

2023 YEAR END PACKAGE

The year-end package is designed to help facilitate the year-end process by providing you with a checklist you can follow to ensure you have accurately reported everything needed to process your W-2s properly and prepare your final payroll returns this year. Each item of the checklist is reviewed in detail in the following pages of instructions. Please use this as a supplement to the advice of your accountant and/or legal advisor.

Any changes, corrections, or discrepancies must be reported to Diversified Payroll Solutions, Inc. (DPSI) before your last scheduled payroll this year. If you expect delays; have tip allocations to report this year; or would like DPSI to prepare any 1099 information you have reported throughout the year, please completely fill out any applicable forms in the Year-End package and return it to us at least one week before your last scheduled payroll for 2023.

Changes made after your last scheduled payroll of the year may be subject to additional payroll fees and/or penalties assessed by the federal and state government agencies for which DPSI is not responsible.

Important: Please forward payroll tax deposit frequency change notices and/or unemployment rate changes to nrainey@diversifiedpayroll.com

Enclosed you will find DPSI's 2023 Year End Package. Your prompt attention to this information is greatly appreciated. This package includes information and related procedures to ensure a smooth year-end processing of your payroll tax reporting and the preparation of your annual W-2 forms.

- Review the enclosed information.
- Make necessary changes to your files.
- Return the W-2 Hold Authorization form (if applicable) before December 26, 2023.
- Return the 1099 processing instructions (if applicable).
- W-2s are scheduled to be delivered starting the week of January 8, 2024.
- Bonus Payrolls
All year-end bonus runs must be processed before December 28, 2023. See page 13 for additional information.

The due date to have the 2023 W-2 forms to employees is January 31, 2024.

Employee copies of W-2s should be kept for 4 years if you are not able to locate the employee.

All of us at DPSI would like to thank you for giving us the opportunity to fulfill your payroll processing needs.

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Please note that any request to delay processing of W-2s, reprinting of W-2s, year-end adjustments, and 1099 processing must be received in writing before December 26 2023.

DPSI Contact Information Regarding This Packet

Faxes should be sent to 570-693-2082 to the attention of Nichole Rainey

E-mail should be directed to nrainey@diversifiedpayroll.com

All mail to the Attention of Nichole Rainey

All telephone calls to 570-693-2729

Important Dates

December 26, 2023 - W-2 Hold Authorization Forms due.

December 28, 2023 - All payroll, bonus and year end adjustment runs must be processed by this date.

January 3, 2024 - W-2 Edit Report corrections due.

January 8, 2024 - W-2s will be delivered starting this week.

January 3, 2024 - 1099 Instructions due to DPSI.

January 15, 2024 - 1099s will be delivered starting this week.

January 31, 2024 - W-2 and 1099 forms due to recipients no later than this date.

If there is a reason to delay or place a hold on the preparation of your year end W-2's you must complete and return to DPSI the appropriate form included in this year end package.

DPSI Upcoming Holiday Schedule

REMINDER: Our offices will be closed the following days:

Thursday, November 23, 2023

Friday, November 24, 2023

Monday, December 25, 2023

Monday, January 1, 2024

2024 Holiday Schedule

| | Bank Closed | DPSI Closed |
|---|--------------------|--------------------|
| Monday, January 1 New Years Day | X | X |
| Monday, January 15 Martin Luther King Day | X | |
| Monday, February 19 President's Day | X | |
| Monday, May 27 Memorial Day | X | X |
| Wednesday, June 19 Juneteenth | X | |
| Thursday, July 4 Independence Day | X | X |
| Monday, September 2 Labor Day | X | X |
| Monday, October 14 Columbus Day | X | |
| Monday, November 11 Veterans Day | X | |
| Thursday, November 28 Thanksgiving | X | X |
| Friday, November 29 Day after Thanksgiving | | X |
| Wednesday, December 25 Christmas | X | X |

MISCELLANEOUS INFORMATION

IMPORTANT: Payrolls processed in 2023 that have a **CHECK DATE** of 2024 will show up as wages on the 2024 W-2! These wages will NOT be part of your 2023 YTD totals.

W-2 Reissue Tip:

If an employee misplaces his/her form W-2, you can reissue the form from your employer copies. Simply make a photocopy and mark it "REISSUED" and the employee may use this for federal, state, or local filings.

W-4's:

You may want to send a memo to your employees reminding them of the requirement for them to submit a new W-4 any time there are life changing events. The Circular E document advises employers to remind employees by **December 1st** to submit a new Form W-4 if their withholding amount has changed or will change for the next year.

