

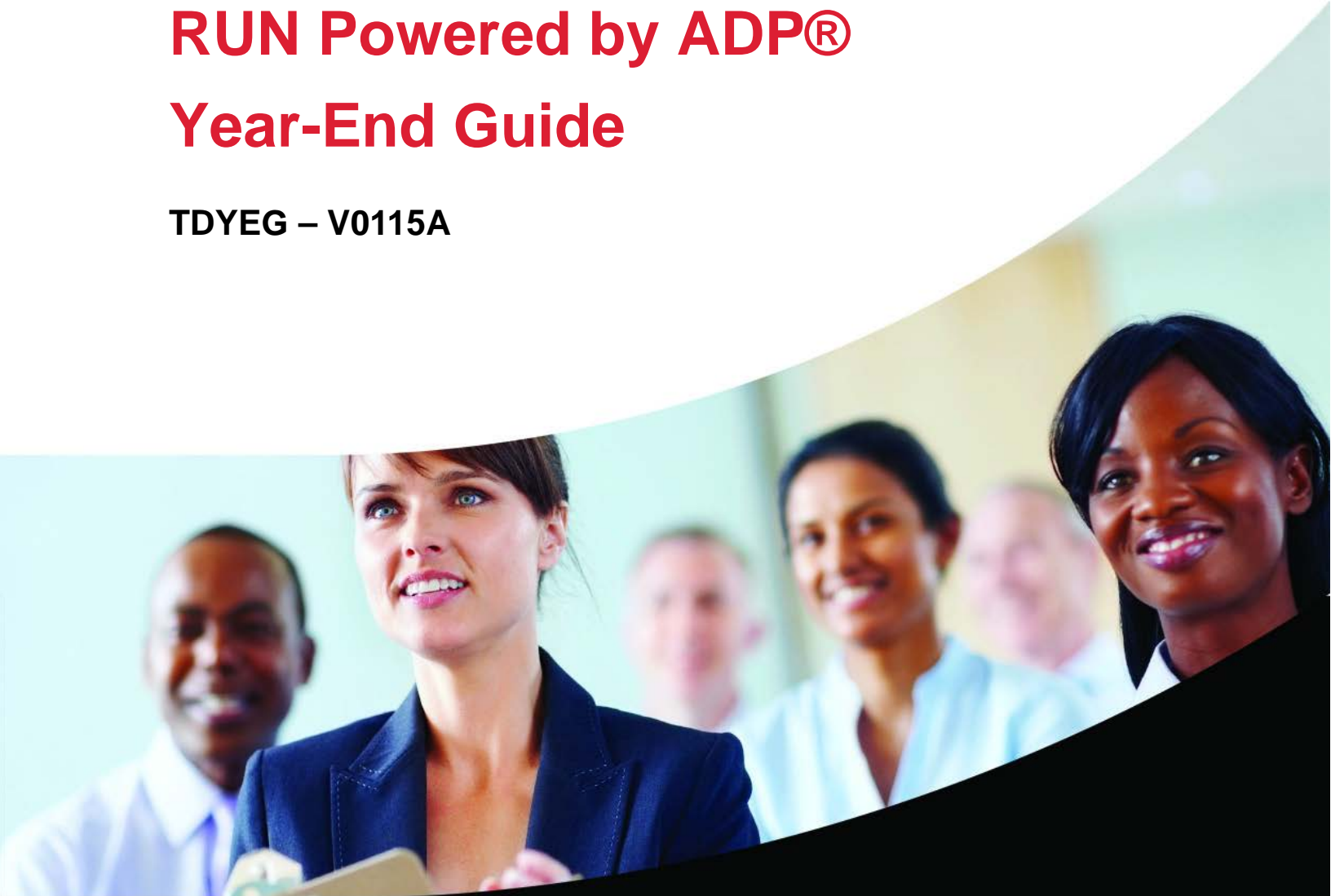


IN THE BUSINESS OF YOUR SUCCESS®

RUN Powered by ADP®

Year-End Guide

TDYEG – V0115A



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TDYEG – V0115A

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Welcome to the 2014 Year-End Guide

This guide is designed to assist you in accomplishing your year-end payroll and tax filing tasks. Your ADP® service team is also available to assist you. Consult your tax professional and/or legal counsel for specific facts related to your business.

