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**PAYROLL**

## Year-End Payroll and Tax Reporting Tips

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Isaac M. O'Bannon • Nov. 17, 2016



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reporting regulations. These tips serve as a reminder, and can also help streamline tax filing processes for small business owners, and their accountants or advisors.

- **Verify Tax IDs** – Work with your accountant or payroll service provider to confirm that all tax ID numbers on payroll reports are up to date and correct. Be sure to correct all discrepancies before processing the company's last payroll for 2016.
- **Confirm W-2 and 1099 Information with Employees** – Ask your employees to review and confirm their W-2 and 1099 information before the end of the year. Provide your accountant or payroll provider with any updated employee W-2 information prior to the last payroll report in 2016. If you need to file a W-2c form with the IRS to correct an employee's W-2, immediately notify your accountant or payroll provider of the updated information.
- **Know Your Filing Responsibilities** – Typically, either the small business owner or the company's accountant is responsible for filing the company's taxes. Verify your responsibilities with your accountant or tax advisor.
- **Submit Payroll Adjustments** – Submit any payroll adjustments for employees, such as voided or manually issued employee checks, to your accountant or payroll service provider before your final 2016 payroll report. You must complete this before Dec. 31, 2016.
- **Report All Missing Wages or Miscellaneous Income/Tax Credits** – You are required to report items such as fringe benefits, tips, COBRA payments, employee moving expenses, unsubstantiated employee expense reimbursements and others to your accountant or payroll service provider before the company's final payroll report of 2016.
- **Set Up a Qualified Retirement Plan** – If you have not already done so, consider creating a retirement savings plan.
- **Provide Year-End Bonuses to Employees** – Bonuses and associated payroll taxes are deductible. Even if you miss the Dec. 31 deadline, for tax purposes, you may be able to pay bonuses up to March 15, 2016, if your business uses an accrual-based accounting system. This is something you may want to check with your tax advisor.

- **Understand How the Affordable Care Act (ACA) Can Impact Your Business** – The legislative changes enacted by the federal government can seem complicated and daunting. It’s important to understand their impact on your business.
- **Set Up a Meeting With Your Accountant** – Your tax advisor knows what’s best for your business and can offer specific strategies to minimize tax liability.

“With the enormous amount of responsibility small business owners bear, keeping up to date with and adhering to complex tax regulations can be difficult,” said John Ayala, president of ADP’s Small Business Services division. “That’s why it’s especially important at year end for small business owners to consult with their most trusted business advisor: their CPA. CPAs follow tax law changes all year and can help small businesses stay in compliance and reduce risk.”

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