



# 2022 Paychex Year-End Reference Guide for Accountants

**PAYCHEX**<sup>®</sup>

HR | Payroll | Benefits | Insurance

# Overview

Paychex is committed to providing the highest quality service to you and your Paychex clients. As we support your clients' tax filing and payment activities, we're sensitive to their challenge of focusing on their business. This *Reference Guide for Accountants* has been created to help you and your Paychex clients prepare and plan for year-end needs. We value our business relationship with you and trust that this information will assist with year-end processing and planning.



**More details and resources regarding 2022 year-end reporting can be found on The Accountant Year-End Reference Center at [payx.me/year-end](https://payx.me/year-end).**

**Be sure to regularly visit this page to ensure you have the most recent version of this reference guide and all year-end resources.**

# Contents

Click on a topic below for direct access to the information:

- [Updates](#) ..... 1
  - [Paychex 2022 Form W-2 Delivery](#) ..... 1
  - [Employer Social Security Deferral Due in 2023](#) ..... 3
  - [The Affordable Care Act \(ACA\)](#) ..... 3
- [Year-End Reminders](#) ..... 4
  - [Year-End Reporting — Taxpay<sup>®</sup> and Non-Taxpay Clients](#) ..... 7
  - [Year-End Reporting — Fringe Benefits](#) ..... 8
  - [Additional Year-End Reporting Requirements](#) ..... 9
- [Important Tax Agency Notices](#) ..... 10
  - [Federal Deposit Frequency Notices](#) ..... 10
  - [EFTPS<sup>®</sup> Enrollment](#) ..... 11
  - [State Deposit and Electronic Funds Transfer \(EFT\) Requirement Notices](#) ..... 11
  - [State Unemployment Insurance \(SUI\) Rate Update](#) ..... 11
  - [Federal Unemployment Tax Act \(FUTA\) Threshold](#) ..... 11
- [Electronic Filing](#) ..... 12
  - [Federal Forms W-2/W-3](#) ..... 12
  - [Social Security Administration Note](#) ..... 13
  - [Employee Access Online](#) ..... 13
  - [Federal Forms 1099/1096](#) ..... 14
  - [Declining Electronic Filing](#) ..... 14
  - [Federal Form 8027/8027-T for Restaurant Clients](#) ..... 14
  - [Electronic Filing — State Forms W-2/1099](#) ..... 15
- [2022 Year-End Checklist](#) ..... 16



Enhance Your Client Advisory Services  
With Paychex HR [Learn more >](#)

---

Thank You and Additional Resources  
[Get the details >](#)

# Updates



## Paychex 2022 Form W-2 Delivery

To help clients remove the burden of hand-delivering to employees, our Form W-2 delivery includes the following:

- **Online W-2s** will be available in Paychex Flex® to clients on Jan. 2, 2023 and their employees on Jan. 6, 2023. We have created a [consent for electronic W-2 access](#) through Paychex Flex. For each employee who consents to receive their W-2 online only, clients will not need to furnish the W-2 to their employee.
- Alternatively, clients may elect to **send their employees 2022 W-2s directly to their employees**. The W-2s are sent to the employee's address on file as of Dec. 30, 2022. If the employee address is not in a valid format according to the United States Postal Service, the W-2 will be sent to the employer's address.

### Notes on Form W-2 delivery:

- It is important the correct employee mailing addresses are in Paychex Flex. This is the Paychex source used to mail the forms. Your clients can direct their employees to [payx.me/UpdateAddress](https://payx.me/UpdateAddress) to log in to Paychex Flex and update their addresses. If their employees do not have Flex accounts, they can [sign up here](#).
- Paychex will be truncating employee Social Security Numbers on the employee copies of Form W-2. The first five digits of social security numbers on the employee copies of Form W-2 will be masked. The purpose of this is to protect employee information on paper copies of the Form W-2. Clients and employees will be able to access versions of Form W-2 that display the employee's full social security number on Paychex Flex. This change has been made based on IRS guidance that allows the use of truncated social security numbers on Forms W-2 furnished to employees.

The [Services Agreement Addendum for W-2 Service](#) provides the updated terms. This service agreement addendum is not required to be signed and returned.

If your clients have additional questions regarding Form W-2 delivery, please refer them to the [FAQ sheet](#). They can also contact their Paychex service representative.



## Employer Social Security Deferral Due in 2023

If your clients deferred employer social security tax deferral (ER SS deferral) in 2020 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the remaining 50 percent of the total amount deferred is due to the IRS by Jan. 3, 2023.

If according to our records, your client deferred employer social security tax, Paychex sent them additional information in early November 2022 about the exact date and amount we plan to collect from their bank account.