Convenient Online Access!

You can enjoy the ease of calling in your payroll and the many online benefits of RUN Powered by ADP®, all at no additional cost! RUN provides you with all these great features, all included in your standard fee—why not take full advantage of it?

- Conveniently access payroll and employee data online anytime, anywhere—at your office, at home, or on the go with your mobile device.
- Review and print tax information, including your tax forms, Statement of Deposits, and W-2 Preview.
- View over 20 enhanced reports, including payroll information, employee data, wage and tax information, and billing details.

Contact your Teledata representative or your Client Services associate today for details.

Need to Contact Us?

Don't forget that we have live client service support 24 hours a day, 7 days a week including holidays. Call us anytime!

Contact and Resource Information

This section provides contact and resource information for the following:

- Internal Revenue Service (IRS) Contact Information on page 2
- Social Security Administration (SSA) Contact Information on page 2
- ADP Compliance Connection on page 2
- Support Center on page 3

Internal Revenue Service (IRS) Contact Information

Hearing Impaired (TDD)	800-829-4059
Forms	800-829-3676 http://www.irs.gov/Forms-&-Pubs
Assistance for Businesses	800-829-4933
Assistance for Individuals	800-829-1040
Internet Home Page	http://www.irs.gov
Where to File Addresses	Returns---Addresses-Listed-by-Return-Type">http://www.irs.gov/uac/Where-to-File-Tax>Returns---Addresses-Listed-by-Return-Type

Social Security Administration (SSA) Contact Information

Hearing Impaired (TDD/TTY)	800-325-0778
General Information	800-772-1213
Internet Home Page	http://www.ssa.gov
SSA Regional Office Information	http://www.ssa.gov/employer/wage_reporting_specialists.htm

ADP Compliance Connection

For up-to-date tax and compliance resources, refer to the Compliance Connection web site:

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

Resources that you might find useful on this site include:

- Federal Taxes (W-2 taxable wages, social security tax schedule, federal reporting forms)
- Payroll Resources (payroll taxability information, payroll forms, year-end tools)
- State Taxes (Wage and tax facts, state finals, estimated P&I rates)

Support Center

To access the Support Center in RUN Powered by ADP, click **Help & Support** in the top-right corner of the page. In the menu on the left, click **Year End Support**.

The Year-End Support page includes a variety of information, including how-to steps for year-end tasks, an online version of this year-end guide, and sample forms.

If you need help accessing RUN Powered by ADP, contact your Teledata representative or your Client Services associate today for details.

Year-End Checklist and Calendar

A successful year end requires a variety of tasks, in addition to running your regular payrolls. Use the following table as a checklist, to remind you of the tasks you need to complete and the dates the tasks are due.

Checklist and Calendar

Don't forget we have live client service support 24 hours a day, 7 days a week including holidays – call us anytime!

In November and December

11/27/2014	Holiday. ADP Payroll Service Center is open. Banks are closed.
November 2014	Review the details of the FUTA State Credit Reductions for the 2014 tax year.
12/25/2014	Holiday. ADP Payroll Service Center is open. Banks are closed.
Before your last 2014 payroll	<ul style="list-style-type: none"> • Verify employee and contractor information on page 5 • Make sure your employee totals are correct on page 6 • Review third party sick pay information, if applicable on page 14
On or before 12/31/2014	<ul style="list-style-type: none"> • Run your last payroll for the year on page 7 • Review your tax forms on page 8 • Verify company information on page 9 • Verify the W-2 shipping address for the company on page 9

