



2020 YEAR-END GUIDE

This guide contains important information and critical dates that will make year end processing with Commonwealth a breeze. Please use it to ensure your employees receive accurate and timely bonus payrolls, year end adjustments, 1099's and W2's.



This document includes:

- Commonwealth's 2020 Holiday hours and closing
- Important Changes for 2020 Year End
- Things to Know
- Year End Checklist
- 2020 Year End Fees
- 2021 Tax and Limit Changes
- 2020 Bonus and Year End Payroll Processing Worksheet
- 2020 Fringe Benefit Processing Worksheet
- 2020 W2 Production Preferences Worksheet

MAKE SURE TO SUBMIT THE W2 PREFERENCE PAGE

The end of 2020 is fast approaching. This time of year is very busy so we hope this Year End guide will be useful for you.

2020 YEAR END CALENDAR

NOVEMBER 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			Early Closure @ 2pm	Closed for Thanksgiving Observation		
22	23	24	25	26	27	28

DECEMBER 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				Early Closure @ 12pm	Closed for Christmas Observation	
20	21	22	23	24	25	26
				Early Closure @ 12pm		
27	28	29	30	31		

JANUARY 2021

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					Closed for New Years Observation	
27	28	29	30	31	01	02
03	04	05	06	07	08	09
10	11	12	13	14	15	16
	Martin Luther King Jr. Day Open for business				W2's Delivered by This Date	
17	18	19	20	21	22	23
					1095 Delivery Date	
24	25	26	27	28	29	30
W2 Forms due to Employees						
31						

Commonwealth's 2020 Year End Office Hours:

- **November 25:** Early Closure at 2pm
- **November 26 and 27:** Closed for Thanksgiving Observation
- **December 24:** Early Closure at 12pm
- **December 25:** Closed for Christmas Observation
- **December 31:** Early Closure at 12pm
- **January 1, 2021:** Closed for New Year's Day Observation

IMPORTANT CHANGES



New Deadline for Employers Filing W2s and 1099s: For Tax Year 2020, employers must report W2 and 1099 data to the Social Security Administration and IRS by February 1, 2021. With this new deadline, it imposes even tighter deadlines on the filers of these forms. It's essential for businesses to be prepared as soon as possible in the months leading up to the due date. This means organizations will have to participate in advanced planning to ensure all documentation is submitted accurately and on time. We encourage all client human resources and payroll teams to begin planning now and submit changes and year end adjustments as early as possible.

2021 Federal Tax Deposit Frequency Changes: With the change of each calendar year, your IRS 941 Tax deposit frequency may change. The IRS will send you a notice of such change. Please forward this notice to your Customer Service and Support Specialist as soon as possible so we may update our records. Not doing so could result in serious late payment penalties from the IRS.



2021 State Withholding Filing Frequency Changes: In addition, the payment frequency of your State(s) Withholding Tax may change. Please send any notices of change to your Customer Service and Support Specialist.

2021 State Unemployment Rate Changes: Each year your Unemployment Tax Rates will change. The correspondence you receive on this must be responded to and sent to your Customer Service and Support Specialist promptly. Not doing so could create some real surprises at the end of the quarter should your rate go up.



Christmas Week Payroll Processing-if your pay date falls on a Friday: Christmas Day, December 25, 2020 falls on a Friday and is a Federal Reserve Banking Holiday. This means any pay date normally scheduled for this day will be moved to the day before, Thursday, December 24 and will need to be submitted no later than 3pm on Tuesday, December 22

New Year's Week Payroll Processing-if your pay date falls on a Friday: New Year's Day, January 1, 2021 falls on a Friday and is a Federal Reserve Banking Holiday. This means any pay date normally scheduled for this day will be moved to the day before, Thursday, December 31 and will need to be submitted no later than 3pm on Tuesday, December 29.



New Year's Day 2021: If your pay date normally falls on a Friday the payroll date that would normally be scheduled for Friday, January 1, 2021 will be moved to Thursday, December 31, 2020. This will add an additional payroll run to your 2020 calendar year. This could have accounting, deduction and benefit plan implications. One alternative is to move your normal payday from Friday Jan 1, 2021 to Monday January 4, 2021. Please let us know by December 11, 2020 your plan to deal with this date.

THINGS TO KNOW

✓ VERIFYING 2020 EMPLOYEE W2 DATA

December 6, 2020 Starting now, your Year End Reports will begin to be generated for your review. Please take the time to review these reports and correct any necessary employee information to avoid delays in W2 Processing.

