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# Greenshades

# 2022 Compliance Considerations

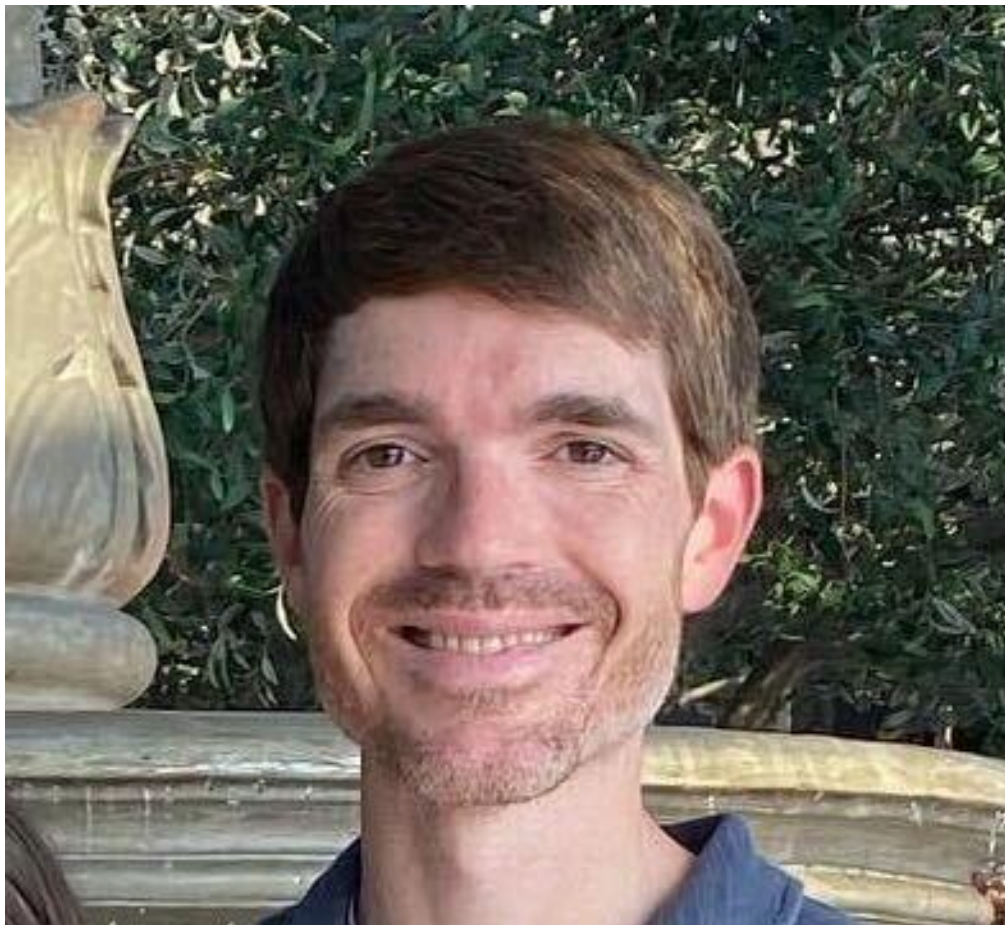
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Year-End Forms Webinar Series

 Greenshades

# Today's Agenda

- ✓ Things To Do Now
- ✓ What's New with the W-2
- ✓ What's New with the 1099
- ✓ 1099 Combined Federal/State Filing Program
- ✓ What about 1095-C?
- ✓ Q&A



# Today's Presenter

Chris Hadden, CPP

*Vice President: Revenue Strategy & Operations*



## About *Chris*

- Greenie since 2009
- Certified Payroll Professional and APA Member
- Multiple roles spanning sales, development, and executive leadership
- Background in retail, dining, and other shift-based work

# Poll Question

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# The Greenshades Platform: A Complete Solution