In January

01/01/2015	Holiday. ADP Payroll Service Center is open. Banks are closed.
Before your first payroll in 2015	Review the 2015 Tax Changes (http://www.adp.com/tools-and-resources/compliance-connection/state-taxes/2015-fast-wage-and-tax-facts.aspx)
1/12/15	Last day for Tax Filing Service clients to submit 2014 fourth-quarter adjustments. Any adjustments that are submitted after 1/12/15 may incur additional fees. Any 2014 fourth-quarter adjustments submitted after 1/16/15 will require an amendment to be processed and amendment fees may apply.
Second and third week in January	<ul style="list-style-type: none"> • W-2 and 1099 Delivery on page 10 • W-2 Wage and Tax Statement on page 10 • Changes and Corrections to W-2s on page 11 • Viewing the W-2 Preview Report on page 11 • 1099-Miscellaneous Income on page 12
1/19/15	Holiday. ADP Payroll Service Center is open. Most banks are closed.
2/2/15	Deadline to distribute W-2s and 1099s to your employees and contractors.

Verify Employee and Contractor Information

Make sure that everything is up to date and correct for each of your employees and contractors. Did anyone move, get married, or have children?

For employees, double-check:

- Employee name (is it spelled correctly?)
- Employee address (is it accurate?)
- Social Security Number (SSN)
- Lived-in jurisdiction
- Worked-in jurisdiction
- Paid time off information
- Status (active, terminated, LOA)
- Filing status
- Number of exemptions
- Year-to-date wages
- Year-to-date taxes
- Pre-tax year-to-date amounts (such as 401k and Medical 125)

For contractors, double-check:

- Name
- SSN or Taxpayer's Identification number (TIN)
- Address
- State work locations and, if applicable, local work locations
- Earnings totals for each jurisdiction

If you have to change non-payroll data, such as address, make the changes on the Employee Info page, on the appropriate Employees Tax page, or on the contractor's 1099 Info page.

If you have to change payroll data, see [Make Sure Employee Totals Are Correct](#) on page 6.

Helpful Reports for Employee Verification

Starting Point: Reports

- 1 Select **Employee Summary** (under Misc), **W-2 Preview** (under Misc), and **Wage and Tax Register** (under Taxes).
- 2 Review the information in the reports. You can also print them or export the data to Excel.
- 3 If any information is not accurate, make the needed corrections.

Important: If you make corrections to wages, taxes, or jurisdictions, you must run a special payroll to process the corrections.

Verify Social Security Numbers

If you have employees in an Applied for status, or you are waiting for employee Social Security numbers, you can use the free verification service that the SSA provides on their web site: <http://www.ssa.gov/employer/ssnv.htm>

Make Sure Employee Totals Are Correct

Before the last scheduled payroll of the quarter, make sure you update any employee totals that you want to include in the quarter balances. You can update missing totals for any of the following items:

- Manual checks
- Voided checks
- Third party sick payments
- Group term life insurance
- Dependent care benefits
- Moving expenses
- 401(k) and cafeteria plans
- Retirement plans
- Paid time off
- Taxable fringe benefits
- Any other necessary adjustments to employee wage and tax amounts

In the fourth quarter, before December 31, you must update missing totals for your employees and run any bonus payrolls. If you have to run a special payroll (to process manual checks, voided checks, or third party sick payments) after the last day of the quarter, government agencies may charge you with penalties and interest based on their deposit and filing deadlines.

Tax Filing Clients: ADP amendment fees may apply.

Run Your Last Payroll for the Year

Run your last scheduled payrolls for the year, including bonus payrolls and special payrolls.

The last day you can submit final 2014 payrolls with a check date in December is 12/31. Payrolls submitted after 12/31 may incur penalty and interest charges.

If you have to run another payroll before the end of the year, you will have to review your company, employee, and contractor totals again.

Important: If an employee receives payment in the next year for days worked in the current year, earnings and deductions are reflected in the new year. Payroll taxes are based upon the date wages are paid, not the date wages are earned.

Review Your Tax Forms

Starting Point: Taxes > Forms

- 1 Select the year and quarter for the tax form you want to review.
- 2 Under Forms, click a tax form in the Federal or State area. The tax form is displayed as a PDF document in Adobe® Reader. Many of the fields in the selected tax form are filled in automatically with data that you entered in RUN Powered by ADP.