- ✓ W2 Verification Report
- ✓ W2 Preview Report
- ✓ W2 Reconciliation Report
- ✓ W2 Local Wage Listing
- ✓ Social Security Number Verification Report

For any employee needing an override or different W2 shipping address, use iSolved to add the address under Employee Management/Employee Maintenance/Override Address or communicate with your Customer Service and Support Specialist. **Changes are due or should be entered by Dec 18, 2020**

✓ YEAR END PAYROLLS AND BONUSES

Friday Dec 18, 2020: Submission deadline to schedule bonuses and extra payrolls that need to be included in your 2020 W2s. (Wiring of funds may be required). Each Bonus or End of Year payroll data must be accompanied by the attached Bonus/End of Year payroll sheet which informs us of all instructions for that particular payroll and must be scheduled before or on your last check date of 2020. You can submit this form by 12/18/20 even if your bonus payroll will not be scheduled until after that date but before 12/31/20.

IMPORTANT NOTE: Payrolls need to be submitted **at least two banking days in advance** of the check date to allow sufficient time for payroll funding and employee direct deposits to be received and posted by the check date. **Due to strict banking rules, we will not make exceptions to the two-day rule. If you need to process one day before, you will be required to wire funds. Any payroll with \$100,000 or more in federal tax liability will also require a wire as taxes will be due the next day.**

✓ YEAR END 1099 PROCESSING

Report by December 18, 2020: 1099 Payee Info and Amounts Due. All 1099 Payees and 1099 Payment amounts can be processed using iSolved. Any recipients of Form 1099-NEC that are not already recorded in the payroll system must be submitted to us or entered in the system by December 18, 2020. This information should include payee legal name and address, Tax Identification number (EIN or SSN) and total amount paid in 2020. We will process Form 1099-NEC for all employees paid under code 1099 regardless of amount, unless otherwise advised.

✓ FRINGE BENEFIT, 3RD PARTY SICK PAY REPORTING

Report by December 18, 2020: Fringe Benefit, 3rd Party Sick Pay Reporting: Identify and schedule special payroll adjustments such as group-term life, auto allowances and other fringe benefits. Due to the fact that some of these fringe benefits require tax withholdings, they will need to be entered at the same time as a normal payroll run before the end of the year. Complete and submit the attached Fringe Benefit Processing Worksheet to us with the employee listing.

✓ EMPLOYEE ADJUSTMENTS AND CHANGES TO W2 INFO

December 18, 2020: Employee Adjustments/Changes for employee W2 Info. Make sure all payroll adjustments (e.g., voided checks) are done before your last payroll of 2020 is processed.

✓ YEAR END HEALTHCARE TOTALS

December 18, 2020: Deadline to submit your combined employee/employer cost of healthcare broken down into the employer and employee portions by employee. Employers who will have 250 or more W2's for 2020 must submit an employer-paid healthcare totals spreadsheet.

✓ W2 PRINTING AND SHIPPING

December 18, 2020: Submit 2020 W2 Preferences Form (attached to this document) and complete changes to employee W2 Info.

January 22, 2020: W2's will be delivered by this date. By default, we will be printing and shipping the employee copy only. Employer copies will be available in iSolved under the menu item: Employee Self Service/ W2/1099 History. Should you want us to print hard copy of the Employer W2, please let us know this along with your shipping preferences in the attached sheet "W2 Production Preferences".

✓ ACA YEAR END REPORTING

ACA Form Approval: iSolved requires ACA Year end forms to be approved by you. These Forms must be approved by January 15, 2021

January 29, 2021: Form 1095-C and 1094-C should be delivered to you by this date, but are not due to employees until March 2, 2021

✓ 2021 PAYROLLS

Any 2020 payrolls and adjustments must be complete before any 2021 payrolls can be processed. **Process year end adjustments in early December. Do not wait until January.**

2020 YEAR END

Year End Checklist

- ✓ Review processing deadlines and identify your last payroll(s) of 2020. Keep in mind this year's Friday holidays of Christmas and New Years.
- ✓ Review iSolved Holiday schedule and Federal Reserve Holidays for 2020 and 2021. Note: if you use iSolved Time, please update dates of your company's holiday schedule that are incorrect.
- ✓ Report 1099 Recipients and amounts to Commonwealth by December 18, 2020
- ✓ Return Fringe Benefit Processing Worksheet to Commonwealth by December 18, 2020
- ✓ Submit Bonus/Year End Payroll Run Processing Worksheet by December 18, 2020
- ✓ Perform an audit of employee data related to SSN, name and mailing address and make any updates in iSolved by December 18, 2020.
- ✓ Return W2 Printing Preferences to Commonwealth by Dec 18, 2020
- ✓ Enter any additional manual checks and/or voided checks that need to be recorded in 2020, prior to December 18, 2020. If you enter additional manual checks/or voids after this date or after processing your last payroll for the year, please contact your support team to ensure they are processed prior to W2 printing.
- ✓ Call us with any questions regarding year end processing well in advance of November 30, 2020, so that there will be sufficient time to address and resolve any outstanding issues.