Payroll	Human Resources	Benefits Management	Tax and Compliance	Time and Labor Management
<p><i>Pay your employees on time and on their terms</i></p> <ul style="list-style-type: none"><li>→ Modern, Real-time Payroll</li><li>→ Simplifying complex conditions</li><li>→ Easy Configuration for any Business</li><li>→ ERP and GL Integration</li><li>→ Dashboard and Reporting</li></ul>	<p><i>Empower HR to create a better employee experience</i></p> <ul style="list-style-type: none"><li>→ Employee Self-Service</li><li>→ Employee Onboarding</li><li>→ Certification Management</li><li>→ Documents and Organization Charts</li><li>→ Learning Management</li><li>→ Applicant Tracking and Recruiting</li></ul>	<p><i>Ensure every employee has what they need to thrive</i></p> <ul style="list-style-type: none"><li>→ Open Enrollment</li><li>→ Life Event Management</li><li>→ ACA Compliance</li><li>→ Voluntary Benefits</li><li>→ Personalized Programs</li></ul>	<p><i>Confidently navigate tax complexities</i></p> <ul style="list-style-type: none"><li>→ Automated Payroll Taxes</li><li>→ Year End Forms</li><li>→ Managed Payroll Tax Service</li><li>→ Comprehensive Tax and Information Returns</li><li>→ ACA and HR Compliance</li></ul>	<p><i>Oversee employee time and productivity</i></p> <ul style="list-style-type: none"><li>→ Time and Attendance</li><li>→ Flexible Time Management</li><li>→ Manager tools</li><li>→ Absence and Leave Management</li></ul>



## About Greenshades

- 20 years of experience in Tax and Compliance
- Started as experts in tax and compliance before adding HR and payroll solutions
- Greenshades offers a cloud-based, all-in-one solution that supports the employee from hire to retire
- Serves over 3,800 mid-size organizations (and counting!)

# Legal Disclaimer

- This content is not formal legal advice, always consult your local counsel as well as your organization's legal and accounting teams
- The purpose of this presentation is to provide a high-level overview of the year-end forms process and how Greenshades can help you
- Greenshades partners with myHRCounsel to provide customers with affordable, online and on-demand legal advice





# Things To Do Now

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## Be Sure to Check the Wage Base

- The 2022 Social Security Wage Base is \$147,000
  - Employee social security withholding should not exceed \$9,114 in 2022
- The 2023 Social Security wage base will be \$160,200

# Check 401(k) Contribution Limits

- 2023 maximum employee deferral contribution (age 49 or younger) is \$22,500 (up from \$20,500 in 2022)
- Employee catch-up contribution limit (age 50+) is \$7,500 (up from \$6,500 in 2022)
  - The \$7,500 catch-up contribution limit for participations age 50 or older applies from the start of the year to those turning 50 at any time during the year



401(k)

In the United States, a 401(k)  
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## Box 12 Codes

Letter		
Code:	Used for:	Description:
D	401(k) contributions	Elective deferrals to a 401(k) cash or deferred arrangement, including SIMPLE 401(k)s
E	403(b) contributions	Elective deferrals made under a 403(b) salary reduction agreement
F	408(k)(6) contributions	Elective deferrals made under a SARSEP
G	457(b) contributions	Elective and nonelective deferrals made to a 457(b) deferred compensation plan
H	501(c)(18)(D) contributions	Elective deferrals to a Section 501(c)(18)(D) tax-exempt organization plan (Included in the "Wages, Tips, Comp." amount in Box 1)
S	408(p) SIMPLE contributions	Deferrals made under a SIMPLE IRA plan
AA	Roth contributions	Designated Roth contributions under a 401(k) plan
BB	Roth contributions	Designated Roth contributions under a 403(b) plan
EE	Roth contributions	Designated Roth contributions under a governmental 457(b) plan (a tax-exempt organization's 457(b) can't have a designated Roth account)

Full Box 12 listing available on page 30: <https://www.irs.gov/pub/irs-pdf/iw2w3.pdf>





## Check for Additional Medicare Tax Withholding

- Employee only withholding of .9% (in addition to the standard 1.45%) on all wages over \$200,000 in a calendar year
- There is no employer portion of the Additional Medicare Tax



# Review Imputed Income

- Group-term life insurance coverage in excess of \$50,000 (or \$2,000 for dependents)
- Educational assistance over \$5,250 per year
- Dependent Care assistance in excess of \$5,000
- Adoption assistance (is exempt from Income tax withholding but not Social Security or Medicare)
- Special attention to highly compensated employees who may not be eligible for the tax-exempt fringe benefit:
  1. The employee was a 5% owner at any time during the year or the preceding year
  2. The employee received more than \$130,000 in pay for the preceding year
    - You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

# Poll Question

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# What's New with the W-2

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# Truncated Social Security Numbers are Allowed on the W-2(XXX-XX-1234)

- An employer may truncate employee Social Security Numbers on recipient copies ONLY
  - DO NOT use truncated SSNs on Copy A if filing on paper
  - DO NOT use truncated SSNs in electronic files to the SSA
- Employer Identification Numbers (EIN) may never be truncated
- Check with your state to identify if the state allows or restricts truncation of Social Security information



