
A Guide to

Unlocking Year-End Compliance

Your roadmap to handling HR processes and procedures



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Introduction

As you navigate the ongoing complexities of running a business, it's critical to regularly revisit and update your HR policies to ensure they're compliant with applicable laws. That's where our HR compliance guide comes into play. It covers HR compliance, payroll, benefits, and other essential matters.

This checklist can help you stay ahead of deadlines, remain compliant, and avoid costly penalties — not just at the end of the year but throughout the year too.



Did You Know?

21%

of leaders outsource to get help maintaining regulatory compliance.¹

\$13,384

is the average cost per year for businesses to maintain regulatory compliance.¹

Payroll and Tax Compliance

Reference the information below when completing year-end tax- and payroll-related tasks, to help reduce the risk of mistakes.

Verify Employee Information

- Validate employee addresses:** Incorrect information could delay the receipt of W-2 forms for some workers, and create waste for your business with extra printing and mailing.
- Check your records** for employees whose employment with the company ended during the year to ensure their employment status was correctly updated.

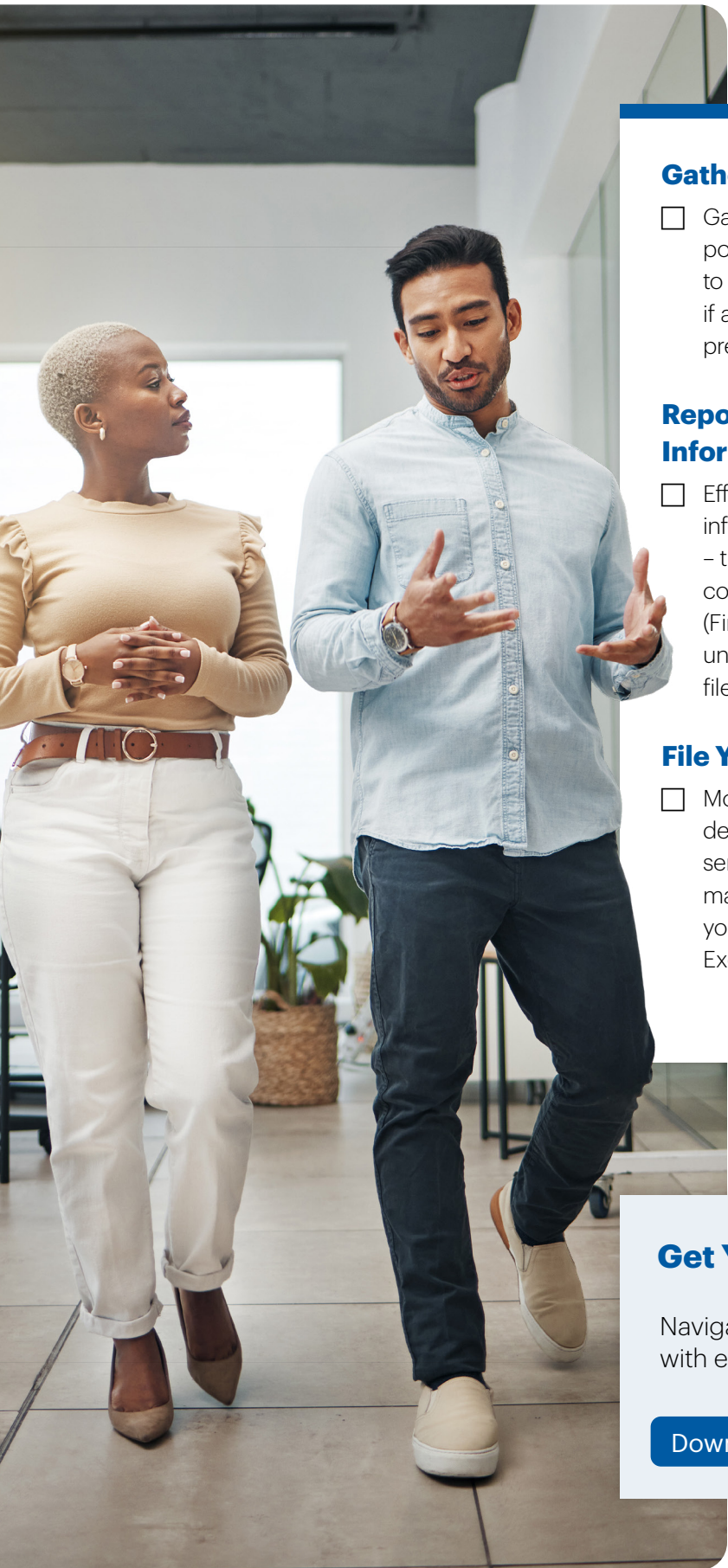
Double-Check W-2s

- Before filing your Forms W-2 on time, confirm all required information is included and accurate. Missing or incorrect information could result in a penalty by the Internal Revenue Service (IRS) for each inaccurate Form W-2.
- Include any taxable cash or non-cash benefits (e.g., use of a company car) on the W-2.
- If your business doesn't already do so, consider establishing a secure online portal for employees to obtain their check stubs and W-2s. This may help minimize labor and paper waste and increase the security of sensitive information.

Prepare Year-End Documents Required for Tax Filings

- Independent contractor payments:** In addition to preparing employee tax forms, ensure that qualifying independent contractors who earn more than \$600 in a calendar year receive their correct statements for tax purposes. You must now report these amounts using form 1099-NEC.
- FICA and FUTA reporting:** Note filing deadlines and various tax responsibilities. For example, per the IRS, if your FUTA tax liability is more than \$500 for the calendar year, you must deposit at least one quarterly payment. If your liability is \$500 or less in a quarter, carry it forward to the next quarter until your cumulative tax is more than \$500. At that point, you must deposit your tax by the last day of the month following the end of the quarter.
- Affordable Care Act (ACA) requirements:** Companies subject to the ACA's employer shared responsibility provision must prepare and file Forms 1094-C and 1095-C with the IRS and distribute Forms 1095-C to applicable employees.





Gather Payroll Records

- Gather payroll records if your workers' compensation policy mirrors the calendar year. An auditor may want to review payroll records by your policy period to verify if any adjustments need to be made to your initial premium.