Employees claiming "exempt" from withholding must complete a new W-4 by February 15, 2024, to maintain this status. If employees do not provide a new W-4 by this date, employers are required to begin withholding federal income tax as if the employee is single with zero withholding allowances.

EMPLOYER PORTION OF HEALTHCARE:

On March 29, 2011, the IRS published Notice 2011-28, which provides guidance to employers on how to report the cost of group health coverage on Form W-2 (in box 12, code "DD"). The Affordable Care Act provided that employers must report the cost of employer-provided health care coverage on Forms W-2, beginning in 2011 (e.g., for Forms W-2 provided to employees in January 2012).

- Reporting is mandatory for 2023 employers that file 250 or more Forms W-2 to the Social Security Administration (e.g., W-2s provided to employees in January 2024, for calendar year 2023).
- Employers are not required to issue a Form W-2 including the reportable cost of health coverage to any individual to whom the employer is not otherwise required to issue a Form W-2 (e.g., retirees, surviving spouses or others who may receive health coverage through the employer but no compensation).
- In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee.
- Please notify your customer service representative to discuss the entry of the employer portion of the health insurance premiums.

2023 Year End Check List

____ You will be receiving a W-2 edit report with your last pay of 2023. Review each employee record and verify the social security number is correct. Note: (111-11-1111 is not a valid number.) You can verify employee social security numbers by calling 800-772-6270 or by visiting www.ssa.gov/employer/ssnv.htm for more details. DPSI can perform the social security number check on your behalf. Please see page 14 for more information. If you choose to confirm the numbers yourself, please forward any corrections to us by January 3, 2024.

____ Verify that each employee has a complete and correct mailing address (including terminated employees).

____ Verify employee names:

Note: Pay attention to employees with a title following their last name (i.e.: Smith DMD, John). Delays and errors often occur in the posting of earnings for employees whose names on the W-2 form include titles. It is recommended that titles NOT be included as part of the employees name for W-2 reporting purposes. The names should be entered and displayed as shown on the employee's Social Security card.

The Social Security Administration uses the social security number plus the first seven characters of the employee's last name on Form W-2 to post social security wages to the employee's earnings records.

____ To avoid unnecessary processing charges, additional items that may need to be reported to DPSI prior to processing your last payroll of the year include:

- S-Corporation Officer/Shareholder Health Insurance Premiums
- Group Term Life Insurance (over \$50,000)
- Third Party Sick Pay
- Dependent Care Benefits
- Personal Use of Company Vehicle
- Tax Deferred Savings Plan
- Tip Allocation
- Moving Expenses
- Non-accountable Business Expense Reimbursements or Allowances
- Employer contributions to HSA plan

____ 1099 Employees

You are responsible for notifying us of any 1099s you require DPSI to process, as 1099's will not be automatically generated by our system.

____ Deposit Notices

In November, the states and the IRS will mail a deposit frequency notice for 2024 to those employers whose filing frequency changed. If you receive one of these notices, it is very important that you send us a copy as soon as possible.

____ Unemployment Rate Changes

Forward any State Unemployment rate changes to DPSI.

Please note that DPSI cannot be held liable for any interest and/or penalties that arise from the failure to provide us the above information in a timely manner.

Third Party Sick Pay

Please complete and return all Third Party Sick Pays prior to the last pay of the year. If this is not possible, then you must complete a W-2 Hold Authorization form.

Your Company Name: _____

Third Party Sick Pay W-2s will be produced by (select one):

DPSI

Client's Insurance Company

Not applicable

If you selected Client's Insurance Company above you must provide the following information:

Client's Federal ID #: _____

Insurance Company: _____

Insurance Contact Person: _____

Insurance Phone number: _____

Signature: _____ Date: _____

Please return this form to DPSI at least one week before your last scheduled 2023 payroll.

Hold Authorization for 2023 W-2s

DPSI will begin processing W-2s on January 8, 2024. Therefore, we must have this hold authorization form by December 26, 2023.

The W-2s will be sent to the same delivery address as your payroll. Please notify us of any special delivery instructions by completing the W-2 Delivery Instructions and returning to DPSI, if applicable.

Your Company Name: _____

_____ Do not process our W-2s until _____ as we will have adjustments.

We understand that any tax liabilities incurred due to adjustment runs for 2023 processed after December 31, 2023 may be subject to penalty imposed by the taxing authorities. DPSI is not responsible for these penalties.