# Make Sure to File On-Time

Recipient Copies and filing copies (whether on paper or electronic) are due January 31, 2023

- Consider electronic filing with the SSA even if you do not have the form count that would make it required
- Promoting electronic consent and distribution of W-2 is a great way to reduce liability/issues with misdelivered, missing or late recipient copies (while reducing accessibility of information through mail fraud)



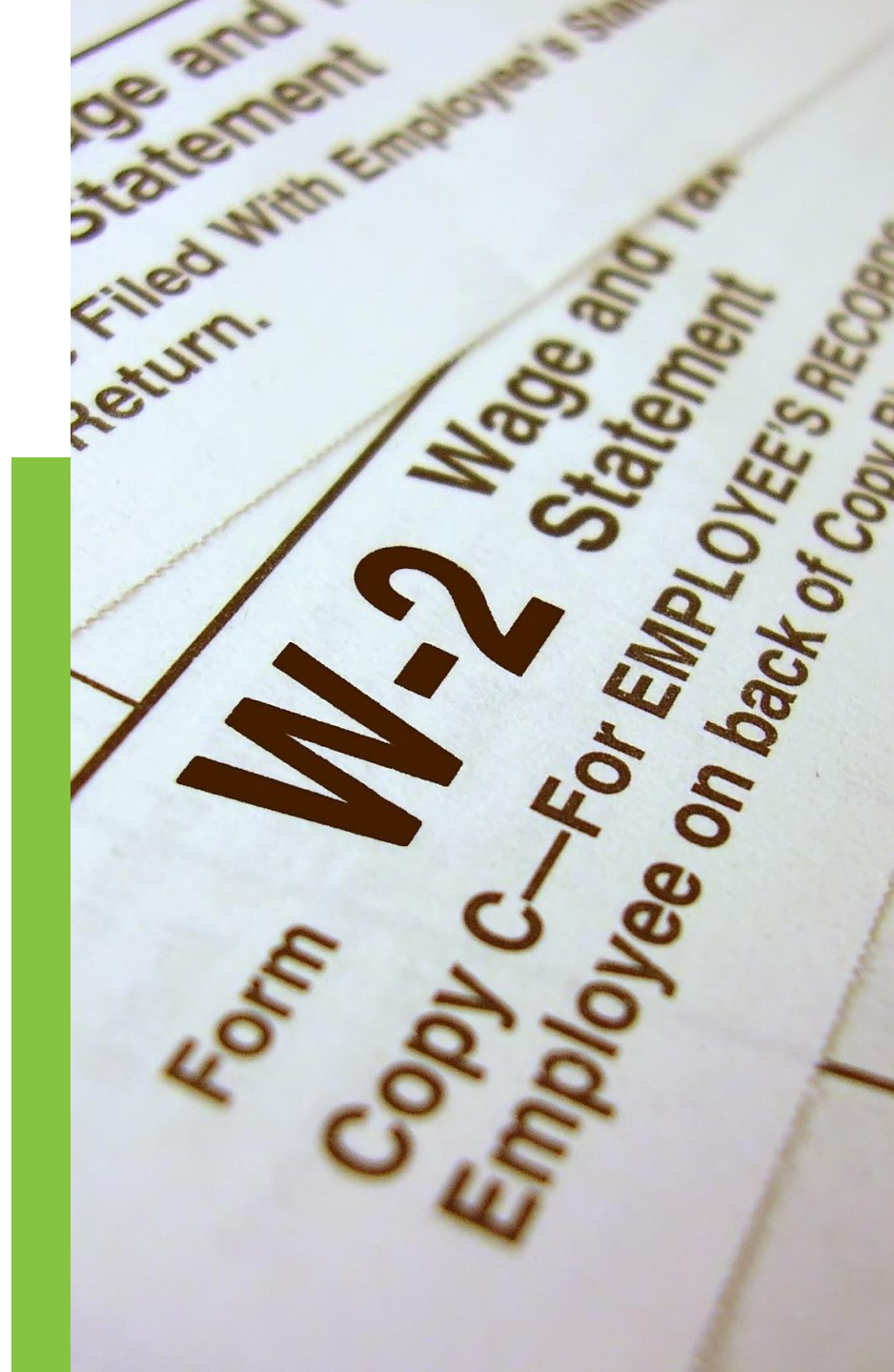
# The Taxpayer First Act

allows for increased electronic filing of IRS forms including W-2s.

