The Payroll Department, Inc.
Ph 259-6960 fax 259-5331 e-mail: info@payrolldept.biz

2012 Year-End Guide
&
Reply Form

To ensure the accuracy and timeliness of your W-2s and year-end processing,

Please complete and return the attached reply form

by Friday, November 30, 2012.

Would you like to be entered into our drawing for either of these two great prizes?
- $50 gift certificate to Seasons Rotisserie & Grill
- $50 gift certificate to Chimayo Stone Fired Kitchen

If so, please return this form electronically via PDF Fillable:
1) Go to our website www.payrolldept.biz
2) Click on the "Year End Reply Form" link in the Payroll Dept Newsflash (on the left)
3) Save the form on your computer and email it to us info@payrolldept.biz

YOUR CHECKLIST

❑ Read Year-End Office Closures & Special Notes
- Pages 3 to 5

❑ Read Year-End Reply Form Instructions
- Pages 6 to 7

❑ Please complete and return the **"Year-End Reply Form"** by Friday, November 30, 2012
- Pages 8 to 10

(Preferably return this form via PDF fillable on our website: www.payrolldept.biz)

Year-End Office Closures & Special Notes

If you need to make any changes **after your last scheduled payroll, please call us immediately**. **If you notify us**, we will delay your W-2 processing to give you time to make these changes. Any adjustment payroll information for 2012 provided to us after December 28, 2012 OR after we have run your W-2 information will incur a $175 fee plus applicable fees for amended returns.

Holiday Check Dates

If you use our direct deposit service, verify that your payday does not fall on a Bank Holiday or weekend. Your submission date should be at least two and a half (preferably three) banking days prior to check date. Remember if you have Direct Deposit for your employees, we have to submit the file two business days prior to check date – the debit from the company account precedes the credit to the employees' accounts by one day.

Thanksgiving:
We will be closed Thursday, November 22, and Friday, November 23. For checks to be direct deposited on Friday, November 23, we will need the payroll information provided to us anytime on Tuesday, November 20th. For checks to be direct deposited on Wednesday, November 21, we need the payroll information anytime on Monday, November 19th.

Christmas:
We will close at 1 PM on Monday, December 24 and be closed the entire day on Tuesday, December 25.

New Year's Day:
We will be closed the entire day on January 1st.

NOVEMBER 2012

Sun	Mon	Tue	Wed	Thur	Fri	Sat
Verify Employee Addresses & Social Security Number for Year-End Reply Form				1	2	3
4 Daylight Savings	5	6	7	8	9	10
11	12 Veterans Day PDI OPEN BANKS CLOSED	13	14	15	16	17
18	19	20	21	22 Thanksgiving PDI CLOSED BANKS CLOSED	23 PDI CLOSED BANKS OPEN	24
25	26	27	28	29	30 YE REPLY FORM DUE!!!	

DECEMBER 2012

Sun	Mon	Tue	Wed	Thur	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24 Christmas Eve PDI open until 1pm BANKS OPEN	25 Christmas Day PDI CLOSED BANKS CLOSED	26	27	28 Last day to submit 2012 Payroll Data	29 Year-End Processing Begins
30	31					

JANUARY 2013

Sun	Mon	Tue	Wed	Thur	Fri	Sat
		1 New Year's Day PDI CLOSED BANKS CLOSED	2	3	4 12/31/2012 Check Date Semi-Weekly Fed Paymnt and State Pymnts Due	5
6	7	8	9	10	11 Quarterlies and W2-s Available For Pick Up	12
13	14	15	16 All Quarterlies & Still In-House Delivered/Mailed	17	18	19
20	21 MLK Day PDI OPEN BANKS CLOSED	22	23	24	25	26
27	28	29	30	31 Employee W2s MUST BE POSTMARKED *Forms 940 and 941 Due	*If you are a Tax, File & Pay Client: We file forms 940 and 941 for you.	

W-2 Forms/Electronic Filing

We use a pressure-seal W-2 that provides greater security. The Payroll Department, Inc. will file your Federal W-2s (Copy A) and state copies automatically. You will receive a copy of the W-3 transmittal form along with employee copies of your W-2s.

Note: Unless you request us not to, we will automatically file your Federal W-2s, W-3s, and any State Filings for W-2s including Colorado as well as any other state required for your company/organization.

*****Please forward to us any notices you receive regarding your state unemployment rate for 2013.**

2013 Payroll Schedule

Your 2013 Payroll Schedule will be included in the first check date of December. If you use our direct deposit service, verify that your payday does not fall on a Bank Holiday or weekend. Please let us know at that time if there are any adjustments you would like to make.

Miscellaneous Changes for 2013:

⇒ The Social Security wage base for 2013 is $113,700 (up from $110,100).

⇒ If you have an employee who earns more than $200,000 in 2013, that person will pay an additional .9% in Medicare tax on the amount over $200,000. There is no additional employer match on this .9%.

