

Dominion Systems Client Workshop

Year End Checklist 2018



Year End Checklist 2018

Agenda

- Special Payrolls
- Time Off Policies
- Holidays
- Year-End Adjustments
- Tax Reminders
- A couple FAQs



Special Payrolls



Special Payrolls




- Year-end bonuses
- Quarterly bonuses
- Commission payrolls
- Adjustment run (no pay)

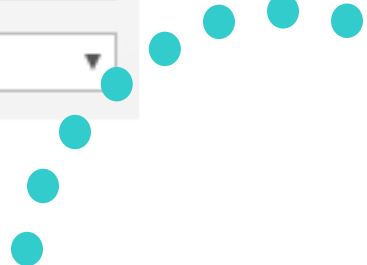


Payroll Control

- Set dates
- Change Payroll Run from Normal to Special
- Tax Options
 - Normal
 - FICA Only

TRANSMITTAL

* Period Start:	<input type="text" value="10/28/2018"/>	
* Period Ended:	<input type="text" value="11/03/2018"/>	
* Check Date:	<input type="text" value="11/09/2018"/>	
Payroll Run:	<input type="text" value="Special Payroll (No Salary)"/>	
Tax Options:	<input type="text" value="Normal Taxes"/>	



Frequency

Frequency does not change
for a special payroll.

☒ Weekly

☐ BiWeekly

☐ Alt Bi-Weekly

Frequency:

☐ Semi-Monthly

☐ Monthly

☐ Quarterly



Period Control

Do not select any items in

Period Control as this typically
relates to regular payroll runs.

PERIOD CONTROL

First Of:	<input type="checkbox"/> Month	Last Of:	<input type="checkbox"/> Month
	<input type="checkbox"/> Quarter		<input type="checkbox"/> Quarter
	<input type="checkbox"/> Year		<input type="checkbox"/> Year
	<input type="checkbox"/> Fiscal		<input type="checkbox"/> Fiscal



Deductions

- All deductions will automatically move to the unscheduled field.
- Select any deductions you would like to include in the special payroll and move to scheduled field.

SCHEDULED DEDUCTIONS

Scheduled		Unscheduled
	>>	401K - 01
	<<	401K Ln - 03
		401K Match - 07
		Dental - 09
		Dep Care - 04
		FOC - FO
		Health Ins - 06
		HSA - 15
		Loan - L
		Medical - 05
		Voluntary Life - 08

Payment Options

- None: All paper checks
- 100% Net Pay: Deposits to the one account set up as 100% of Net
- All Direct Deposits: Deposits to all accounts in the direct deposit settings

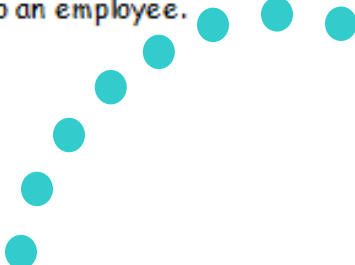
DIRECT DEPOSITS

Include Direct Deposits ☒

On Main Checks All Direct Deposits ▼

On Multiple Checks All Direct Deposits ▼

Multiple checks are second or subsequent checks issued to an employee.

A series of teal dots arranged in a curved line, starting from the bottom left and moving towards the top right, located at the bottom right of the slide.


Supplement Federal Tax

- Select All Checks or Sub Checks to apply the supplemental tax rate.
- The default rate can be changed if needed.
- Sub Checks are second or subsequent checks issued to an employee; also referred to as multiple checks.

SUPPLEMENTAL FEDERAL TAX

Apply To: ☐ No Checks ☒ All Checks ☐ Sub Checks

Percent: %

A series of teal dots arranged in a curved, descending line from the bottom right of the form area towards the bottom right corner of the slide.

Issuing a Sub Check (Multiple Check)

- On the Pay Data Grid, enter any text in the Sub field to indicate a second (separate) check.

