



IN THE BUSINESS OF YOUR SUCCESS®

2014 Year-End Client Guide

For clients using EasyPaySM and EasyPayNetSM

Dated Material: Action Required.

This guide contains information and critical dates that will help ease your year-end tax filing. Complete all required action by the deadlines noted to help ensure you receive accurate and timely year-end reports and W-2s.

HR. Payroll. Benefits.

Additional Resources

IRS Forms and Publications

1-800-TAX-FORM (800) 829-3676

<http://www.irs.gov/formspubs/index.html>

IRS Contact Information

(800) 829-4933

<http://www.irs.gov>

Social Security Contact Information

(800) 772-1213

<http://www.ssa.gov>

ADP Employer Tools and Resources

Access ADP calculators and tools, as well as up-to-date tax and compliance resources.

<http://www.adp.com/tools-and-resources.aspx>

ADP Small Business Services Client Services and Support

Access payroll and tax-related resources designed for ADP Small Business Services clients.

<http://smallbusiness.adp.com/clientssupport/index.asp>

ADP Small Business Services Year End Central

Access links to year-end documents designed for ADP Small Business Services clients.

<http://www.adp.com/solutions/small-business/insights/insights-detail.aspx?id=7D9B3C3F-DEC6-4E2E-8D67-B7D958A5E14F>

KEEPING YOUR QUARTER-END ON SCHEDULE

If you need to schedule additional payrolls or adjustments **after** your last regularly scheduled payroll of 2014, you must notify ADP.

If you call in or fax your payroll: Inform your ADP representative about additional payrolls.

If you are an EasyPayNet client: 1. When entering an additional, off-schedule payroll, select "Special" as the monthly pay cycle number. 2. Verify scheduled deductions. 3. Enter the appropriate check date for the payroll.

Welcome to the 2014 Year-End Client Guide

The end of 2014 is approaching, and ADP® is pleased to present this easy-to-use Year-End Guide to help you complete your 2014 payroll processing year. We know that year end can be confusing, so we've provided this easy-to-use guide to make it easy for you to entrust your payroll to the payroll experts. Your attention to this process is greatly appreciated.

Use the information in this guide to help ensure you receive accurate and timely year-end reports and W-2s. Please review this guide in its entirety to avoid penalties for missing critical deadlines.

The 2014 Year-End Guide will provide you information on how to:

- Verify the accuracy of the information ADP has on file for your employees.
- Report your final 2014 payroll adjustments.
- Prepare to file, if necessary, your quarterly and annual tax forms.
- Avoid costly payroll adjustments and reruns.

ADP begins processing year-end forms and reports as soon as your final 2014 payroll is processed. Please keep the following items in mind to avoid delays and any additional fees and potential tax agency inquiries:

► **Verify Tax IDs**

You must confirm the accuracy of all tax identification numbers on the Payroll Summary report and correct any discrepancies by November 7, 2014.

► **Submit 2014 W-2 and 1099 Information Changes**

You must provide corrected or missing employee W-2 and 1099 information to ADP prior to your last payroll with a 2014 check date. (See pages 6 and 7.)

► **Know Your Filing Responsibilities**

In some cases you – not ADP – are responsible for filing taxes. Verify your filing responsibilities using the Quarterly Tax Verification Notice (issued with the last payroll in August and November).

► **Submit Payroll Adjustments**

You must report final payroll adjustments (e.g., manually issued or voided checks) to ADP before or with your last regularly scheduled 2014 payroll.

► **Report Filing of Form W-2c**

If you file Form W-2c with the IRS to correct errors on an employee's W-2, you will need to contact ADP so we can update our records. A correction fee may also be incurred.

Thank you in advance as we work together to make your 2014 payroll year end a success. We appreciate the opportunity to serve your payroll processing needs and look forward to working with you in 2015. As always, please contact your ADP Service Team if you require assistance. Please be advised that calls to and from ADP may be monitored or recorded.

