) **Deductions.** If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here 4(b) \$

(c) **Extra withholding.** Enter any additional tax you want withheld each pay period 4(c) \$

Step 5: Sign Here

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.) Date

Employers Only

Employer's name and address First date of employment Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 3. Cat. No. 102200 Form W-4 (2020)

Polling question #4

Please answer for continuing education credit

Helpful resources

**Prepare before year-end
to save on 2019 taxes**

Fringe benefits webinar

1099 compliance webinar

All are available at

AGHUniversity.com



AGHUniversity.com



OK, TEAM, WE CAN DO THIS ... TOGETHER!

Thank you for attending



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