	Pay	Type		Employee	Rate	Sub	Regular Hours ?	Overtime Hours	Bonus Pay
✖	C	<input checked="" type="checkbox"/>	<input type="radio"/> T <input type="radio"/> D 7	Balboa, Rocky	24.0000-A ▼	<input type="text"/>	40.00	2.00	
✖	C	<input checked="" type="checkbox"/>	<input type="radio"/> T <input type="radio"/> D 7	Balboa, Rocky	24.0000-A ▼	2			100.00
✖	C	<input checked="" type="checkbox"/>	se <input type="radio"/> T <input type="radio"/> D 18	Bishop, Ann Marie	0.0000-A ▼	<input type="text"/>			
✖	C	<input checked="" type="checkbox"/>	<input type="radio"/> T <input type="radio"/> D 3	Carlyle, Brandi	11.0000-A(▼	<input type="text"/>	40.00		

Reminder!

*BE SURE to manually override
dates and period control
when doing an off-cycle payroll run!!!



Paid Time Off & Year End



Year End Settings

Carry Over: Do balances reset at calendar year or will the balance carry over to another policy? Make sure your settings are correct by sending our Client Solutions team a quick inquiry!

Carry Over To: this setting allows a policy to shore 'lost' carryover hours to another plan for later evaluation or payout.

Carry Over To:

PTO Payout ▼

Carry Over Option:

Take All Out Of Old Balance ▼

PTO Taken during last pay period: if any employee requests PTO during the last few days of the year, but the check date is in the 2018, the balance of the request will be reduced from which balance?

Options:

Take all out of old Balance: 1) Debit 2) Carry over 3) Credit

Take all out of New Balance 1) Carry over 2) Credit 3) Debit

Take all out of Old and New Balance 1) Credit 2) Carry over 3) Debit

Last Year/Old Balance and this year/New Balance (Timekeeping clients only)



Year End Settings

Pay Out At Year End: If there is no carry over, will the balance be forfeited or will the employee receive the balance paid out? If the latter, make sure to run a report to determine the remaining balance. These amounts can be imported into the pay data grid for the last payroll of the year.

*If you reach out to someone at Client Solutions, they can provide you with the importable spreadsheet.

Clear Option: these options allow a reset to all policy balances to zero by using the auto adjustments.

Options:

- One Time - Manually controlled option given through payroll control screen. Clients runs whenever they chose. (Control page)
- Calendar Year - Auto controlled reset that will occur each time a payroll is processed as a "First Pay of the Year"
- Fiscal Year - Auto controlled reset that will occur each time a payroll is processed as 'First Pay of the Fiscal Year'



Set 2019 Holidays



Time & Attendance > Time Policies > Holidays

- Choose rule
- Select the new year
- Mark paid holidays as Active
- Verify date of holiday observance
- Override hours if needed
- Add holiday if needed
- Save & Apply

Be sure to edit holiday calendar for every rule.

YEAR: 2019

+ Holiday

Active	Holiday	Date	Override Hours
<input type="checkbox"/>	New Year's Day	1/1/2019	
<input type="checkbox"/>	Martin Luther King, Jr.	1/21/2019	
<input type="checkbox"/>	Washington's Birthday	2/18/2019	
<input type="checkbox"/>	Memorial Day	5/27/2019	
<input type="checkbox"/>	Independence Day	7/4/2019	
<input type="checkbox"/>	Labor Day	9/2/2019	
<input type="checkbox"/>	Columbus Day	10/14/2019	
<input type="checkbox"/>	Veteran's Day	11/11/2019	
<input type="checkbox"/>	Thanksgiving Day	11/28/2019	
<input type="checkbox"/>	Christmas Day	12/25/2019	

Save & Apply

YE Adjustments



Fringe/W2 Taxable

Any benefit provided to the employee of a taxable value must have the FMV (fair market value) reported in their taxable income for the year

Excess Life/GTL

Life insurance in excess of \$50,000 must be included in taxable income on the W-2 (box 12 code C). A later slide will discuss how to calculate this.