Table of Contents

Welcome to the 2014 Year-End Client Guide	Page 1
Critical Dates and Important Deadlines	Page 3
Year-End Checklist	Page 4

DUE DATE	November 7, 2014
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Preparing to Process and File Your 1099 Forms	Page 5
Processing Your 1099 Forms	
1099 Submission Requirements	
1099 Mailing Addresses	
Obtaining a Transmitter Control Code	
Information about IRS Forms	

Client Filing Responsibilities	Page 9
If You Have Fewer than 250 Employees	
If You Have More than 250 Employees	
Annual Form 944 Required of Certain Employers	
Household Employers	

DUE DATE	Before your last payroll of 2014
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Verify Your Employee Information	Page 6
Social Security Numbers	
Marital Status and Exemptions	
Federal and State Tax Status	
Year-to-Date Figures	
Employment Status	
"Allowed and Taken" Hours	

Report Additional Wages, Benefits, and Company Information	Page 7
Fringe Benefits	
Group Term Life (GTL) Insurance Premiums	
S-Corporation Health Insurance	
Third Party Sick Pay	
Other Miscellaneous Income	
Employer-provided Healthcare Costs	
Form W-3 Kind of Employer	

Considerations for ADP Tax Filing clients	Page 8
Making Payroll Adjustments	
Funding Requirements for Large Payrolls	
Correcting Employee W-2s using Form W-2c	
Absolution Letter	

Year-End Pricing Guide	Page 10
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Critical Dates and Important Deadlines

November

- 7:** 1099 & W-2 Filing Preparation may be required (pages 5 & 9)
- 27:** **ADP is CLOSED. This is a federal banking holiday.**

December

- 13:** If your regular payroll is scheduled or dated for Thursday, December 25, 2014, please refer to your annual schedule as your processing date may have been adjusted.
- 20:** If your regular payroll is scheduled or dated for Thursday, January 1, 2015, please refer to your annual schedule as your processing date may have been adjusted.
- 25:** **ADP is CLOSED. This is a federal banking holiday.**
- 30:** **DEADLINE:** Last day to submit your final 2014 payroll with a check date of December 31.
DEADLINE: Last day for Tax Filing Service clients to process changes without potential penalties.

Jan/Feb 2015

- 1/1:** **ADP is CLOSED. This is a federal banking holiday.**
- 1/12:** Last day for Tax Filing Service clients to submit 2014 fourth-quarter adjustments without incurring ADP reclose fees.
- 2/2:** **DEADLINE:** Distribute your employees' W-2 and 1099 forms on or before February 2.

Year-End Checklist

ADP makes it simple to complete 2014 processing.
Use this checklist to track what needs to happen and when.

DUE DATE November 7, 2014

- Prepare to Process and File Your 1099 Forms** Page 5
Some action **MAY** be required by November 7.
- Client Filing Responsibilities** Page 9
Some action **MAY** be required by November 7.

DUE DATE Before your last payroll with a 2014 check date

- Verify and Submit Changes to Employee Information** Page 6
- Update “Allowed and Taken” Hours, if applicable** Page 6
- Report Fringe Benefits to ADP** Page 7
- Report Group Term Life (GTL) Insurance Premiums to ADP** Page 7
- Report S-Corporation Health Insurance to ADP** Page 7
- Report Third Party Sick Pay to ADP** Page 7
- Report Other Miscellaneous Income to ADP** Page 7
- Report Employer-provided Healthcare Costs** Page 7
- Report Form W-3 Kind of Employer to ADP** Page 7
- Report Final 2014 Payroll Adjustments** Page 8
- Consider Funding Requirements for Large Payrolls** Page 8
- Report Filing of Form W-2c** Page 8

Required Reports

As you move through this guide, you may require these reports to complete certain tasks.