2020 Year End Fees

All Year End Billing will occur starting on or after January 11, 2020

2020 W2 Processing Fee - Client	\$95.00
2020 W2 Processing Fee - Non Client	\$125.00
2020 W2 Per Form - Client	\$5.50
2020 W2 Per Form - Non Client	\$8.50
2020 Printed W2 Employer Per Copy	\$2.50
W2, 1099 or 1095 ACA Delivery Fee	As per form request
2020 ACA Reporting Fee (Per EIN)	\$95.00
2020 Form 1095-C	\$7.50
2020 1099 Base Fee	\$95.00
2020 1099-NEC	\$5.50
Reopen Previous Year Payroll after closed (once you have run last scheduled payroll of year), but before Jan 4, 2021	\$250.00
Reopen Previous Year Payroll after a 2021 payroll has been processed, but before Jan 4, 2021	\$500.00
Duplicate W2	\$9.00
W2 Correction after Dec 18, 2020 - Change to EE Data	\$25.00
W2-C Correction after Dec 18, 2020 - Change to YTD	\$75.00
W2 Correction after Dec 18, 2020 - Change to EE data	\$50.00
W2 Correction after Dec 18, 2020 - Change to YTD	\$150.00
End of Year / Bonus Payroll Notification on / before Dec 18, 2020	Normal Payroll Processing Fees
End of Year / Bonus Payroll Notification after Dec 18, 2020	\$150.00 Late Processing Fee
Reprocessing of End of Year/Bonus Payroll	\$250.00 Reprocess Fee
W2 Reprocessing after Dec 18, 2020	\$9.00 per reprinted form
Any year end changes to employee data for 2020 tax year after Jan 3, 2020	Billed at \$125 per hour

HOLIDAY SCHEDULE

Holiday	Date Observed
Thanksgiving Day 2020	Thursday, November 26
Day after Thanksgiving 2020	Friday, November 27
Christmas Day 2020	Friday, December 25
New Year's Day 2021	Friday, January 1
Memorial Day 2021	Monday, May 31
Independence Day 2021	Sunday, July 4 (Observed Monday, July 5)
Labor Day 2021	Monday, September 6
Thanksgiving 2021	Thursday, November 25
Day after Thanksgiving 2021	Friday, November 26
Christmas Day 2021	Saturday, December 25 (Observed Friday, December 24)

FEDERAL RESERVE

When the Federal Reserve is closed, no direct deposit or tax payments will be sent nor will funds be settled on those days. You should not have checks dated on Federal Reserve Holiday dates.

Holiday	Date Observed
Thanksgiving Day 2020	Thursday, November 26
Christmas Day 2020	Friday, December 25
New Year's Day 2021	Friday, January 1
Martin Luther King, Jr. Day 2021	Monday, January 18
President's Day 2021	Monday, February 15
Memorial Day 2021	Monday, May 31
Independence Day 2021	Sunday, July 4 (Observed Monday, July 5)
Labor Day 2021	Monday, September 6
Columbus Day 2021	Monday, October 11
Veteran's Day 2021	Thursday, November 11
Thanksgiving Day 2021	Thursday, November 25
Christmas Day 2021	Saturday, December 25 (Observed Friday, December 24)
New Year's Day 2022	Saturday, January 1, 2022 (Observed Friday, December 31)

2021 Tax and Limit Changes

2021 Payroll Changes

2021 Social Security Taxable Wage Base

Social Security taxable wage base will increase to \$142,800 and the employee and employer tax rate will remain 6.2%.

2021 (Employer)
Taxable Base Wage

2020

\$142,800

\$137,700

2021 Employee Portion

2020

6.2%

6.2%

2021 Medicare Tax

Medicare tax will continue to be 1.45% each for employee and employer rates; an additional 0.9% will apply on the employee rate for earnings over \$200,000 filing single.