Taxing FICA Only (Employee will NOT be paid again)

- Must deduct from Federal or state taxes to compensate for FICA
- Payroll → Adjustments → Detail
- Enter amount as both earning and deduction
- Calculate and enter amount of SS & Medicare tax
 - Ex. \$100 benefit, SS tax would be $100 * 6.2\% = \$6.20$
 - Wage limit over \$128,400 tax would be 0
 - Ex. \$100 benefit, Med tax would be $100 * 1.45\% = \$1.45$
 - Wage limit over \$200,000 percentage increases to 2.35%
- Enter the total Med/SS tax as a negative into federal
 - If not enough federal, use state
 - Ex. For \$100 benefit, enter $-\$7.65$

Taxing FICA Only (Employee will be paid again, or in current run)

To withhold FICA (SS and Medicare) taxes only:

- Payroll → Adjustments → Detail
- Enter amount as both earning and deduction

*Note: this will produce an error regarding Social Security and Medicare taxes, which is not a problem because it will be made up on the next payroll.



Fringe/GTL.....Withhold ALL Taxes

*This is done on a regular payroll (not adjustment-only run)

- Payroll Data Grid
- Click on 'D' (one-time deductions override)
- Select the appropriate earning from the dropdown as a deduction or as an earning (you should see it on one or the other)



Fringe/GTLEmployer will pay taxes

- Payroll Adjustments Detail
- Gross up amount of benefit
 - Ex. For \$100 GTL benefit, $\$100 / .9235 = \108.28
- Enter the grossed up amount into earnings section for GTL
- Put in the net amount in deduction section
- Enter amount of SS tax
- Enter amount of Med tax

*Use rate of .9855 if employee has exceeded the Social Security wage limit of \$128,400 (new 2018 amount)

*Use rate of .9765 if the employee has exceeded the Medicare wage base of \$200,000

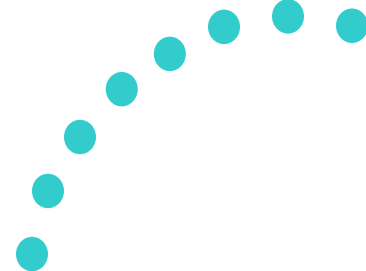


Calculating GTL Amounts to Tax

Figure monthly cost: Take the excess of \$50,000 and multiply each increment of \$1000 by the cost given by the IRS table 2-2 on Pub 15-B

Table 2-2. Cost Per \$1,000 of Protection For 1 Month

<u>Age</u>	<u>Cost</u>
Under 25	\$ 0.05
25 through 29	0.06
30 through 34	0.08
35 through 39	0.09
40 through 44	0.10
45 through 49	0.15
50 through 54	0.23
55 through 59	0.43
60 through 64	0.66
65 through 69	1.27
70 and older	2.06



Calculating GTL Amounts to Tax

Tom's employer provides him with group-term life insurance coverage of \$250,000.

Tom is 42 years old, isn't a key employee, and pays \$100 per year toward the cost of the insurance.

What is the yearly cost of Tom's GTL taxable income?

Age	Cost
Under 25	\$ 0.05
25 through 29	0.06
30 through 34	0.08
35 through 39	0.09
40 through 44	0.10
45 through 49	0.15
50 through 54	0.23
55 through 59	0.43
60 through 64	0.66
65 through 69	1.27
70 and older	2.06



Calculating GTL Amounts to Tax

Tom's employer provides him with group-term life insurance coverage of \$250,000.

Tom is 42 years old, isn't a key employee, and pays \$100 per year toward the cost of the insurance.