Report Beneficial Ownership Information (BOI) if Applicable

- Effective Jan. 1, 2024, your business may have to report information about the company and its beneficial owners – the individuals who ultimately own or control the company – to the Financial Crimes Enforcement Network (FinCEN). A BOI report only needs to be submitted once unless there are changes or corrections to the previously filed information.

File Your Annual Report

- Most states require filing an annual report, which offers details about company ownership, products and services, and financial health. The filing requirements may vary, but in addition to reporting to shareholders, you must also disclose this report to the Securities and Exchange Commission (SEC).

Get Your Payroll Together

Navigate end-of-year payroll reporting and taxation with ease when you access our free checklist.

[Download Today](#)

Employee Benefits Compliance

Open enrollment will be here before you know it. Ensure you're prepared to refresh your benefits packages by completing the following tasks related to benefits compliance.

Review Coverage Plans and Health Insurance Policies

- Group health plan renewal:** Many group health insurance policies renew on Dec. 1 or Jan. 1. Review coverage plans and pricing to determine if changes are needed.
- ACA requirements:** Review the provisions of the Affordable Care Act for ongoing compliance, including:
 - Employer shared responsibility (ESR) provision under which companies employing an average of at least 50 or more full-time employees, including full-time equivalents, during the prior year must offer affordable and adequate medical coverage to full-time employees and their dependents or risk a potential assessment if at least one full-time employee receives a premium tax credit.
 - IRS 2024 employer health plan affordability threshold change: The tax year 2024 health plan affordability threshold, which is set by the IRS and used to determine if an employer's lowest-premium health plan meets the ACA affordability requirement, is 9.02 percent of an employee's household income for plan years beginning in 2024.
- Open enrollment:** Prepare communications with employees and schedule informational meetings.
- FSAs:** If you plan to establish a flexible spending account, allowing employees to set aside pre-tax money for medical or dependent care expenses, your business needs to set up the plan, and employees must enroll before the new year.
- Healthcare planning:** Review healthcare plan filing requirements and deadlines.



Compensation Policies

The new year is a great time to review employee compensation and evaluate whether you're competitive with the 2025 hiring market, based on your industry and your employees' geographic locations. After all, 62% of businesses find attracting and retaining talent a challenge¹, so be sure to put your best foot forward.

Confirm Year-End Bonuses

If your business awards year-end discretionary bonuses, work with your payroll provider to issue the checks as a separate line item or in separate checks (additional bonus taxation may apply).