## The Affordable Care Act (ACA)

If your client is an applicable large employer (ALE), there are still coverage guidelines to meet to avoid potential assessment. ALEs must file the associated information returns accurately and in a timely manner to avoid significant penalties.

**Note:** In general, ALEs are employers who average 50 or more full-time employees, including full-time equivalent employees, in the previous year.

The IRS has been enforcing information reporting requirements by issuing proposed penalty notices for late filing, paper filing returns over 250, and incorrect taxpayer identification numbers.

### The 2022 deadlines for ACA tax reporting are:

<b>Feb. 28, 2023</b>	Furnish employees with Form 1095-C
	File copies of Forms 1094-C and 1095-C (if filing on paper)
<b>March 31, 2023</b>	File copies of Forms 1094-C and 1095-C (if filing electronically)



## Year-End Reminders

The year-end deadline to report information or changes for 2022 is **Dec. 30, 2022, by 4 p.m. local time.**

*Our offices will be closed on Monday, Dec. 26, 2022 and Monday, Jan. 2, 2023. For specific holiday processing schedules, your clients should contact their Paychex service representative.*

*If any adjustments are needed after the deadline, your clients should let their Paychex service representative know immediately. We can reprocess the tax returns, including employee Forms W-2 after the deadline; however, there will be an additional charge and a processing delay.*

### **Verify that tax liabilities were collected for bonus checks**

- Bonus checks are often processed with regular payroll, but they must be processed independently if a separate payroll journal is necessary or the bonus payroll has a different date from the normal payroll date.
- Verify with your clients how the bonus checks are to be taxed and any adjustments that need to be withheld, as bonus checks might be handled differently than regular payroll checks.

## Year-End Reminders (cont.)

### ☐ Confirm employee data

- Have your clients review all employee names and addresses and report changes to us by the year-end deadline.
- Ensure that your clients have the necessary federal and state withholding forms available when reporting new employees.
- It is important to verify the correct name and social security number (SSN) for each employee.

**Note:** *Employees with addresses that do not pass USPS formatting, including missing addresses, will be sent to the client's delivery address.*

*A mismatched name or SSN can affect the employee's social security wage benefits; wages reported on Form W-2 with mismatch errors will not be credited to that employee's personal earnings record. Instead, the wages will be housed in a "suspense file" until the error is corrected. If the error is not corrected, the wages will never be credited to that individual.*



### Reminder:

The IRS may charge employers a penalty of up to \$290 for each return or Form W-2 that has a missing or incorrect SSN or federal employer identification number (FEIN).

We cannot file your clients' federal Forms W-2 electronically if a substantial percentage of the SSNs are missing and your clients have more than 10 employees.



## Year-End Reminders (cont.)

### **Report other amounts on Form W-2, Box 14**

The IRS allows employers to use Form W-2, Box 14 (Other), to report certain adjustments to an employee's pay (e.g., charitable contributions). These can be set up to print in Box 14. Your clients should use the following guidelines when choosing a title for the adjustment:

- Only the first five letters of the adjustment (earnings or deduction) will print in Box 14.
- Be descriptive. For example, "Misc" might not clearly substantiate a charitable contribution.
- The Paychex payroll service representative can change your client's adjustment title before processing their Form W-2.

### **Report third-party sick pay (disability payments)**

Third-party companies are required to furnish employers with a sick-pay statement of any disability insurance benefits paid to employees during 2022. If a client receives this information after reporting the last payroll of the year, they should call their Paychex payroll service representative.

If they have not already done so, clients should notify their insurance company that Paychex will include third-party sick pay on Forms W-2.

*Since this pay might affect quarter-end and year-end returns, including Forms W-2, the processing of returns will be delayed if sick pay is reported after the year-end deadline date.*

### **Paid Family Medical Leave (PFML)**

If your client is in a state that qualifies for PFML, they should report any notices from the state to their Paychex service representative before the deadline.