- In 2022\* if you send **100 or more W-2s to SSA**, you must file them electronically
- In **2023\*** that limit is lowered to 10

*\*Pending IRS issuing final regulations. The threshold for electronic filing is currently 250 or more W-2s.*

Visit: <https://www.irs.gov/instructions/iw2w3> for updates.







## Increased Penalties

- \$50 per form if filed within 30 days of the due date
- \$110 per form if filed after 30 days but before August 1
- **\$290 per Form W-2** if you file after August 1, do not file corrections, or **do not file required Forms W-2**
- \$580 per form for intentionally disregarding filing



# What's New with the 1099

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# Truncated Identification Numbers for Other Form Types

- Taxpayer Identification Numbers can be truncated on **recipient copies only** (copy B)
  - Form 1095-C
  - Form 1098 series (except Form 1098-C)
  - Form 1099 series
  - Form 5498 series
- You may **never truncate your own identification number** (EIN)
- Types of identification numbers that can be masked include:
  - Payee's Social Security number (SSN) XXX-XX-1234
  - Individual taxpayer identification number (ITIN) XXX-XX-1234
  - Employer identification number (EIN) XX-XXX1234



## Some 1099 Types Are Now Fillable PDF

On IRS.gov, the following form types can be submitted to the IRS through fillable PDF and in black and white (Copy A)

1097- BTC	1098-C	1098-MA	1098-Q	1099- CAP
1099- LTC	1099-Q	1099-QA	1099-SA	3922
	5498- ESA	5498-QA	5498-SA	

# The Taxpayer First Act

Allows for increased electronic filing of IRS forms including 1099s.

- In 2022\* if you send **100 or more 1099s to IRS**, you must file them electronically

*\*Pending IRS issuing final regulations*





# When are 1099 Returns Due?

- Generally due to recipients January 31
- Filing must be to the IRS by the February 28, 2023, for paper returns or March 31, 2023, if e-filing
  - **1099-NEC recipient copies and IRS files are due January 31, 2023**



# The Combined Federal/State Filing Program (CF/SF)

The program set up to simplify information returns filing for issuers. Through CF/SF, the IRS electronically sends information returns (original and **corrected**) to participating states.

**The following information returns may be filed under the CF/SF Program:**

- Form 1099-B, Proceeds from Broker and Barter Exchange Transactions
- Form 1099-DIV, Dividends and Distributions
- Form 1099-G, Certain Government Payments
- Form 1099-INT, Interest Income
- Form 1099-K, Payment Card and Third-Party Network Transactions
- Form 1099-MISC, Miscellaneous Information
- **Form 1099-NEC**, Nonemployee Compensation
- Form 1099-OID, Original Issue Discount
- Form 1099-PATR, Taxable Distributions Received From Cooperatives
- Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- Form 5498, IRA Contribution Information

# States Participating in CF/SF

Participating States and Codes*					
State	Code	State	Code	State	Code
Alabama	01	Indiana	18	Montana	30
Arizona	04	Kansas	20	Nebraska	31
Arkansas	05	Louisiana	22	New Jersey	34
California	06	Maine	23	New Mexico	35
Colorado	07	Maryland	24	North Carolina	37
Connecticut	08	Massachusetts	25	North Dakota	38
Delaware	10	Michigan	26	Ohio	39
Georgia	13	Minnesota	27	Oklahoma	40
Hawaii	15	Mississippi	28	South Carolina	45
Idaho	16	Missouri	29	Wisconsin	55
*The codes listed apply to the CS/SF Program and may not correspond to state codes of agencies or programs outside of the IRS.					

# More About The Program (CS/SF)

Filing through the program does not guarantee the state filing requirements are met.

- The company is responsible for validating that submission through the Combined Federal/State Filing Program will satisfy all of their 1099 filing requirements
  - The expectation is that the companies will register (if necessary) with each state that they are expecting to receive their 1099 data through the IRS program
  - Most states require that returns that have state withholding, be also submitted directly to the state
  - Filing through the IRS program does not automatically register the companies as combined filers with the states
- Greenshades creates files that are compliant with reporting through the Combined Federal/State Filing Program
  - We do not sell or support state level 1099 reporting directly through the state
  - We cannot validate the receipt or acceptance of the state 1099 data through the IRS program