- ▶ **Master List.** If you call in your payroll, a free Master List will be delivered with a payroll after September 22, 2014. EasyPayNet clients can request a free Master List with any payroll.
- ▶ **Employee List with SSNs.** Contact your ADP representative to request this free report by November 7, 2014. For security reasons, we will confirm your preferred delivery method prior to sending.
- ▶ **Quarterly Tax Verification Notice.** This report is issued with your last payroll in August and November.

Preparing to Process and File your 1099 Forms

ACTION **MAY BE** REQUIRED BY November 7, 2014

IMPORTANT

You may require the Master List to complete this form. Refer to your Checklist (page 4) to learn more about how you can obtain this report.

ADP's Tax Filing Service (TFS) does not file 1099 forms.

Therefore, all ADP clients, including clients that use ADP's Tax Filing Service, are responsible for filing 1099s and Form 1096 with the appropriate agencies.

► Processing your 1099 forms

The integrity of your 1099s is as important as an accurate W-2. Please verify all the reporting information using your Master List, including recipient name, address, federal identification number and year-to-date figures.

ADP will produce the following copies of Form 1099:

- **Copy A** — IRS federal copy (pre-printed, scannable)
- **Copy B** — Employee copy
- **Copy C** — Payer copy (employer)
- **Copy 1** — State copy (employer)
- **Copy 2** — State filing copy (employee)

► 1099 submission requirements

ADP can provide paper versions of both federal and state/city 1099-MISC forms, as well as 1099-R forms for all jurisdictions. However, federal law stipulates that any employer with 250 or more 1099-MISC or 1099-R forms in a given year must file electronically. If you provide your Transmitter Control Code by November 7, 2014, ADP will produce a federal 1099-MISC CD ROM. ADP does not provide any 1099-R data or state/city 1099-MISC data on CD ROM.

► 1099 mailing addresses

Principal business, office or agency, or individual legal residence location:	Internal Revenue Center
AL, AR, AZ, CT, DE, FL, GA, KY, LA, MA, ME, MS, NC, NH, NJ, NM, NY, OH, PA, RI, TX, VA, VT, WV	Austin, TX 73301
AK, CA, CO, DC, HI, ID, IL, IN, IA, KS, MD, MI, MN, MO, MT, NE, ND, NV, OK, OR, SC, SD, TN, UT, WA, WI, WY	Kansas City, MO 64999

► Obtaining a Transmitter Control Code (TCC)

If you require a 1099-MISC CD-ROM and have not previously electronically filed with the IRS, you will need to apply for an IRS/MCC-assigned Transmitter Control Code (TCC). To obtain your TCC, you must file Form 4419 with the IRS.

Once you have been approved by the IRS and have received your TCC, you do not need to reapply each year.

Information about IRS forms

► Form 1099-MISC

Used to report distributions to independent contractors providing services to your business.

► Form 1099-R

Used to report distributions of annuities, retirement and profit sharing plans, and IRAs.

► Form 1096

Form 1096 is required to file 1099 forms with the IRS.

ADP does not produce or file Form 1096.

If you file 1099s, it is your responsibility to complete and file Form 1096. Instructions will be provided with the 1099s in your year-end package.

► Form 945

Form 945 is an annual federal return for reconciling taxes withheld and deposited on non-payroll earnings (e.g., backup federal withholding and tax withheld on 1099-R and 1099-MISC income).

ADP does not produce or file Form 945.

If you need to file Form 945, it is your responsibility to complete and file this form with the IRS.

You may obtain forms from the IRS Web site at <http://www.irs.gov/formspubs/index.html> or call 1-800-TAX-FORM (1-800-829-3676).

Verify Your Employee Information

ACTION REQUIRED BEFORE YOUR LAST PAYROLL OF 2014

IMPORTANT

You may require the following reports to complete this task. Refer to your Checklist (page 4) to learn more about how you can obtain these reports.