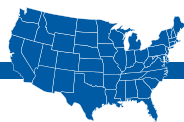
Review Wage and Hour Updates

If your applicable state or local minimum wage rate is increasing in 2025, ensure the updated rate is reflected for applicable employees' pay as of the effective date. In addition, review your obligations under applicable state and/or local laws concerning other wage and hour matters.

Review Updates to Wage Base Limits

Resetting wage base limits should also be a part of your year-end HR compliance checklist. For the upcoming year, companies should budget for the taxes they may not be paying now if employees have already met wage base limits. Wage base limits start over every Jan. 1, including federal and state unemployment tax, Social Security, and state employment taxes.

Note the 2025 increase in individual wages is projected to be up to \$174,900 subject to the 6.2 percent Social Security tax, also called the Old Age, Survivors, and Disability Insurance (OASDI) tax.²



State Resources for Your Business

Use our interactive map to check out what's happening in your state.

Staffing and Training Processes

With ongoing hiring challenges, it's crucial to ensure employees are trained appropriately and that you're complying with any mandated training as you move into the new year.



Create or Update Your 2025 Training Calendar

Start looking ahead to next year. Consider developing a calendar of required training for managers and employees, including training on harassment prevention, hiring practices, workplace safety, and effective management. You may also want to schedule time to update managers and staff on protocols and requirements to ensure compliance with OSHA, CDC, and local guidance.

Update Your Employee Handbook

An annual employee handbook review should be included in your year-end HR checklist if not conducted earlier in the year or on an ongoing basis. All new policy updates should be included in the handbook and communicated to employees. You may also want to review any remote or hybrid work policies you've implemented in the past few years.

Review Your Business Continuity Plan (BCP)

Check your company's severe weather, natural disaster, and health emergency policies, and have a BCP in place if weather, a natural disaster, or a health emergency impacts your business operations at year-end and throughout 2025.

Review Employee Time Off

If you have a self-service portal, remind employees to review their time-off banks (e.g., vacation, holiday, sick, and personal time), especially if you have "use-it-or-lose-it" policies (where permitted) or caps on carryover amounts. If your business tracks this for employees, you may wish to notify them about their balances.

Compliance Reporting Deadlines

While year-end is an essential time for reviewing HR compliance, an ongoing HR compliance calendar is a great way to stay on top of additional critical due dates related to applicable federal, state, and local laws and regulations. Consider that there are certain compliance matters with specific deadlines you can anticipate and will need to handle every year.



Compliance Calendar

There are hidden costs of non-compliance. Help avoid penalties by keeping the due dates for your business all in one place.

Download Now

Here are some predictable compliance deadlines, so you can avoid costly fines:

- **Filing W-2s:** Generally, by Jan. 31, employers must provide Form W-2 to employees to file their federal and state taxes. A copy of each employee's W-2 must also be sent to the Social Security Administration (same deadline).
- **Affordable Care Act (ACA) reporting:** The IRS has provided an automatic extension of 30 days after the Jan. 31 due date when applicable large employers must furnish Form 1095-C to applicable employees. Generally, the deadline for filing paper Forms 1094-C and 1095-C with the IRS is Feb. 28 of the year following the calendar year to which the return relates, or March 31 if filing electronically. If the due date falls on a weekend or legal holiday, then the due date is the following business day. The IRS has not officially issued due dates for forms due in 2025 for the calendar year 2024. When issued, the due dates will be in the 2024 Instructions for Forms 1094-C and 1095-C.
- **EEO-1 reporting:** Certain employers must report demographic workforce data, including data by race/ethnicity, sex, and job categories. Updates regarding the 2024 EEO-1 Component 1 data collection, including the opening date, will be posted to www.eeocdata.org/eeo1 as they become available.

Other deadlines may be more unpredictable or triggered by specific events, such as when you bring on a new hire or an employee leaves the organization. The best way to prepare is to know what's required and your time window to meet your responsibilities. Regardless of the type of deadline, an HR guide is an effective way to have visibility into your business's HR compliance-related tasks.



Kick-start 2025

HR Compliance on the Right Path

A proactive approach to HR compliance is essential. When you prepare today, your business can operate seamlessly throughout the entire year. Invest in this time now to focus on what truly matters – growing your business and supporting your employees.

[Visit us online](#) to learn more.

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¹ 2025 Priorities for Business Leaders, Paychex.

² The 2024 OASDI Trustees Report.

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