

October 2023

Form year-end committee to include:

- Departments that touch year-end process
- Service provider representatives

Hold first year-end committee meeting:

- Review prior year-end issues; current year and upcoming policy changes; and calendar of processing, due dates, and holidays for year-end and the new year
- Receive updates from information technology and human resources information-systems departments on implementing Publication 15-T, *Federal Income Tax Withholding Methods 2024* tables
- Ensure systems can process revised Forms 941 with March 2023 revision date
- Confirm which department will complete Forms 1099 for independent contractors

Preview current-year Forms W-2 and employee data, to include:

- Verifying Earned Income Credit statement is properly on employee copies
- Running mock year-end for Form W-2, *Wage and Tax Statement*, with third-quarter data. Verify that:
 - No negative amounts appear in any Form W-2 field
 - Social Security numbers are verified (identifying employees without SSNs)
 - SSNs are not truncated on Copies A or 1, and truncated SSNs on Copies B, C, D, and 2 are formatted correctly
 - Total wages on mock Forms W-2 reconcile with Form 941, *Employer's Quarterly Federal Tax Return*
 - Bank reconciliations are up to date
- Look for 2024 Social Security wage base and pension plan limit announcements

November

- Check whether states and territories have been assessed credit reductions against unemployment taxes
- Identify, develop, and schedule any unique or special year-end reports
- Gather facts, calculate income amounts, and impute into pay in November and December noncash fringes under the Special Accounting Rule (e.g., personal use of company car)
- Collect 2024 information, such as Social Security wage base, deferral limits, and other threshold amounts for the new year
- Identify any state changes to withholding methods
- Gather data on employee workplace location changes and state withholding balancing and adjustments for multistate withholding allocations

December

Meet with:

- Information technology and/or third-party providers on implementing withholding changes and all new tax updates
- Accounts Payable: Request data on payments since last meeting requiring taxation
- HR/Benefits: Get information on new and updated policies for 2024
- HR/Benefits: Schedule testing of Form W-2, Box 12, special codes
- Benefits: Update 2024 benefit deduction tables for new amounts; verify that third parties have updated tables

Do:

- Ensure service providers that are calculating tax withholding are ready for 2024 changes
- Message employees on requirements to claim exempt tax withholding status for 2024
- Determine if any estimated tax deposits for adjusted payrolls are needed and coordinate with third-party provider
- Verify that the service provider has been informed of any state unemployment experience notices
- Test 2024 calculations and Form W-4 self-service changes

Don't:

- Accept any personal checks from employees to be applied to year-to-date tax withholding buckets

January 2024

Verify:

- Tax withheld using new formulas on first pay for 2024
- Late-December information (e.g., third-party sick pay) is transferred and managed
- All payroll bank account reconciliations are up to date
- All federal, state, and local tax returns balance to summarized tax reports and ongoing reconciliations
- Consider requesting a Form 941 transcript if amended returns have been filed or credits claimed, to determine what has been processed by year-end
- Payroll system coding changes for possible substantial revisions to Form 941 in 2024

Review Form W-2 distribution process:

- With any service provider tasked with distributing and filing the forms
- For electronic filing with employees, ensure acceptance by employees and send a notice to them when forms are available on secure site
- To ensure any special state notification of the Earned Income Credit related to Form W-2 filing is adhered to for California, Delaware, Illinois, Louisiana, Maine, Maryland, New Jersey, Oregon, Texas, and Virginia

Communicate to employees any changes for the new year, including:

- Social Security wage base, 401(k) limits, tax rate, withholding, etc.
- 2024 Form W-4 is required for all new hires and for employees who need to make adjustments

File:

- All Forms W-2 or equivalents with employees and jurisdictions by their due dates
- Fourth-quarter Form 941 (by Jan. 31 if balance due; Feb. 12 if no balance due)
- Form 941 Schedule D for mergers or acquisitions in 2023 that created discrepancies between Forms 941 and W-2
- Any third-party sick pay recap form (Form 8922)
- Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, on same schedule as fourth-quarter Form 941
- Determine if amendments are needed for periods that will lapse in April 2024 to prepare for timely filing

February

- File fourth-quarter Form 941 and annual Form 940 by Feb. 10 if no additional amounts are due
- Message employees (again) about claiming "exempt" from income tax withholding; exempt status needs to be renewed by Feb. 15. If a new Form W-4 has not been received, update the employee record to single, using standard withholding
- Follow up with service providers to verify that all returns were filed in a timely manner
- Ensure any further prior-year returns due in February are filed in a timely manner

March

State unemployment insurance:

- Verify service provider is informed of any state unemployment insurance experience notices
- Verify that new wage bases and rates are included in payroll system

Year-end debriefing meeting:

- Discuss successes, failures, and outstanding issues with year-end team
- Document lessons learned for use in the next year-end season
- Highlight processes that went well and suggested improvements
- Celebrate the end of year-end