Medicare
Tax

1.45%

+0.9% for earnings over \$200,000

2021 Benefits Changes

♫ Single ♫ Family

401(K) Employee Limit

\$19,500

\$6,500 Catch-Up

Simple IRA Employee Limit

\$13,500

\$3,000 Catch-Up

Health FSA Salary Reduction Contribution Limit

\$2,750

Dependent Care FSA contribution limit will remain

\$5,000

\$2,500

If married filing separately

Highly Compensated Employee

\$130,000

Key Employee

\$185,000

HSA maximum contribution limit
(an additional \$1,000 is available for catch-up
contributions, 55 and over)

\$3,600 ♫ | \$7,200 ♫♫ | \$1,000 Catch-Up

HDHP out-of-pocket maximum

\$7,000 ♫

\$14,000 ♫♫

Monthly Section 132 Transportation Limits

\$270

Parking

\$270

Transit Pass

State	2020 Minimum Wage	2021 Minimum Wage	2021 Tipped Minimum	2021 Maximum Tip Credit	Notes
Alaska	10.19	10.34			
Arizona	12.00	12.15	\$9.15 (15¢)	\$3.00	
Flagstaff, AZ			\$12.00 (\$2.00)	\$3.00	
Arkansas	10.00	11.00	\$2.63	\$8.37 (\$1.00)	
California	13.00	14.00*			26 or more ER's have higher rate
Colorado	12.00	12.32	\$9.30 (32¢)	\$3.02	
Denver, CO			\$11.75 (\$1.92)	\$3.02	
Connecticut	12.00	13.00			Effective 8/1/21
CT Hotel or Restaurant			\$6.38	\$6.62 (\$1.00)	Effective 8/1/21
CT Bartender			\$8.23	\$4.77 (\$1.00)	Effective 8/1/21
District of Columbia			TBD	TBD	Effective 7/1/21
Florida	8.56	\$10.00	\$5.63 (9¢) & \$6.98 (\$1.35)	\$3.02	Effective 9/30/21
Georgia	5.15	5.15			Employers subject to the Fair Labor Standards Act must pay the \$7.25 Federal minimum wage.
Illinois	10.00	11.00	\$6.60 (60¢)	\$4.40	
Chicago, IL (≥21)			\$9.00 (60¢)	\$6.00 (40¢)	Effective 7/1/21
Chicago, IL (4-20)			\$8.40 (30¢)	\$5.60 (20¢)	Effective 7/1/21
Chicago, IL (Youth)			\$6.60 (60¢)	\$4.4023 (40¢)	Effective 7/1/21
Cook County, IL			TBD	TBD	Effective 7/1/21
Maine	12.00	12.15	\$6.08 (8¢)	\$6.07 (7¢) (State Law)	
Portland, ME			\$6.08 (8¢) (State Law)	\$8.12 (75¢)	
Maryland	11.00	11.75			15 or more have new 11.75 rate, less has \$11.60 min wage rate.
Maryland (≥15)			\$3.63	\$8.12 (75¢)	
Maryland (≤14)			\$3.63	\$7.97 (60¢)	
Montgomery County, MD (≥51)			\$4.00	\$11.00 (\$1.00)	Effective 7/1/21
Montgomery County, MD (11-50 or ≥11 & Tax-Exempt, Home Health, or Community-Based Service Provider)			\$4.00	\$10.00 (75¢)	Effective 7/1/21
Montgomery County, MD (≤10)			\$4.00	\$9.50 (50¢)	Effective 7/1/21

State	2020 Minimum Wage	2021 Minimum Wage	2021 Tipped Minimum	2021 Maximum Tip Credit	Notes
Massachusetts	12.75	13.50	\$5.55 (60¢)	\$7.95 (15¢)	Also Sunday at 1.2x OT
Michigan	9.65	9.87	\$3.75 (08¢)	\$6.12 (14¢)	
Minnesota	10.00	10.08			Large ER's w/gross rev>=\$500,000
Missouri	9.45	10.30	\$5.15 (42.5¢)	\$5.15 (42.5¢)	
Montana	8.65	8.75			
Nevada	8.00	8.75			Effective 7/1/21. Higher rate if offered health. If not offered then rate increases to \$9.75
New Jersey	11.00	12.00	\$4.13 (\$1.00)	\$7.87	New rate only for non-seasonal and 6 or more EE's
New Mexico	9.00	10.50	\$2.55 (20¢)	\$7.95 (\$1.30)	
Santa Fe, NM			\$2.55 (20¢)26 & TBD	\$9.55 (-20¢)27 & TBD	Effective 1/1/21 & 3/1/21
Santa Fe County (Unincorp.), NM			TBD	TBD	Effective 3/1/21
New York	11.80	12.50	TBD		Effective 12/31/2020
Hospitality Service Employee			2021 MCW	2021 TC	
New York (Nassau, Suffolk & Westchester Counties)			\$11.65 (80¢)	\$2.35 (20¢)	Effective 12/31/2020
New York (Remainder of State)			\$10.40 (55¢)	\$2.10 (15¢)	Effective 12/31/2020
Jurisdiction			2021 TT	2021 TT(R)	
New York (Nassau, Suffolk & Westchester Counties)			\$3.05 (25¢)	\$7.85 (55¢)	Effective 12/31/2020
New York (Remainder of State)			\$2.70 (15¢)	\$7.00 (40¢)	Effective 12/31/2020
Food Service Workers					
New York (Nassau, Suffolk & Westchester Counties)			\$9.35 (70¢)	\$4.65 (30¢)	Effective 12/31/2020
New York (Remainder of State)			\$8.35 (50¢)	\$4.15 (20¢)	Effective 12/31/2020
Ohio	8.70	8.80	\$4.40 (5¢)	\$4.40 (5¢)	
Oregon	12.00	12.75			Effective 7/1/21
Rhode Island	10.50	11.50			
South Dakota	9.30	9.45	\$4.725 (7.25¢)	\$4.725 (7.25¢)	
Vermont	10.96	11.75	\$5.88 (40¢)	\$5.87 (39¢)	
Virginia			2.13	\$7.37 (\$2.25)	
Washington	13.50	13.69			