If ADP is responsible for filing your taxes

The tax forms are for your reference only. They include a watermark that says Client Reference. You cannot edit the fields on the forms. Be sure to verify the forms for accuracy, and then save or print them for your records.

If ADP is not responsible for filing your taxes

The forms are signature ready for your filing convenience. Some information on the forms can be edited.

The following **forms must be filed annually**:

- Employer's Annual Federal Tax Return (Form 944)
- Employer's Annual Federal Unemployment (FUTA) Tax Return (Form 940)
- Some state income tax returns (check the web site for your state)
- Some state unemployment tax returns (check the web site for your state)
- Federal Wage and Tax Statements (W-2)
- Transmittal of Income and Tax Statements (W-3)
- Federal 1099-MISC form
- Federal 1096 form

The following **forms must be filed quarterly**:

- Employer's Quarterly Federal Tax Return (Form 941)
- Some state income tax returns (check the web site for your state)
- Some state unemployment tax returns (check the web site for your state)

Note: Some states have a combined income tax and unemployment tax return. Check the web site for your state.

Verify Company Information

Using the Quarterly Tax Verification report on the Reports page, verify the following information for the company:

- Tax IDs
- Legal name
- Legal address
- Federal, state, and local (if applicable) tax identification numbers
- State unemployment rates

If you find an error, contact your ADP service team.

Verify the W-2 Shipping Address for the Company

W-2s will be shipped to the same address where you receive your checks and reports.

Important: To change address information, contact your ADP service team for assistance.

Compliance Notice: Reporting Group Health Plan Coverage Costs on W-2s for 2014

The Affordable Care Act requires certain employers to report the cost of employer-sponsored group health plan coverage on W-2 forms for calendar year 2014 (which are filed in January 2015).

Guidelines are based on the number of W-2 forms filed in 2013:

- For employers who filed 250 or more W-2 forms, this W-2 reporting requirement is effective now.
- Employers who filed fewer than 250 W-2 forms continue to be exempted from the requirement until further guidance is provided.

The amount reported should include both the portion paid by the employer and the portion paid by the employee. For a chart of Form W-2 reporting requirements by coverage type, go to <http://www.irs.gov/uac/Form-W-2-Reporting-of-Employer-Sponsored-Health-Coverage>

If your company is required to report or you want to report these costs early, you can include employer-sponsored group health plan coverage costs on your W-2s.

Delivery and Year-End Forms

This section includes information about delivery and year-end forms.

- W-2 and 1099-MISC Delivery on page 10
- W-2 Wage and Tax Statement on page 10
- 1099-Miscellaneous Income on page 12
- 940 Employer's Annual Federal Unemployment (FUTA) Tax Return on page 12

W-2 and 1099-MISC Delivery

Important: W-2s and 1099-MISCs are packaged and delivered in one shipment throughout the month of January.

After ADP processes and prints your W-2 and 1099-MISC forms, they are packaged together and picked up by United Parcel Service (UPS) for delivery. You will receive a UPS tracking email message with tracking number details. Use this information to track the delivery status.

To be sure you receive the UPS tracking email message, verify your email address on the Company Info page in RUN Powered by ADP.

W-2 Wage and Tax Statement

The following table outlines the contents of the package. The package content differs depending on who has filing responsibility – ADP or you.

W-2 Package includes...	ADP Files	You File
An information letter about what is enclosed in the W-2 package	X	X
Employees' W-2 Earning Summaries	X	X
Copy D Employer reference copies	X	X
An information sheet about what displays in each box of the W-2	X	X
Federal W-2 Copy A		X
State and Local W-2 Copy 1 and duplicate reference copy		X
Federal W-3		X

Changes and Corrections to W-2s

If you make any of the following changes after your W-2s have been created, you will need to correct the W-2s:

- Change employee-specific data that displays on the W-2 (such as name, address, and Social Security number)
- Change a payroll check date to the prior year
- Process a current payroll with manual checks, voids, or third party sick payments using a check date in the prior year.