- ▶ **Master List**
- ▶ **Employee List with SSNs**
- ▶ **Quarterly Tax Verification Notice**

The Social Security Administration (SSA) requires that all company and employee information that appears on W-2 forms be complete and accurate. Incorrect employee information is the top cause of W-2 mistakes and reruns, and it is important that you verify this information on your Master List:

- **Names (spelling) and addresses**
- **Income tax state and unemployment tax state**
- **City and local tax coding, if applicable**
- **Year-to-date figures**

ADP can print a message on your employee paycheck stubs asking them to verify their names and addresses. This can be submitted at time of payroll input.

▶ **Social Security numbers**

Tax agencies may impose a penalty for each W-2 with a missing or incorrect Social Security number (SSN). Please verify employees' SSNs with a free Employee List with SSNs report.

▶ **Marital status and exemptions**

▶ **Federal and state tax status**

The tax status of "Exempt" indicates wages are not subject to taxation and will not appear on the W-2. The tax status of "No" indicates the employee is subject to taxation, but tax is not withheld – these wages will be reported on the W-2 as taxable income.

▶ **Year-to-date figures**

Please report any adjustments, e.g., manually issued or voided checks, before your last payroll of 2014.

▶ **Employment status**

Please be sure to refer to your Master List for terminated employees. The letter "T" will appear before the employee number on the Master List. ADP will purge all terminated employees with the first payroll of 2015, except terminated employees with one or more of the following:

- A loan or garnishment balance
- Premium Only Plan (POP), if the POP plan does not end on the calendar year
- Fiscal year-to-date figures
- Vacation, sick and personal balances, if carried over to the next year

If you have a terminated employee with a balance (i.e., vacation, sick, personal or loan balance) and want his or her information purged with the first payroll of 2015, the balances must be removed. To remove balances for a terminated employee, you must report these adjustments to your ADP representative before your last payroll of 2014.

The EasyPaySM system accommodates employees who take a leave of absence. Employees marked with a status of "leave of absence" (the letter "L" appears before the employee number on the Master List) will remain on file for the new year.

▶ **Update "Allowed and Taken" Hours, if applicable**

Vacation and sick balances are automatically cleared after your last December payroll, so be sure to report any changes before your last 2014 payroll.

YEAR-END PROCESSING DATES

ADP will process your annual tax reports after your last payroll of 2014 is processed. Final payroll adjustments (e.g., manually issued or voided checks) must be reported with or before your last 2014 payroll.

Report Additional Wages and Company Information

ACTION MAY BE REQUIRED BEFORE YOUR LAST PAYROLL OF 2014

► Fringe Benefits

Sometimes the value of some non-cash fringe benefits must be considered income to employees and must be reported on Form 941 (or 944 if applicable) and employees' W-2s. Taxable fringe benefits are included as wages, making them subject to federal income tax, FICA (Social Security/Medicare), federal unemployment (FUTA), and possibly state income tax and unemployment insurance (based on state regulations).

► Group Term Life (GTL) Insurance Premiums

When you pay premiums on GTL insurance for an employee, premiums for coverage in excess of \$50,000 are subject to FICA (Social Security/Medicare) withholding and must be reported with a payroll before the end of 2014.

► S-Corporation Health Insurance

The cost of premiums for accident and health insurance coverage provided by an S-Corporation to its 2% shareholder-employees must be reported as income on Form 941 (or 944 if applicable) and Form W-2.

► Third Party Sick Pay

Federal legislation requires reporting of taxable and non-taxable sick pay made to employees from a third party and the taxes withheld on those payments. **Notify ADP of any third party sick pay and taxes withheld on those payments for 2014 if these amounts are not reported by the third party.** ADP will provide this information on a separate W-2, with an "X" printed in the area of box 13 labeled with a description.

► Other Miscellaneous Income

• Allocated tips

If your business requires the reporting of tips, and you find after completing restaurant Form 8027 that sufficient tips were not reported, you must report an adjustment to add allocated tips for the affected employees. This helps to ensure that the tips appear as income on their W-2s.

• Dependent care

Dependent care expenses are incurred when the care is provided, not when the employee is billed or charged. You must report the total amount incurred for dependent care assistance provided to your employees.