Bonus/Year End Payroll Run Processing Worksheet

(1 of 2)

All Bonus Payrolls are due to be submitted by Friday December 18.

Bonus or End of Year Payrolls processed after your last normal scheduled process of 2020 will incur a late \$150 processing fee.

Reprocessing of Bonus or End of Year Payrolls will be done with a \$250 reprocess fee.

Run will be:

- Bonus entered on separate checks with normal payroll schedule

- Additional "Bonus" pay item on same employee paycheck with normal payroll schedule

- Bonus Run on separate date from normal payroll schedule
(run date must be prior to last normal payroll of 2020)

- Separate, non-bonus end of year run

- If same pay run, payroll check date to be included on will be? (Date to Right) **Date:**

- If different pay run, what will the check be dated (Date to Right) **Date:**

Payroll will be calculated:

- Gross > Net (you will give us gross, we will calculate to net)

- Net > Gross (you will give us net, we will calculate to gross)

Bonus or Separate Run will be paid via:

- Direct Deposit Only

- Checks Only

- Same as Normal Employee Pay Method

- With no Net Pay Transaction (zero net method)

Voluntary Deductions to be included in bonus or separate run will be:

- All Normal Deductions

- No Voluntary Deductions

- 401(k)/403(b)/IRA only

- Include Only the following deductions

Bonus/Year End Payroll Run Processing Worksheet

(2 of 2)

Social Security and Medicare will be calculated on all checks where applicable

Federal Taxes will be calculated as:

Normal Payroll Frequency

22% Federal

Monthly Frequency

Other %

Quarterly Frequency

No Federal Tax

Annually



Note: For frequency choices, the system annualizes the bonus payment based on the frequency and taxes are calculated based on that annual amount and annual tax table. ex: \$20,000 Quarterly Bonus ($\$20,000 \times 4 = \$80,000$ annual amount to base taxes on)

State Taxes will be calculated as:

Normal Payroll Frequency

5% State

Monthly Frequency

Other %

Quarterly Frequency

No State Tax

Annually

Please note special shipping instructions below:

Signature:

Date:

W2 Production Preferences

Submit to your Customer Service and Support Specialist by December 18, 2020

Client Name:	Date:
<input type="text"/>	<input type="text"/>

For 2020 W2 Production I prefer that:

- My employer copies are made available through iSolved for no charge (no response will get this method)
- Print and send my employer copies to me at a cost of \$2.50 per form

For 2020 W2 Shipping I prefer that:

- Employee Copy W2's are sent to me in bulk using my current shipping method at my current payroll receipt address (This is the default method if you normally receive a package from us)
- Employee Copy W2's are sent directly to employees using First Class Mail for the cost of \$1.00 per item. (These will be shipped by 1/22/21)
- Employee Copy W2's are sent to me in bulk using the following NON Default shipping address (Use this option if we don't normally ship anything to you throughout the year. Please add multiple addresses if necessary)

Attention To:

Address 1:

Address 2:

City:	State:	Zip:
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<input type="text"/>	<input type="text"/>	<input type="text"/>
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If your employees access their checks and W2 info using Employee Self-Service, please select your preference:

- I would like my employees to have access to their W2 info online by 1/31/2021 (default)
- I would like my employees to have access to their W2 info online by 1/22/2021 (W2 Delivery Date)
- I would like my employees to have access to their W2 info online by (only possible if W2 is created by that date)
- Do not print paper copies of Form W2 (Charges will still apply)