Correcting a W-2 After it Has Been Filed

- 1 If needed, process a special payroll to correct the employee totals.

Important: If ADP files for you, contact your ADP service team to determine if an amendment must be filed.

- 2 If ADP is not filing your annual filings, then complete Form W-2C and Form W-3C.

If ADP files for you, then contact your ADP Service Center to determine if an amendment needs to be filed.

- 3 Submit your corrections.

The Social Security Administration (SSA) recommends that corrections be made on paper forms. To print copies of the forms, go to <http://www.irs.gov/Forms-&Pubs>

After a filing to a tax agency has been processed, adjustments to that filing will be processed as an amended return. You will receive an amendment package from ADP for your records.

Viewing the W-2 Preview Report

Starting Point: Reports>W-2 Statements

The W-2 forms are available 24 hours after ADP processes them. Before that time, you can use the W-2 Preview report to view W-2 information.

The W-2s are available on the Reports page, under Taxes. The report name is W-2 Statements. All employees are included in one PDF report file.

Up to four years of forms are available (starting with 2011). Each PDF file contains the most recent W-2 forms generated for your employees.

When viewing the file, all the usual PDF options are available:

- Use **Search** to locate a specific employee or other information in the PDF file.
- Use **Print** to print the entire PDF file, or individual pages.

1099-Miscellaneous Income

Form 1099-MISC is the miscellaneous income form that employers must file for non-employees who are paid compensation of \$600.00 or more (including fees, commissions, prizes, and awards) during the year.

For information about paying non-employees, contact your accountant or refer to the IRS website (the Employee or Independent Contractor section in the Employer's Supplemental Tax Guide).

To determine if a worker is an employee or a non-employee, you can file an SS-8: Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding. The SS-8 is available on the IRS web site.

The accuracy of the information reported on the 1099-MISC forms is as important as the information on the W-2s.

Important: ADP does not file your 1099-MISCs. If you have 1099-MISCs, you are responsible for filing them and a 1096 with the appropriate agencies by their required due date.

The 1099-MISC package includes the following:

- Copy A – IRS federal copy (pre-printed and scannable)
- Copy B – Employee copy
- Copy C – Payer copy (employer)
- Copy 1 – State copy (employer)
- Copy 2 – State filing copy (employer)
- 1096 – Annual Summary and Transmittal

The 1099-MISCs and W-2s are packaged and delivered together.

940 Employer's Annual Federal Unemployment (FUTA) Tax Return

If you *were* on ADP's Tax Filing Service for the entire year

You *are not* responsible for filing Form 940. ADP deposits all FUTA and SUI tax liabilities and files Form 940 on your behalf.

However, you must review your Quarterly Tax Verification Report on the Reports page. It is critical that you verify the accuracy of the information to avoid incorrect tax filing and possible delays in your quarterly processing.

If you were not on ADP's Tax Filing Service for the entire year

You *are* responsible for filing Form 940 and for depositing your own tax liabilities for FUTA and SUI for each applicable quarter.

Before you Begin: Review the Quarterly Tax Verification Report. It is critical that you verify the accuracy of the information to avoid incorrect tax filing and possible delays in your quarterly processing.

In the payroll application, on the Taxes page, open the Form 940.

Determine the filing date:

- **February 10:** If you made timely deposits of the full amount due, file on or before February 10th.
- **January 31:** If you did not make timely deposits, then file on or before January 31st.

If the due date for the return falls on a weekend or legal holiday, the return is due the next business day. Use the envelope provided by the IRS to mail your form, or refer to the form for the filing address.

If you are required to pay your state unemployment tax in more than one state, then file Schedule A as an attachment to Form 940.

If you started mid-year and did not enter quarter-to-date figures, check the liability section in Part 5 for amounts paid and enter these amounts in the quarter in which they were paid.

Federal Unemployment Tax Act (FUTA) State Credit Reduction

Before you file your Form 940, which is due on February 2, 2015, be sure to review the details of the FUTA State Credit Reductions for the 2014 tax year on the IRS web site: http://bit.ly/irs_futa_credit_reduction.