# The IRS Will Report to ALL States That Have a “B” Record in the e-File

- The “B” Record includes payment information
  - Including: State Income Tax Withheld and Local Income Tax Withheld. These fields are for the convenience of filers. The information will not be used by the IRS.
- The IRS will push out the information to all states that have records in the company's file
- The IRS does not track or validate if the company was registered in the receiving state program
- There are no receipts provided for the files submitted through the Combined Federal/State Filing Program

A close-up photograph of a 1099-K tax form. The form is white with black text. At the top left, it says "OMB No. 1545-2205". Below that, in large bold letters, is "Form 1099-K". Underneath that, in smaller text, is "(Rev. January 2022)". To the right of the form title, the word "Pay" is partially visible. Below the title, there is a section for "For calendar year" with the number "20" followed by a blank line. Below that, there is a section for "2 Merchant cate". At the bottom, there is a section for "4 Federal withhe".

## 1099 Record Must Include the “K” Record

- The “K” Record is the state level 1099 totals
- Without the “K” Record, the IRS will not forward the information to the states

For states that do not participate in the Combined Federal State Program, many will take the IRS Pub 1220 formatted file WITH the “B” and “K” records, filed directly to the state.

# When the IRS Reports to the States

The CF/SF Program files are provided to participating states six times a year approximately:

- Calendar Week #14 (Early April) -includes data processed from weeks 1 –13
- Calendar Week #20 (Early May) -includes data processed from weeks 14 –19
- Calendar Week #25 (Mid-June) -includes data processed from weeks 20-24
- Calendar Week #30 (Late July) -includes data processed from weeks 25-29
- Calendar Week #37 (Early Sept) -includes data processed from weeks 30-36
- Calendar Week #51 (Late Dec) -includes data processed from weeks 37-50

**Runs are not cumulative, meaning the files are separate and distinct.**



# How about 1095-C?

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## Instructions are Still In Draft

Electronic filing is required for employers with 250 returns or more

- An ALE Member must furnish a Form 1095-C to each of its full-time employees by **January 31, 2023**, for the 2022 calendar year.
- For calendar year 2022, Forms 1094-C and 1095-C are required to be filed by **February 28, 2023**, or **March 31, 2023**, if filing electronically.

# Poll Question

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# Year-End Forms Pricing

- Greenshades can print, stamp, and mail year-end forms for you...*including to independent contractors*
- Support multiple form types including W-2s, 1095-Cs, 1099s, 1099-MISCs, and 1099-NECs
- The process is easy, secure, and ERP-agnostic

**Greenshades is offering a 20% discount to those who sign and prepay by 10/31/22**

\$0.99 per form upload fee	
PRINT AND MAIL	
Date Range	Price
01/01/2023 - 01/04/2023	\$0.75
01/05/2023 - 01/09/2023	\$2.19
01/10/2023 - 01/15/2023	\$2.74
01/16/2023 - 01/20/2023	\$3.29
01/21/2023 - <b>01/23/2023*</b>	<b>\$3.84</b>
01/24/2023 - 02/13/2023	\$4.17
02/14/2023 - Onward	\$4.39
<b>*Last date guaranteed for January 31 delivery</b>	

# The Greenshades Difference

1

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## **Built for Hardworking, Mid-Market Companies**

*Our solutions are designed to meet your unique payroll and HR needs; with workflows aimed at companies with 50 - 5,000 employees in the staffing, transportation, healthcare, construction, and business service sectors.*

2

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## **Employee Engagement, Made Easy**

*Finding, retaining, and cultivating talent is crucial to your success. With early wage access, healthcare cost assistance, and more, we make it easier than ever to keep your employees happy.*

3

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## **Compliance at the Core**

*From union contracts to region-specific pay rules and shifting legislative landscapes, we'll navigate the most complex compliance challenges so you don't have to.*

4

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## **Best-in-Class Customer Support**

*Our commitment to providing our customers with the highest level of support and satisfaction possible has earned us outstanding reviews on Capterra, G2, and GetApp.*



# Get Started Today!



## Contact Sales

Set a meeting with our sales team for more information about Greenshades Year-End Solution.



## Register for Year-End Webinars

Our Year-End Form Webinars don't end here, our next webinar all about forms is on November 8th.



## Look out for our Upcoming eBook

Don't know where to start? The Beginner's Guide to Year-End Forms will be released soon.



# Q&A

*For more information contact  
[sales@greenshades.com](mailto:sales@greenshades.com) or visit [go.greenshades.com](http://go.greenshades.com)*

**Greenshades**