• Golden parachute payments

If you made any golden parachute payments to key corporate executives and the excess payments are considered wages, they are subject to FICA (Social Security/Medicare), federal unemployment (FUTA) and income tax. The amount of excess payments must be reported on the employee's W-2. The 20% excise tax on these payments is considered income tax withholding and must be reported.

• Moving expenses

Nonqualified moving expenses are taxable. However, both *qualified* and *nonqualified* moving expenses reimbursed to or paid on behalf of an employee must be reported on Form W-2.

• Uncollected FICA on insurance premiums and tips

If you were unable to collect all of the required FICA (Social Security/Medicare) tax on premiums paid for group term life insurance (e.g., you are still paying the premium on a retired employee) or employee tips, the amount must be reported as uncollected FICA—not as Social Security tax withholding.

• Unsubstantiated employee expense reimbursements

You must report amounts paid to your employees for business expenses if:

- Your employee does not or is not required to substantiate the expenses (i.e., furnish receipts or expense reports) **OR**
- You advance amounts to your employee for business expenses, and your employee does not or is not required to return amounts not used for business expenses.

► Employer-provided Healthcare Costs

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan on an employee's Form W-2, Wage and Tax Statement, in Box 12, using Code DD. However, employers filing fewer than 250 Forms W-2 for the previous or current calendar year are not required to report the cost of coverage on your 2014 W-2s.

Note: At the time of publication, the IRS has not released any further guidance affecting W-2 filing for year 2014 or beyond.

More information about the reporting can be found on [Form W-2 Reporting of Employer-Sponsored Health Coverage](http://www.irs.gov/uac/Form-W-2-Reporting-of-Employer-Sponsored-Health-Coverage) (<http://www.irs.gov/uac/Form-W-2-Reporting-of-Employer-Sponsored-Health-Coverage>).

► Form W-3 Kind of Employer

The IRS requires that all filers complete the Kind of Employer section on Form W-3 indicating one of the categories listed below. Refer to your Quarterly Tax Verification Notice to verify your Form W-3 Kind of Employer indicator. If it is not correct, contact your ADP representative.

- Non-governmental tax-exempt section 501(c) organization
- State or local government or instrumentality that is not a tax-exempt section 501(c) organization
- Dual status state or local government or instrumentality that is also a tax-exempt section 501(c) organization
- Federal government entity or instrumentality

If you don't expect to have your additional information in time to report it with your last payroll of 2014, contact us before your last 2014 payroll to discuss your options to postpone year-end processing.

Considerations for ADP Tax Filing Clients

ACTION MAY BE REQUIRED BEFORE YOUR LAST PAYROLL OF 2014

This section applies only to clients who use ADP's Tax Filing Service. If you do not use this service, you may skip this section.

► **Making payroll adjustments**

Report manually issued checks, voided checks and adjustments to ensure that accurate tax amounts are deposited according to tax agency rules or guidelines.

Report any payroll adjustments to your ADP representative with or before your last payroll of 2014.

► **Funding requirements for large payrolls**

In addition to federal regulations, ADP also applies certain restrictions to large bonus payrolls that may require a wire transfer prior to check date. If these restrictions apply to your bonus payroll, ADP will supply you with the necessary wire instructions by the next business day after the bonus payroll has been processed.

► **Correcting an employee's W-2 using Form W-2c**

If you file Form W-2c with the IRS to correct errors on an employee's W-2, the correction must also be reported to ADP. Corrections reported on Form W-2c may require corrections to your employment tax returns previously filed by ADP. If your employment tax returns are not properly corrected, you will receive notices from the IRS and/or SSA requiring you to resolve discrepancies.

► **Absolution letter**

If you will process 2014 payroll adjustments after December 30, 2014, you must submit a signed absolution letter to absolve ADP of responsibility for any potential penalties and interest.

Contact your ADP representative before your last payroll of 2014 if you require an absolution letter.