Reason for holding W-2 processing: _____

Signature: _____ Date: _____

Reprint of W-2s

Your Company Name: _____

Contact Name: _____

W-2s Requiring Reprint

| Employee # | Employee Name | Corrected Address (If applicable) |
|------------|---------------|-----------------------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

I understand that the reprint of the above W-2s will be billed to our company at \$10.00 per W-2 plus any applicable delivery charges. The reprinted W-2 should not require any amendments with taxing authorities.

Please send reprinted W-2 to:

_____ Send to Employer (by normal delivery method)

_____ Immediately

_____ With Next Payroll

_____ Mail to employee(s) at home address on W-2

Authorized Signature: _____ Date: _____

Use this form for reprints of the original W-2s only. If the reprint is required due to an adjustment payroll or change in social security #, complete the Year End Adjustment Processing Authorization. Please return this form to us immediately at fax (570) 693-2082.

DPSI Use Only:

Reprint Date: _____

Delivery Date: _____

Billing Date: _____

Billing Amount: _____

W-2 Delivery Instructions

The completed W-2s forms will be made available to your company in the same manner as your payroll. Please indicate below if you wish to have them routed to some other address:

Company Name: _____

Address: _____

ATTN: _____

Distribution Method:

Hold for our pickup

Send Via UPS/Courier

Mail

Other _____

If you selected mail as the distribution method, then please select one of the following:

Mail all W-2s to employer

Mail each W-2 to individual employees

You will be responsible for any postage and handling fees if the distribution method is mail to individual employees. If you are mailing the W-2s to individual employees, please verify that you have provided DPSI with the correct mailing address.

Telephone: _____

Signature: _____

Date: _____

This form must be signed by the payroll contact or a corporate officer

YEAR END ADJUSTMENT PROCESSING AUTHORIZATION

This page must be returned to DPSI as a cover page to any year end adjustment you submit to DPSI

Your Company Name: _____

Contact Name: _____

Date: _____ Check Date: _____

_____ Process the above referenced payroll. We agree to the additional processing charge of \$50 and agree to have DPSI debit our bank account for such fee.

_____ If necessary, I authorize DPSI to amend all returns affected by this adjustment run at \$75 per return per quarter.

As a result of the above adjustment payroll, the following employees require a corrected W-2:

| Employee # | Employee Name |
|------------|---------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Reason for Adjustment: _____

I understand that due to the late processing of our payroll, DPSI does not under any circumstances assume responsibility for late payment penalties or interest due to any taxing authority or third party vendor, nor is it obligated to make payment for our company. I further understand that DPSI will not make any payments to any taxing authorities or to any third-party vendors until it has received sufficient funds to make such payment.

Signature: _____ Date: _____

Note: The above year end adjustment will not be processed until DPSI receives the completed and signed form. Please return or fax this form to us immediately at (570) 693-2082

1099 PROCESSING INSTRUCTIONS

Your Company Name: _____

Over the past few years, the IRS has taken an aggressive step to ratchet up its ability to enforce business compliance with annual 1099 income reporting regulations. In general Forms 1099-MISC/NEC are required to be filed when you pay \$600 or more in rents or services to any individual or business that is not incorporated. Currently the IRS requires the taxpayer to answer two questions on all business tax returns or schedules pertaining to the filing of Form 1099. This is a response made under penalty of perjury when the taxpayer signs the return.

The penalty for not filing correct information returns and/or not furnishing correct payee statements range from \$50 to \$550 per return.

Forms 1099-MISC/NEC are due on or before January 31, 2024.

If you require 1099 processing, please indicate your requirements below:

Please check one of the following statements:

_____ The 1099 data has already been processed in the payroll system (no additional charge).

_____ Please prepare our form 1099s using the information attached. We agree to a processing charge of \$100 plus \$10.00 per 1099.

Signature: _____ Date: _____

The 1099 forms will be delivered starting the week of January 15, 2024

Send to DPSI by January 3, 2024

BONUS/UNSCHEDULED PAYROLL RUNS

If you choose to process a bonus or other type of unscheduled payroll during this time of year, here are a few important reminders:

- It is very important to notify your Client Account Manager and submit payroll information at least two business days prior to your special payroll run check date.
- If the federal tax liability on this payroll is in excess of \$100,000, taxes must be deposited by the next banking day.
- Year-end payrolls with a 2023 check date will be included in your quarter 4-2023 wages and on your 2023 W-2s.

