

2020 EDITION

Your End-of-Year Task List: Close out 2020 one task at a time

Your End-of-Year Tasks

Getting Started

Kick things off by sharing these deadlines and our [End-of-Year ebook](#) — you'll find more detail below on how to complete each of the tasks listed. Make sure your tax accountant or advisor is up-to-speed on your company's deadlines, and that you can start the conversation about end-of-year preparation with them early.

Get these done before your last payroll of the calendar year


- Verify employee, contractor, and vendor information
- Report employees on tax-exempt visas
- Report MDV contributions
- Report employee, contractor, and vendor payments
- Report taxable fringe benefits
- Report taxable, equity-based compensation your employees received in 2020
- Remind your employees about the opportunity to max out 401(k) contributions
- Remind your employees to use their FSA funds
- Schedule all one-off payments (like bonuses)
- Report any third-party sick pay or short-term disability claims paid to employees in 2020
- Review your final payments for 2020

**Get these done
after your last
payroll of the
calendar year**

- File Form W-2
- File Form 940 (Federal Unemployment Tax Return)
- File Form 941 (Quarterly Federal Tax Return)
- File Forms 1094-C and 1095-C (applies to applicable large employers (ALEs) under the Affordable Care Act (ACA))
- File Form 1096
- File Forms 1099-MISC + 1099-NEC
- File state and local payroll tax returns



This Checklist Is Interactive!

The  icon indicates a clickable page.



Employee info verification tasks

- Verify Employee, Contractor, and Vendor Information**
Your tax forms are only as good as the info you track. Check that all your employee, contractor, and vendor information is accurate and spelled correctly. This will help prevent errors that could require tax document corrections later in the process.

- Names
- Visa tax exemption statuses (this only applies to employees)
- Ask your employees, contractors, and vendors to review their personal information, as applicable (e.g., Form W-4 and state withholdings, SSN, home/work/ mailing address)

Employees, contractors, and vendors should review to confirm that all of their information is accurate.

Employee reporting tasks

- Report Employees on Tax-exempt Visas**
Exemptions from FICA and FUTA taxes are rare for work performed in the U.S. However, employees on certain visas including J-1, F-1, and M-1 are generally exempt. If one of your employees qualifies for one of these rare exemptions, make sure to report their FICA/FUTA tax exemption status.

Payment tasks

- Report Employees Payments**
If your company made any taxable payments (by check or other means) to an active employee in 2020, report the names of the employees, pay type, amounts, and pay dates.



- Report Taxable Fringe Benefits**
Report the taxable amount of any fringe benefit you've provided to your employees. Common fringe benefits include group term life insurance, employee stock options, moving expenses, and housing allowances.

- Report Taxable Equity-based Compensation in 2020**
Equity-based compensation is sometimes subject to payroll taxes. If any of your employees have received taxable, equity-based compensation from your company, make sure to report the amounts for each employee. It's best to discuss equity compensation with your tax advisor or accountant to confirm the taxability and correct amounts to report.

- Schedule All One-off Payments (Like Bonuses) Early**
Payments need to be deposited in 2020 to be reflected on W-2s and 1099s for 2020. Remember, bank holidays can impact payment processing times, and December 31 is the last business day of 2020. To that end, ensure you timely schedule all 2020 payments, including bonuses, commissions, contractor and vendor payments, etc.

- Report Any Third-party Sick Pay or Short-term Disability Claims Paid to Employees in 2020**
Generally, your insurance carrier will send you a form indicating whether any imputed income needs to be recorded on the Form W-2 along with the amount. For any third-party sick pay or short-term disability claims paid to any employees in 2020, make sure to report each employee who received third party pay for sick or disability leave, as well as the amount of each taxable benefit.

- Report Contractor and Vendor Payments**
If you have paid any contractors or vendors by check or other means, you'll need to record such payments using Forms 1099-MISC and 1099-NEC. Form 1099-MISC is the tax form issued to report miscellaneous payments such as royalties and rents. Form 1099-NEC is the tax form issued to report nonemployee compensation of \$600 or more during the year.



Employee reminder tasks

- Remind Your Employees About the Opportunity to Max Out 401(k) Contributions**

There aren't many pay periods left this year for employees to max out or change their 2020 401(k) contributions. Employees younger than 50 at the end of 2020 can contribute up to \$19,500, and employees 50 and older can contribute up to \$26,000.
- Remind Your Employees to Use Their FSA Funds**

Active employees with Flexible Spending Accounts (FSAs) have until Dec 31, 2020 to spend their funds. These funds will not roll over into 2021.

Review payments tasks

- Review Your Final Payments For 2020**

Make sure that the payees and all of the amounts are correct, especially if you've had to prorate anything.

Form filing tasks

- File Form W-2**

Employers must file a Form W-2 for each employee who (i) they have paid \$600 or more in wages, (ii) they have withheld income, social security, or Medicare tax from, or (iii) they would have withheld income tax from if the employee had claimed no more than one withholding allowance or had not claimed exemption from withholding on Form W-4. Employers must also furnish a copy of Form W-2 to employees by January 31.
- File Form 940 (Federal Unemployment Tax Return)**

Employers must file Form 940 to report annual Federal Unemployment Tax, or FUTA. FUTA provides funding to state unemployment agencies, which provide unemployment compensation to workers who have lost their jobs.



File Form 941 (Quarterly Federal Tax Return)

Employers must file Form 941 to report income taxes, social security tax, or Medicare tax withheld from employees' paychecks. It's also used to pay the employer's portion of social security or Medicare tax. As such, the fourth quarter's Form 941 is due on January 31.



File Forms 1094-C and 1095-C

Employers must distribute Form 1095-C to each of their full-time employees by January 31 if their business is an Applicable Large Employer (ALE) under the Affordable Care Act (ACA). ALEs are employers with at least 50 full-time equivalent employees. Employers must also file Form 1094-C, which is an aggregated filing of your company's Form 1095-Cs, if their company is an ALE.



File Form 1096

Employers must file Form 1096 if they have filed Forms 1099-MISC and 1099-NEC. Form 1096 is the transmittal form used to summarize information on Forms 1099-MISC and 1099-NEC and must be filed by January 31.



File Form 1099-MISC and 1099-NEC

Employers must file Forms 1099-MISC and 1099-NEC to report any payments made to contractors or vendors by check or other means. Form 1099-MISC is the tax form issued to report miscellaneous payments such as royalties and rents. Form 1099-NEC is the tax form issued to report nonemployee compensation.



File State and Local Payroll Tax Returns

Employers must file state and local payroll taxes for income tax withholdings. It's important to research ahead of time and consult legal counsel or a tax professional to confirm the appropriate taxes are reported.



How Justworks Can Help?

Call: (844) 749-7785 • Email: hello@justworks.com • Visit: justworks.com

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