ANSWER:

1. Initial monthly amount: \$20
2. Yearly amount: \$240
3. Tom's Contribution: \$100
4. Amount to tax Tom on: \$140
5. Total amount to include on W-2 Box 12 code C is \$140. This is added to Box 1, 3, 5



Special Note on GTL

Dominion Systems offers a per payroll accrual for GTL
Involved setup; easy maintenance

With this method, you simply enter the ENTIRE amount of GTL coverage that the employee is receiving (not just the excess) on the Deductions page

Using this method, you will NOT need to do a YE adjustment

Set up for this is best done BEFORE the first payroll of the year



HSA (Employer) Contributions

- Employee (ER) and employee (EE) contributions to Health Savings Account (HSA) shown on the W-2 in Box 12 code W
- If you do not currently have this deduction, you will need to contact solutions@dominionsystems.com
- If you need to track ER HSA contributions, go to:
Payroll → Adjustments → Detail
- And add the total ER contribution as a deduction
- Dominion can provide a spreadsheet to upload many employees at once



Third-Party Sick

- Contact 3rd party provider before the end of the year to obtain amount
- Typically these amounts will be the same from month-to-month and quarter-to-quarter if employee has been on it awhile
- Enter into software to record employer portion of taxes
- Go to Payroll → Adjustments → Third Party
 - Select the employee and enter a description
 - Select the appropriate earning from dropdown
 - Enter gross amount in dollars field
 - Enter net amount in check amount field
 - Enter any taxes
 - Save
- 3PSP box on W-2 Box 13 (employer pays EE taxes)



S-Corp Health Insurance

- Must be recorded in W-2 box 14
- Go to Payroll → Adjustments → Detail
 - Select employee
 - Enter an adjustment name
 - Enter value of the S Corp earnings
 - Enter the same value in the S Corp deduction
 - Save



Adjustment Deadlines

- Process all adjustments through December 31st at 11:59PM.
- All manual or voided checks must be ran through a payroll run to be included in the W-2s before January 1st.
- If any additional data needs to be added to the previous year's W-2s after the year ends, that can be processed by the tax department for a fee.
- Late data entries are due by January 15th.



Other Tax Reminders



Unemployment Tax Rates

- Unemployment tax rate notices should be forwarded directly to Dominion Systems' Tax Department. This is especially important for multi-state employers.
- Email: taxdept@dominionsystems.com
- Fax: 1 (616) 248 - 3853



Turbo Tax Integration

- Your employees can quickly and easily download their tax information to complete their tax returns using Turbo Tax.
- Perks:
 - Secure, private user access to tax information
 - Fast, accurate and consistent data entry into tax forms
 - Paperless electronic document delivery
 - Ease in completion of tax forms
 - Compliance with complex government regulations



Turbo Tax Integration Opt Out

Your company has the ability to decline this feature and withdraw consent

- Reports | W-2 Control | TurboTax Consent
- Scroll to the bottom of the page and click 'Withdrawal of Consent'

*Note: Your withdrawal of consent will remain in effect until the time in which a company administrator re-accepts the agreement for your company



FAQ

Q: Why doesn't the gross wage on my last check stub of the year match my W-2?

A: Box 1 wages are taxable wages, not gross wages

Q: Will the amount of the fringe benefit display on the W-2 in a separate box?

A: Fringe amounts can show on the W-2 in box 14, but they do not have to



FAQ

Q: Why is the amount in Box 12, code W, so high? I only contributed \$1,000.

A: Box 12, code W includes BOTH the ER and EE portion of HSA, not just what the EE contributed

Q: I closed my payroll out for the year and have a third party sick pay adjustment to enter. What in the world do I do?

A: You may process any last minute adjustments, checks, voids, payrolls, etc. through 11:59PM on 12/31. Any adjustments to be added after that will need to be done by Dominion and will incur fees.



Year End Checklist 2018

Trivia!

Q: What is the annual tax-free amount of GTL?

A: \$50,000

Q: What box/code will the HSA contribution amounts go in?

A: Box 12 Code W

Q: At what amount does the SS & Medicare limit it? What happens then?

A: SS stops at 128,400 and Medicare increases by 0.9% at \$200,000

Q: What is the normal 2018 supplemental federal rate? And for the amounts over \$1mil?

A: Amounts under \$1mil=22%, amounts over \$1mil=37%



Year End Checklist 2018

Questions?