⇒ 401 K contribution limits for 2013 are **$17,500** and **$22,500**. The higher number applies only if you are 50 or older.

⇒ SIMPLE plan contribution limit increases by $500: The limits for 2013 are **$12,000** and **$14,000**. The higher number applies only if you are 50 or older.

⇒ On January 1, 2013, the Colorado Minimum Wage is proposed to be **$7.78** and **$4.76** for tipped employees. The Federal Minimum Wage will be $7.25 per hour. If you use Aloha - please update your rates on 1/1/13!

⇒ The Colorado Unemployment base for which unemployment tax is calculated increases from $11,000 per employee per year to $11,300 per employee per year starting January 1, 2013.

⇒ HSA Limits for 2013: Individual = $3,250, Family = $6,450. If you are 55 or older, you may contribute an additional $1,000 to your HSA considered a "Catch-Up Contribution."

⇒ Employer paid Health Insurance will need to be captured on the 2012 W-2 for certain companies. This will ONLY apply if the employer issued 250 W-2s or more in **2011**.

⇒ The IRS will begin enforcing the segregation of tips as compared to Distributed Service Income (DSI) in 2013 for all resturants. DSI is when the tip is no longer discretionary such as for banquets (fairly easy to segregate) to mandatory tips when there is a party of "x or more, a y% gratuity will be added to your bill," (a seemingly more difficult tip to segregate). The major impact of this clarification is that DSI is not subject to the FICA tip credit.

Year-End Reply Form Instructions

Year-End Processing (Item #1)
We start processing year-end information on Saturday, December 29, 2012. If you need to make any additional adjustments or changes to your 2012 payroll records, please mark "yes" to item #1 and return your Year-End Reply form ***as soon as possible – and no later than Friday, December 28, 2012.***

Additional adjustments/changes may include:
- Void/Manual checks – remember checks issued in 2012 **CANNOT be VOIDED in 2013 without incurring major re-processing and fees.**
- Changes to employee addresses or social security numbers
- Allocated tips

Verifying W-2 Information (Items 2 & 3)
Please review your "W-2/1099 Edit" carefully – You should have received this report with your last payroll in October. If you have not received this information, contact our office as soon as possible. Please note that any new hires added or any employee changes after mid October 2012 will not be reflected on this report.

* The SSA and IRS may assess penalties on employers who report inaccurate information to the SSA on the W-2s. The fine is $50 per W-2 and can be doubled if the errors are attributable to "fraud and gross or intentional negligence."

Bonus Pay Runs in 2012 (Item #4)
If you are planning on paying bonuses as a special pay run for your employees, please provide us with a check date and tell us with your year-end reply form.

1099 Form Preparation (Item #5)
The main purpose of the 1099 form is to let the independent contractor and the IRS know the amount that was paid to him/her for the year. Unless the amount was paid to an attorney, a 1099 does not need to be issued if it is under $600. If you paid any contractors through our payroll process, we will only prepare your 1099 forms if instructed by you to do so. Please do not assume we will process automatically.

If you mark "yes" to this this box, we will email you the additional forms necessary for 1099 processing.

Third Party Sick Pay (Item #6)
You must report both taxable and non-taxable sick pay made to employees from a third party, as well as taxes withheld on those payments. These payments must be included on the employees' W-2s or on a separate form provided by the third party. Please call your third party provider to request this information so you can forward it to us.

Qualified Pension Plans (Item #7)
IRS regulations require that an "X" be displayed in the box on the W-2 marked "Pension Plan" for all employees who participated during any part of the year in a Qualified Pension Plan. We need to know if you have a **100% company-funded plan** (no employee deductions). This box will automatically display an "X" for any employees who have had deductions for a Deferred Compensation Plan (e.g., 401(k), SIMPLE, etc).

Personal Use of Automobiles (Item #8)
Please provide the dollar value for the year for any personal use of a company vehicle. This is a taxable event and needs to be recorded on the employees' W-2s. *If you need assistance with figuring the dollar value, please consult your CPA.

Group Term Life Insurance (Item #9)
If any of your employees have over $50,000 in coverage, this is a taxable event for them and needs to be reported on their W-2. Please contact us if you have any questions.

Employer Contributions to HSA (Health Savings Account) (Item #10)
If you have an HSA Plan, we need to know the total amount that was contributed by the employer, to each employee for 2012. These amounts are required to be added to their W-2. Also note that employee contributions must also be reported if your HSA is part of a Section 125 plan.

S Corporation Owners (Items 11 & 12)
Please provide the amount of health insurance that the corporation paid on behalf of its owners. This includes vision and dental (but not life) insurance. (Item # 11)

*If you have an HSA account, please list the amount contributed by the company into the owner's HSA separately. (Item #12)

Reminder – The IRS expects S Corporation owners to have reported "reasonable" compensation for W-2 wages. If questions arise regarding what is reasonable compensation, please consult your CPA.