To get the most up-to-date list of states that will be assessed additional FUTA tax fees, go to: <http://workforcesecurity.doleta.gov/unemploy/finance.asp>. Under Subject Data Available, click **2014 FUTA Credit Reductions**.

Tax Filing Clients: As a part of your service, ADP will deduct the additional FUTA amounts due from your account and file Form 940 on your behalf. Invoice debits for this activity will occur in January.

Earnings and Deductions

If you need information about the various earnings and deductions that can be set up in RUN Powered by ADP, refer to the *Earnings and Deductions Quick Reference* guide. The guide is available on the Getting Started page on Support Center. If you call in your payrolls and want to add any new earnings and deductions prior to year end, contact your ADP service team as soon as possible.

Third Party Sick Pay

You do not have to set up Third Party Sick Pay (TPSP) as an earning because it is set up automatically when you set up your company.

As year-end approaches, review the following information about TPSP.

- Federal legislation requires the reporting of both taxable and non-taxable sick payments made to employees from a third party. Taxes withheld on those payments must also be reported. Sick pay should be included on either the employees' W-2s or on a separate form provided by the third party. If third party sick pay is not reported by the third party, it must be included on your employees' W-2s.
- It is important that you obtain this information from the appropriate third party provider as soon as possible. These entries must be processed on or before your last payroll of the year to ensure that your Form 941 and W-2 reports are accurate.
- If any of your employees have received temporary disability payments during the year from a third party carrier, such as an insurance company or state agency, the amount of these payments must be submitted to ADP as soon as they are reported to you. Any adjustments submitted after your W-2s are processed could result in additional processing and amendment fees.
- Most carriers provide monthly third party sick pay statements throughout the year, and a recap of the information in January. This reporting method allows employers to review and submit third party sick pay adjustments throughout the year, rather than only at year end. Any third party sick payments that have not been reported yet should be reported to ADP as soon as possible.

Bonus Payrolls

It's a good idea to process bonus payrolls as special payrolls (separately from regular payrolls). This eliminates the potential of negative impacts to your employees' taxes and voluntary deductions.

Before processing a bonus payroll, be prepared to answer the following questions:

- Will the bonus payroll be issued via a live check or direct deposit?
- Should voluntary deductions (such as loans and 401(k) deductions) be taken out of the bonus payroll?
- Are changes needed to the tax amount (such as federal or state income tax) withheld from the bonus check?

Bonus payrolls with a 2014 check date will be included in 2014 wages and reflected on all fourth quarter 2014 tax reports and W-2s. If you need to report a 2014 bonus payroll after January 1, 2015 (with a check date of 2014), then you may incur penalties and interest.

If your federal tax liabilities for the bonus payroll are over \$100,000.00, then the taxes must be deposited the business day after the check date. If you are a Tax Filing client, you should report these payrolls at least 48 hours before the check date, to allow ADP enough time to debit and deposit the tax amounts.

Funding Restrictions

In addition to federal regulations, ADP also applies certain restrictions to large bonus payrolls that may require a wire transfer prior to the 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.

Taxing Bonus Payrolls

You have the following options for taxing bonus payrolls:

- **Bonus earnings code:** the bonus payroll is taxed at the regular rates, the same as a normal payroll.
- **Supplemental Bonus earnings code:** the bonus payroll is taxed at the supplemental wage rates for federal and state income tax. For 2014, the federal rate is 25% up to one million dollars and 39.6% for amounts over one million.
- **Number of Pay Periods:** Taxes can be applied over more than one pay period. Use the Number of Pay Periods for This Check field on the Employee Overrides page when you are processing a regular or special payroll.

Other Bonus Considerations and Resources

Additional information is available to assist you with bonus payrolls.