## Year-End Reporting — Taxpay<sup>®</sup> and Non-Taxpay Clients

If not already done, the following items should be reported to your clients' Paychex service representative **before Dec. 30, 2022**:

Taxpay Clients	Non-Taxpay Clients
<ul style="list-style-type: none"> <li>• In-house payroll checks</li> <li>• Voided payroll checks</li> <li>• Third-party sick pay (disability payments) to employees by a third party</li> </ul>	<ul style="list-style-type: none"> <li>• In-house payroll checks</li> <li>• Voided payroll checks</li> <li>• Third-party sick pay (disability payments) to employees by a third party</li> <li>• Any tax deposits that were due but not remitted</li> <li>• Tax deposits paid for an amount other than the one reflected on the deposit notice</li> </ul>

If additional 2022 payroll entries are reported after the deadline, **Paychex will:**

For Taxpay Clients	For Non-Taxpay Clients
<p>Collect and deposit any additional liability that might be required, but will not be responsible for any penalties or interest assessed by tax agencies as a result of a late payment</p>	<p>Generate a new or replacement deposit notice</p>

If any client voids 2022 payroll entries after the deadline date, **Paychex will:**

For Taxpay and Non-Taxpay Clients
<ul style="list-style-type: none"> <li>• Prepare their federal tax return, Form 941 or 944, showing the overpayment, and request a refund for them</li> <li>• Prepare any required state quarterly returns or annual reconciliations, showing the overpayment. We will either request a refund or apply the overpayment to the next state tax deposit, based on the state's requirements</li> </ul>

## Year-End Reporting — Fringe Benefits

Any taxable cash or non-cash benefit — for example, personal use of company cars — must be included on Form W-2.

Advise your clients to report these benefits before the last payroll of the year. Reporting taxable benefits with cash wages allows the appropriate withholding taxes to be deducted from an employee's check.



### Common benefits your clients might have that should be reported:

- Health and accident insurance premiums paid by an S corporation
- Group term life insurance
- Dependent care assistance
- Flexible spending account (FSA)
- Educational assistance program
- Deferred compensation plans
- Employer contributions to retirement plans
- Qualified equity grants

**For more details** on the specific reporting requirements for the benefits above, refer to the Year-End and Tax Filing Resources site at [go.paychex.com/tax-filing](https://go.paychex.com/tax-filing).

## Additional Year-End Reporting Requirements

### Taxable adjustments for separated employees


Taxable adjustments (for example, personal use of a company car [PUCCL], or imputed value of group term life insurance) should be reported with regular payroll whenever possible. This allows any required employee taxes to be withheld from wages.

- **If taxable adjustments are reported without wages**, your clients might be liable for the employee portion of taxes. Please keep this in mind if employees separate from employment, whether voluntarily or involuntarily, during the year.
- **If a client pays any part of an employee's income tax or FICA withholding**, the amount paid must be reported as additional taxable wages for the employee. Additional employment taxes, both employee and employer portions, are due on this added income.
- **If a client cannot report taxable adjustments with an employee's last check**, Paychex can help them calculate the additional amount required to cover the employee FICA. This situation should be discussed with their Paychex payroll representative.

**For an example calculation of tax adjustments for separated employees**, please refer to the Year-End and Tax Filing Resources site located at [go.paychex.com/tax-filing](https://go.paychex.com/tax-filing).

### Cost of coverage under employer-sponsored health plan

Do you have clients issuing 250 or more Forms W-2 for the previous year? The IRS requires them to report the cost of coverage for any employer-sponsored group health plan on Forms W-2. For Paychex to report these amounts for 2022, your clients must provide them to us before the year-end reporting deadline.



**Note:** *It is ultimately the taxpayer's responsibility to ensure that all taxes are being remitted to the IRS on time. Using a payroll service does not absolve the employer of this responsibility.\**

## Important Tax Agency Notices

### Federal Deposit Frequency Notices

Your clients' deposit frequency should be determined for 2023 by using the lookback period. Refer to IRS Notice 931 at [irs.gov](https://www.irs.gov) for additional information about deposit rules and lookback periods.

For clients who do not subscribe to our Taxpay service, we will instruct them to make deposits based on the deposit frequency we calculate using their previous payroll liability. Their January tax deposit notice will state their 2023 federal deposit frequency.

\* The IRS requires us to notify our Taxpay clients that although Paychex is designated as the Reporting Agent on Form 8655 (Reporting Agent Authorization), this does not relieve our clients from liability if tax payments and/or returns are not remitted by the due date. The IRS recommends that clients enroll in and use EFTPS to ascertain whether an agent has made all required deposits on time. Most state agencies provide ways to verify tax payments as well, so contact your state agency for this information. Please be assured that Paychex makes every effort to remit tax payments and returns on time. If any issues do arise, we work with your clients and the agency to resolve the situation.

## EFTPS® Enrollment

For clients who are not on our Taxpay service, they can enroll with the Internal Revenue Service on their own using Form 9779, or visit [eftps.gov](https://eftps.gov). This will allow them to make a payment and verify that payments are being posted properly to their account.

Clients on our Taxpay service may also enroll in the Electronic Federal Tax Payment System (EFTPS) to verify that payments are being posted properly to their account.