Additional Requests (Items 13, 14 & 15)
Please let us know if you are interested in purchasing any additional items such as Labor Law Posters, Simple IRA Reviews or 3-Ring Binders!

Should you have any questions about any of these topics or any other Year-End issue(s), please call us. We want your year-end process to go as smoothly as possible (and our process, too).

CLIENT #_____ CLIENT NAME___________________________

The Payroll Department, Inc.
2530 Colorado Avenue, Suite 2B
Durango, CO 81301

Phone: 970.259.6960
Fax: 970.259.5331
Email: info@payrolldept.biz
Website: www.payrolldept.biz

2012 YEAR-END REPLY FORM

DUE: Friday, November 30, 2012

We want to encourage electronic submittal for neatness and completion simplicity.
If you email us this form via PDF Fillable, you will be entered in our drawing for the following prizes:
$50 gift certificate to Seasons Rotisserie & Grill
$50 gift certificate to Chimayo Stone Fired Kitchen

Download the form from the "Newsflash" section of our website: www.payrolldept.biz
Then, simply attach and email your completed form to: info@payrolldept.biz

Name of person filling out form: ______________________________ **Title:** ____________________

Email address: ___________________________________**Phone #:** ___________________________

	YES	NO	
1.	○	○	I would like The Payroll Department to **HOLD** on my year-end processing because:
2.	○		I have reviewed the "W2/1099 Edit (S162)" report which was included in my last payroll of October. I understand that a minimum of $15 will be charged per corrected W2 if the SSN needs to be changed after 12/28/12.
3.	○	○	I have attached the "W2/1099 Edit (S162)" report with **employee changes** to Social Security numbers and addresses.
4.	○	○	We have a **bonus** pay run in December that will be separate from our regularly scheduled payroll. The Check Date will be ________________.
5.	○	○	We would like The Payroll Dept to prepare our **1099 forms** for 2012. Please email me the forms necessary for processing to the email address listed above!
6.	○	○	We have employees who received **third party sick pay.** I have attached a detailed printed report from the third party administrator.

	YES	NO	
7.	○	○	We have a **<u>100%</u> company funded pension plan.** I have attached a printed report with employee names.
8.	○	○	We have **personal use of a <u>company</u> vehicle**. Please record the following amounts on the 2012 W-2(s): $____________ for (name) ________________________________ $____________ for (name) ________________________________
9.	○	○	We have a **Group-Term Life Insurance policy** in which at least one employee receives a benefit greater than $50,0000. Please email me the forms necessary for processing to the email address listed above!
10.	○	○	Our company has contributed to a **Health Savings Account (HSA)** for one or more employees and these amounts have not been recorded through any 2012 payroll. Please add the following amounts that the <u>company</u> contributed to the 2012 W2s: $____________ for (name) ________________________________ $____________ for (name) ________________________________ $____________ for (name) ________________________________ $____________ for (name) ________________________________
11.	○	○	We are an S Corporation AND the **company paid <u>health insurance premium</u>s for the owner**s. These amounts have NOT been recorded on any 2012 payroll. Please add the following amounts on the 2012 W2s: $____________ for (Owner's Name) ________________________________ $____________ for (Owner's Name) ________________________________ $____________ for (Owner's Name) ________________________________ $____________ for (Owner's Name) ________________________________
12.	○	○	We are an S Corporation AND the **company paid into an <u>HSA</u> for the owner**s. The Payroll Department is currently unaware of this so please add the following amounts on the 2012 W2s: $____________ for (Owner's Name) ________________________________ $____________ for (Owner's Name) ________________________________ $____________ for (Owner's Name) ________________________________ $____________ for (Owner's Name) ________________________________
13.	○	○	I would like to purchase combined Federal and State **Labor Law Posters** from The Payroll Department. ($40 each + $8.50 shipping) (Qty)_____ (State)__________ (Qty)_____ (State)__________ ○ Hold at PDI Office OR ○ Mail to my this address:____
14.	○	○	I would like The Payroll Department to **review our SIMPLE IRA** Contributions to ensure we have met the requirements of our plan. ($50.00)
15.	○	○	I would like to purchase a 2013 **3-Ring Binder Noteboo**k. ($18.50)

Authorized Payroll Contact Information

Please list the current authorized contacts so we can verify our records.
This list should include any business owners, managers, bookkeepers or CPAs.
Anybody listed here will be authorized to discuss your payroll account in full.
*This includes submitting payroll, accessing social security numbers,
pay rates, pay history and making any changes to your account.

	CONTACT 1	**CONTACT 2**
NAME:		
TITLE:		
E-MAIL:		
PHONE # / ext.		
FAX #:		

	CONTACT 3	**CONTACT 4**
NAME:		
TITLE:		
E-MAIL:		
PHONE # / ext.		
FAX #:		

***The Payroll Department will DELETE any contacts we have on file that are NOT listed above.**