- If you require advice regarding taxation on a bonus payroll, please contact your accountant.
- The [ADP Tools & Resources](#) web site provides payroll calculators and federal and state compliance information.
- **Paycheck Calculator** – Available from the Payroll Home page in RUN Powered by ADP, the calculator can assist you with net-to-gross or gross-to-net calculations for bonus payrolls. You can then use the amounts when running a special payroll, or record a calculation as a manual check to be processed with your next regular payroll if it's within the same calendar year.
- **Special payrolls** allow you to stop direct deposit and issue live checks. Special payrolls also allow you to select which voluntary deductions to include in the payroll.
- Closely **review each employee's bonus check** on the Payroll Preview page to make sure the amounts are correct before submitting and processing your payroll. If you call in your payrolls, be sure to review and verify these amounts with your Teledata representative.

Supplemental Bonus Earnings

Bonus Supplemental earnings are wages paid to employees in addition to their standard compensation. For tax purposes, this amount is treated as supplemental earnings and will be taxed as follows:

- Federal Income Tax for supplemental bonus earnings **up to** 1 million dollars year-to-date (YTD) = 25%
Federal Income Tax for supplemental bonus earnings **over** 1 million dollars year-to-date (YTD) = 39.6%
- In some states employees must pay a state tax on their bonus earnings in addition to the federal tax, which varies from state to state. To determine tax for a specific state, go to <http://www.adp.com/tools-and-resources/compliance-connection/state-taxes/2014-fast-wage-and-tax-facts.aspx> page under Compliance and Connection on the ADP web site. You'll find a link for each state, as well as a link to download a single PDF document with wage and tax information for all states.
- Any permanent or temporary tax overrides will not take effect for Bonus Supplemental earnings. Other voluntary deductions, such as 401(k) and Health Spending Account (HSA) deductions, are calculated and deducted from the supplemental bonus check.
- When bonus supplemental earnings are combined with other earnings in the same paycheck, two tax amounts are displayed for federal, state, and local taxes. The first amount is the tax calculated on the regular earnings. The second amount is the tax calculated on the supplemental bonus amount. You may want to use a separate check for the Supplemental Bonus Payment to avoid confusion over the display of two tax amounts.

Your First Payroll in 2015

Prior to your first payroll in 2015, review the following and make any necessary changes for the new year.

Update Employee Deductions

The first payroll of the year is the perfect time to review and update your employee deductions, such as:

- Medical
- Dental
- Life Insurance
- 401(k)
- Other voluntary deductions

Deactivate Retirement Plan Catch-Up Contributions, if applicable

If you have a retirement plan through an administrator that is not ADP and any of your employees are set up with a retirement plan catch-up deductions, both the regular and catch-up deductions will automatically come out of the first payroll of 2015 unless you request a change. Be sure to report any changes with your first payroll of 2015.

2015 Tax Changes

Your employees may see changes in their first 2015 paycheck as a result of new federal and state tax requirements, such as FICA (Social Security/Medicare) limits, state income tax rates, and 401(k) or pension plan limits. For details, go to [2015 Fast Wage/Tax Facts](http://www.adp.com/tools-and-resources/compliance-connection/state-taxes/2015-fast-wage-and-tax-facts.aspx) (<http://www.adp.com/tools-and-resources/compliance-connection/state-taxes/2015-fast-wage-and-tax-facts.aspx>).

Fees and Other Charges

The following table lists charges that will be incurred for the processing of W-2s, 1099s, and other tax items.

Process	Fees
W-2s and 1099s	\$45.00 base charge + \$5.60 per form (+ \$32.50 base charge for additional controls / related companies)
W-2 UPS delivery	\$10.50 base charge Note: There is only one base charge, not two charges for W-2s and 1099-MISCs.
Year-End reprints/reprocessing	\$45 (processing fee) + \$5.60 per W-2 reprint + cost of adjustment payroll (if needed) + \$10.50 (delivery cost) Use the W-2 Statements report on the Reports page in RUN Powered by ADP or make a photocopy of your employer copy.
Tax Filing Late Charge (reclose fee)	A \$50.00 fee may be incurred for adjustments processed after January 12, 2015.
Amendments	\$100 for each amended jurisdiction processed after January 16, 2015.
Amended W-2s	\$2.50 each