## State Deposit and Electronic Funds Transfer (EFT) Requirement Notices

If a client receives a deposit-frequency notice or state notification of EFT requirements, please send us a copy of the document with their client number noted.

## State Unemployment Insurance (SUI) Rate Update

Your clients should receive notification of their SUI tax rate(s) for 2023 for each SUI state set up on their account. We need this rate to calculate their SUI tax and SUI expense correctly. Please send us a copy of the document with the client number noted. These rates can also be obtained for most agencies through the agency website under the employer's account.

## Federal Unemployment Tax Act (FUTA) Threshold

For 2022, employers are required to make a quarterly deposit for FUTA if their accumulated tax exceeds \$500 in the quarter. Expect that some states will require additional tax due to the FUTA credit reduction. More information on 2022 FUTA Credit Reductions can be found on the IRS site and the Year-End and Tax Filing Resources site at [go.paychex.com/tax-filing](https://go.paychex.com/tax-filing).



# Electronic Filing

## Federal Forms W-2/W-3

The IRS requires employers with 250 or more Forms W-2 to file electronically. Any employer who fails to do so may incur a penalty.

Paychex will electronically file employer federal Forms W-2 and W-3 with the Social Security Administration (SSA) for all clients (Taxpay and non-Taxpay).

- Unless requested to not print, your clients or their employees will still receive paper copies of employee Forms W-2 for their employees to file with their individual tax returns.
- We will include a Form W-3 facsimile in your clients' January tax packages.

**Note:** *Incomplete employee information (name, address, SSN) could result in inaccurate or non-filing for certain agencies.*

Please be aware that Paychex will not be able to file Forms W-2 and W-3 electronically if we do not have a valid federal employer identification number (FEIN) or a substantial percentage of the social security numbers (SSNs) are missing or invalid.

## Social Security Administration Note

The SSA has cautioned payroll service providers to watch for duplicate Form W-2 reporting. Duplicate filing occasionally occurs when clients transfer from one payroll service provider to another mid-year.

**Paychex will prepare and file Forms W-2 for tax year 2022** for all your clients who are on our service at the end of the year. In addition, if specifically requested and paid for, we will prepare and file Forms W-2 for your clients who were on our service in 2022 but left before the end of the calendar year.

## Employee Access Online

Your clients can offer their employees on-demand access to view their Forms W-2, check stubs, retirement balances, and personal and payroll information. With convenient 24/7 access from any browser, mobile device, or tablet, employees no longer have to rely on management for timely information.

### New:

Employees can consent to receive their W-2s electronically, alleviating the burden on their employer to send a paper Form W-2. This consent is available through Paychex Flex, where clients can view their employees' consent in Live Reports, look for the W-2 Delivery Preference Report. Clients will have until Dec. 28, 2022 to override their employees' consent.





## Federal Forms 1099/1096

The IRS requires payers with 250 or more Forms 1099 to file electronically. A payer who fails to do so may incur a penalty. Paychex will electronically file payer federal Forms 1099 and 1096 for all active clients. Your clients will still receive paper copies of their payer reference copy and payee Forms 1099. We will include a Form 1096 facsimile in your clients' January tax packages.

**We will not be able to file Form 1099 electronically if we do not have a valid FEIN for your client.**



## Declining Electronic Filing

If any client would prefer to file employer Forms W-2 or 1099 on their own, they must complete a form that is available from their Paychex service representative. Clients who use the Taxpay service through Dec. 30, 2022, cannot decline electronic filing.

## Federal Form 8027/8027-T for Restaurant Clients

There are additional tip reporting requirements for large food or beverage establishments. Paychex will file Forms 8027 and 8027-T to report tip allocations on behalf of your clients with our Tax Equity and Fiscal Responsibility Act (TEFRA) service.

## Electronic Filing — State Forms W-2/1099

Paychex will electronically file state Forms W-2 for all clients who have employees in the following states (Taxpay and non-Taxpay).

Paychex Files State Forms W-2 Electronically for Taxpay and Non-Taxpay Clients in These States			
Arkansas	Illinois	Missouri	Oregon
Colorado	Indiana	Montana	Pennsylvania
Connecticut	Kansas	Nebraska	Rhode Island
Delaware	Kentucky	New Jersey	South Carolina
District of Columbia (DC)	Louisiana	New Mexico	Utah
Georgia	Maryland	North Carolina	Virginia
Hawaii	Michigan	North Dakota	West Virginia
Idaho	Minnesota	Ohio	Wisconsin
	Mississippi		

**Note:** For state Forms 1099 that Paychex will file electronically for non-Taxpay clients, please refer to our Year-End and Tax Filing Resources site at [go.paychex.com/tax-filing](https://go.paychex.com/tax-filing).