Company ID _____ Company Name _____

Contact Name _____ Email Address _____

To process a bonus or unscheduled payroll, please complete this form and fax it to your Client Account Manager at 570-693-2082

- What will be the Check date of your bonus/unscheduled payroll? _____
- On what day will you submit the payroll information? _____
- Any special delivery instructions? _____

Circle Input Method:

PAYENTRY.COM

CALL-IN/FAX-IN

Before beginning this payroll, please determine whether or not these items apply:

_____ Block Auto Pay Salary, Benefit Accruals, and or Auto Labor Distribution.

_____ Block Direct Deposits and issue checks for employees.

_____ Special payment flag/Supp tax rate (This includes Federal (25%), State (PA is 3.07%, percent varies for other states), Social Security, Medicare, and any local taxes.

_____ Block 401K/403B/Simple/SEP Deductions

_____ Block all other recurring Deductions and Earnings.

SOCIAL SECURITY VERIFICATION

Your Company Name: _____

We recommend that your company has each employee's Social Security number verified. (For Social Security Verification your account will be billed \$50.00 for the first 50 employees and \$.50 for each employee thereafter.)

Please indicate below if you would like us to perform this service.

_____ **Yes, I would like to participate in the Social Security number verification.**

_____ **No, I am not interested at this time.**

Company ID: _____ Company: _____

Address: _____

Phone: _____ E-mail: _____

Authorized Contact (Printed)

Authorized Contact (Signature)

Date

STOREROOM FLASH DRIVE OPT OUT FORM

Your Company Name: _____

The Storeroom Flash Drive technology allows us to provide you with all your payroll reports, quarterly and annual reports, as well as W2s on a Flash Drive. This information is in an easy-to-use searchable format.

In addition, Federal and state laws require that companies maintain complete payroll and employee information for up to 11 years (the regulations vary by agency and state). There are costly fines associated with failure to retain these records. Complete record retention can protect your company from costly lawsuits, tax assessments and insurance adjustments. The Storeroom Flash Drive allows you the comfort and security of knowing where to find your payroll information while being able to keep it in a secure but accessible and easy to store media.

We will produce these Flash Drives beginning the last week of January. The charge will be \$110.00. If you do not desire the Flash Drive, please complete the Opt out form below and return it to us prior to distribution. **If you previously opted out of the Flash Drive, and do not wish to receive the 2023 copy, you do not need to send us this form.**

Company name: _____

_____ We do not desire the Storeroom Flash Drive. We do understand record retention requirements and understand that we are responsible for maintaining the payroll records. We also understand that if payroll reports, tax returns or W2s are needed to be reproduced for any reason, a service fee will be charged by DPSI.

Signed: _____

Date: _____

DIVERSIFIED

PAYROLL SOLUTIONS

1221 Wyoming Avenue
Forty Fort, PA 18704

www.DiversifiedPayroll.com

Phone (570) 693-2729
Fax: (570) 693-2082

ARE YOU UTILIZING ALL OF OUR SERVICES?

Services Available

Web Clocks / Time Clocks / Time & Attendance Integration

Employee Self Service (To view pay stubs and W2's online)

Vacation / Sick Time Accruals and Reporting

Pay-As-You-Go Workers Comp Reporting

Human Resource Compliance / Consulting

Labor Law Compliance Posters

General Ledger Reporting / QuickBooks Export File

Work Opportunity Tax Credit (WOTC) Administration

Onboarding

401K Plan Administration / Integration

Section 125 Plans and Flexible Spending Accounts

Employee Background Checks

Full Tax Escrow Service

COBRA Administration

AFLAC Supplemental Insurance

FinFit Employee Loans

MasterCard Prepaid PayCard

For more information please circle the service above, fill in the info below, and
fax back to 570-693-2082

Name: _____, Company _____, Phone # _____

DIVERSIFIED PAYROLL SOLUTIONS, INC. FEE SCHEDULE

Effective January 1, 2024, the following fees apply:

NSF Fees: First Occurrence - \$50.00
Subsequent Occurrences - \$100.00

Direct Deposit Reversal - \$50.00 p/item reversed

Direct Deposit Bounce (Due to client error) - \$10.00

Payroll Re-do - \$35.00
(Due to client error or omission)

Stop payment (cks) - \$40.00

Other client assistance, outside the scope of ordinary payroll
payroll processing services - per hour

Unemployment Compensation Audit Assistance - per hour

Re-issued W-2s - \$10.00 each