

2024 Year-End Payroll (Quick) Checklist

As the year wraps up, it's crucial to ensure your payroll processes are in order for both compliance and accurate reporting. This guide will help you navigate the steps required before and after your final payroll of the year.

Before the Last Payroll of the Calendar Year

- 1. Verify Business Information**
 - Confirm your Employer Identification Number (EIN) and state unemployment account numbers.
 - Ensure company details (name, address) are up to date.
- 2. Review Compensation for Next Year**
 - Consider expected pay raises, minimum wage increases, and salary adjustments.
 - Verify compliance with wage base for Social Security (2025 is \$176,100) and minimum wage changes by state and locality.
- 3. Review Bonuses**
 - Determine when to deduct bonuses based on your accounting method (cash-basis vs. accrual-basis).
 - Ensure bonuses are categorized as discretionary or nondiscretionary and check impact on overtime pay for nonexempt employees.
- 4. Inform Employees About Unused Benefits**
 - Notify employees of vacation, sick leave, and personal time off policies. Advise on expiration or carryover limits.
 - Address Flexible Spending Accounts (FSAs) and the "use-it-or-lose-it" policy or grace periods.
- 5. Confirm Employees' Identifying Information**
 - Ask employees to verify their name, Social Security number, address, and contact information to avoid errors on W-2s.
- 6. Record All Processed Paychecks**
 - Review and confirm all paychecks, deductions, benefits, and tax exemptions are recorded properly.
- 7. Check for Potential Tax Credits**
 - Review eligibility for the Employee Retention Tax Credit (ERTC) for businesses that kept workers employed during the pandemic.
- 8. Order Year-End Tax Forms (W-2, W-3)**
 - Ensure you order and prepare necessary tax forms early for timely distribution.
- 9. Determine Payroll Policies for the New Year**
 - Consider changes such as pay-on-demand options, updated pay schedules, or different payroll structures.
- 10. Check for Special Circumstances**
 - Address any issues with new hires, voided checks, or unresolved payroll disputes before year-end.

After the Last Payroll and Before the First Payroll of the New Year

- 1. Finalize Wage, Tax, and Benefits Information**
 - Confirm employee wages, taxes paid, and benefits for the year. Report any fringe benefits correctly.
- 2. Distribute W-2 Forms to Employees**
 - Ensure W-2 forms are delivered by January 31, with accurate information on wages, deductions, and benefits.
- 3. File Year-End Payroll Tax Forms with the IRS**
 - Submit payroll taxes, including federal and state filings. Be mindful of deadlines for payments, typically due by March 15 for most business structures.
- 4. Review Next Year's Payroll Schedule**
 - Plan payroll for the upcoming year, considering any adjustments for holidays or weekends.
- 5. Review State/Local Minimum Wage Changes**
 - Stay up to date on minimum wage increases in your state or locality and adjust compensation accordingly for the new year.

The information contained in this checklist is provided for informational purposes only, and should not be construed as legal advice.