### Reminder:

If we process only a portion of your client’s payroll and they are required to electronically file state information, their Paychex service representative should be notified.

We will not be able to electronically file state Forms W-2/1099 on your client’s behalf if we do not have a valid state identification number for them. Please be aware that certain states require every reported employee to have a valid social security number for electronic filing. These respective states can be found in the Year-End and Tax Filing Resources site at [go.paychex.com/tax-filing](https://go.paychex.com/tax-filing).

# 2022 Year-End Checklist

Please verify these items with your Paychex clients **before the end of the year:**

## Has this information been reported?

- All in-house payroll and any additional checks that have not yet been reported
- Voided checks
- Employee pension information
- Group-term life adjustments
- Tax deposits made for an amount other than the amount on the deposit notice
- Tip allocations for TEFRA
- Third-party sick pay insurance benefits
- Premiums for health and accident insurance paid by an S Corporation on behalf of 2% shareholder/employees
- Other amounts in Form W-2, Box 14
- Compensation adjustments paid to employees that need to be included on employee Forms W-2 (i.e., charitable contributions, union dues)
- Taxable cash and non-cash fringe benefits (i.e., personal use of a company car)
- Educational assistance reimbursements
- Dependent care services provided to employees in an employer-sponsored program
- If the company is in a state that qualifies for Paid Family Medical Leave (PFML), report any notices from the state to their Paychex service representative **before December 30 at 4:00 p.m.**

## Has this information been verified?

- Identification numbers for federal, state, and local tax agencies on each return
- Employee names and addresses in Paychex Flex® for end of year documents
- Employee social security numbers (SSNs)

## 2022 Year-End Checklist (cont.)



### Bonus payrolls

- Bonus checks can be processed with regular payroll. If a different check date or period-end date is needed, bonus checks must be processed as a separate payroll.
- Clients can temporarily override direct deposit on bonus checks so their employees can receive paper bonus checks. Your clients can visit the Paychex Flex Help Center or contact their Paychex service representative if they need assistance.
- If your clients are using a 401(k) plan offered through Paychex Retirement Services, we automatically deduct 401(k) contributions from the bonus checks of employees participating in the plan. Bonus pay is defined as compensation. It must have 401(k) contributions deducted be reflected on Forms W-2.

### Funding Responsibilities

Processing large payroll liabilities may require funding Direct Deposit/Readychex® by a secure wire method. When doing this, clients will be contacted by the Paychex Risk Management Department after the payroll is processed.

## 2022 Year-End Checklist (cont.)

### Time and Attendance

With 2023 right around the corner, now is a good time to update Time and Attendance information. The following should be reviewed and updated:

- 2023 holidays
- Time off policies
- Employee schedules



### Year-End Deadline Date

The year-end deadline to report changes for 2022 is **Friday, Dec. 30, 2022, by 4:00 p.m. local time.**

Local Paychex offices will be closed for the holidays on **Monday, Dec. 26, 2022 and Monday, Jan. 2, 2023.**

***Please note:*** Paychex can reprocess tax returns with an additional charge and processing delay if payroll adjustments are needed after the year-end deadline. If your clients need to make payroll adjustments, they can contact their Paychex service representative so returns can be processed at no additional charge.



## Enhance Your Client Advisory Services With Paychex HR

Gain valuable insight on enhancing your client advisory services and receive support from Paychex HR with:

- Analysis and benchmarks to elevate workforce planning
- Attracting and retaining talent
- Offering world-class benefits at affordable rates
- Reducing risk and staying compliant
- Improving employee engagement
- Accessing a proactive and dedicated HR professional that understands your clients' needs

*“Our Paychex HR professional, it’s almost as if she’s a part of our operation. She knows a lot of the employees on a first-name basis. She’s part of the family.”*

– **Cathy Gill**, Controller and HR Director, Coronado Brewing Company

Plus, our integration with Jirav® provides easy access to real-time data, so you can give informed and beneficial guidance to your clients on hiring, productivity, cash flow, and more.

*Learn more:* [paychex.com/human-resources](https://paychex.com/human-resources)



*Thank You*  
for Choosing Paychex

We're focused on providing you, your clients, and your industry with the resources, tools, and services that make a complex business simpler.

We've proactively responded to an ever-changing and ever-challenging workplace by implementing the latest technology, enhancing our accounting platform, and renewing our commitment to providing uncompromising service and support.

Time, energy, and resources may be in short supply, but options and choices are not. **Thank you for choosing Paychex as your valued partner.**

We look forward to supporting you and your clients this year.

**Resources for you:**