Client Filing Responsibilities

ACTION MAY BE REQUIRED BY November 7, 2014

IMPORTANT

If you are responsible for filing your 2014 annual returns, this section has important information for you.

If ADP files your annual returns, you may skip this section.

If you use ADP's Tax Filing Service, refer to your Quarterly Tax Verification notice to determine your filing responsibility. Refer to your Checklist (page 4) to learn more about where you can find this report.

► If You Have Fewer Than 250 Employees

If your company has fewer than 250 employees, ADP will send copies of federal (Copy A) W-2s and federal Form W-3, Transmittal of Income and Tax Statements with your year-end reports. You must submit both forms to the Social Security Administration (SSA) using the instructions printed on your Form W-3.

Submit Copy A of your W-2s and Form W-3 to the Social Security Administration by March 2, 2015. If you are filing electronically, you may submit as late as March 31, 2015.

► If You Have More Than 250 Employees

Federal law requires that any employer with 250 or more W-2 forms in a given year must file W-2 data electronically. For ADP to provide a CD-ROM version of your federal W-2 data so that you may file electronically, you will first need to register with the SSA to obtain a unique Personal Identification Number (PIN). You must change your password at least once a year in order to keep your PIN active. You can change your password or update your company information at <http://www.ssa.gov/bsol/>.

After obtaining your PIN, please contact ADP by November 7, 2014. A CD-ROM cannot be produced without your PIN and email address.

You may register via the SSA Web site at <http://www.ssa.gov/employer> or by phone at 1-800-772-6270.

► Annual Form 944 Required of Certain Employers

The IRS notified certain employers to file Annual Form 944 instead of the quarterly Form 941. If you received this notice and do not use ADP's Tax Filing Service, it is your responsibility to file this form.

If you need more information regarding Form 944, perform a search for "944" at www.irs.gov.

► Household Employers

ADP will deposit and file state taxes for household employers. However, household employers are responsible for filing their federal taxes each quarter. Please use Form 1040 Schedule H to calculate and file your total household employment taxes (Social Security, Medicare, FUTA and withheld federal income taxes) and Form 1040ES to deposit these taxes. ADP provides a Statement of Deposit (SOD) with filing instructions, as well as a credit for the total amount of taxes collected for the quarter prior to the deadline for depositing and filing estimated tax payments.

Year-End Pricing Guide

All information, changes or forms submitted after the dates specified in this guide may incur an additional late submission charge.

Year-End Item	Base Charge	Per Item Charge
Master List	No additional charge	N/A
Employee List with SSNs	No additional charge	N/A
Employee Earnings Summary/W-2s/1099s	\$45.00	\$5.60 per form
Delivery of Earnings Summary/W-2s/1099s	\$10.50	
Federal W-2 CD-ROM (Required by federal law for employers with 250 or more W-2 forms)		\$125.00 per CD-ROM
Federal 1099-MISC CD-ROM (Required by federal law for employers with 250 or more 1099 forms)		\$125.00 per CD-ROM
1099-MISC and/or 1099-R Forms Only	\$45.00	\$5.60 per form
Year-End Reprocessing Fee*	\$100.00 + W-2 reprints and cost of adjustment payroll	
Tax Filing Reclose Fee	A \$50.00 fee may be incurred for adjustments processed after December 30, 2013	
For Additional Controls or Related Companies: Employee Earnings Summary/W-2s/1099s	\$32.50	\$5.60 per form

* If a W-2 is lost or destroyed, you may photocopy your employer copy or request a reprint from ADP. Please note there will be charges for reprinted W-2 forms and delivery. If you are using the Electronic Reports feature, you may also print the form from Electronic Reports to avoid a delivery charge.



IN THE BUSINESS OF YOUR SUCCESS®

Congratulations!

You've completed your 2014 year-end payroll activities using the ADP Year-End Client Guide, created just for you by our payroll experts. Thank you for choosing ADP as your trusted business partner.

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