



Southland Data Processing  
*Employer Solutions with you in mind.*

# 2022 Year-End Packet.

HERE'S TO A YEAR OF GREAT  
**MOMENTS!**



# 2022.

## YEAR-END PACKET

The end of the year is a relaxing time for many, but the fourth quarter can feel like a frantic sprint to the finish line for your payroll team. We know the complexity of year-end processing can prove to be challenging and overwhelming no matter your level of payroll experience, so we've compiled this comprehensive year-end guide for your review.

The key to success is planning. Here are my top five proactive steps you can take to help eliminate potential errors and close out the year successfully. Thank you for allowing us to serve you for another year. We wish you continued success in 2023!



*Cherrise Newman, Director of Operations.*

### **REVIEW AND UPDATE EMPLOYEE INFORMATION.**

Prevent processing delays and costly amendment fees by reviewing employee data prior to your last payroll of the year. Once we print W-2s we cannot update last names, SSNs, addresses or wages until February. Utilize the W-2 edit and W-2 audit reports to review this information now. If your employees have ESS, now is the time to encourage them to login, review and update their information. ([Learn more on page 3](#)).

### **PLAN FOR THE HOLIDAYS.**

Holiday banking schedules may affect your normal processing schedule. Review our holiday schedule on [page 4](#).

### **GET A HEAD START ON PLANNING YOUR YEAR-END BONUSES.**

There is a lot to consider when issuing bonuses. Make sure you have enough time to plan out the important details such as issuing live checks versus direct deposits, tax implications for your employees, if your bonus run will result in a mandatory wire, etc. [More about bonuses on page 5](#).

### **KNOW THE IMPORTANT DATES.**

The time between Thanksgiving and New Year's Day can go by at a warp speed. Let's face it, things fall through the cracks. We do our best to make accommodations where possible, but some deadlines are out of our hands and in the hands of the banks, IRS, and other agencies. Review our cheat sheet for important year-end dates on [page 11](#).

### **PLAN AHEAD FOR ADDITIONAL PAYROLL RUNS.**

We typically start processing tax information after your last regular payroll of the year. Once we begin processing, we cannot make changes until February. If you anticipate that you'll need more time after your last regularly scheduled payroll of the year to review data, process fringe benefit information, make corrections, and process the inevitable last minute request, please complete and return the year-end hold form on [page 12](#).

**Verify W-2 information for all employees.**

Accuracy Penalties up to \$250 per Form W-2 up to an annual maximum of \$3,000,000 may apply to Forms W-2 if forms include incorrect information.

- Run employee verification reports online using the **W-2 audit and W-2 edit report** and/or the employee profile report. SDP cannot begin processing W-2 corrections and reprints until **February 3, 2023** when all filing copies have been distributed. Reviewing W-2 information beforehand can help save time and money!

**Update all tax information.**

- Forward all state unemployment rate change notices to SDP.
- Forward all state and federal account notices to SDP (electronic pins, deposit frequency changes, filing notices).
- If you chose to deter your SS-R tax deposits during COVID-19, the final payments must be wired to SDP by **December 23, 2022**.
- Submit 1099 information to SDP by **January 13, 2023**, if applicable.

**Finalize payroll details.**

Payroll wage information must be processed on or before your last 2022 payroll to ensure that your forms 941 and W-2 will be accurate. If you anticipate the need to add additional off-cycle payrolls to process bonus payrolls, fringe benefits, non-cash W2 items, or make payroll corrections please submit a hold form to SDP by **December 16, 2022**.

- Review and enter all outstanding manual and voided checks.
- Schedule any special bonus payrolls for the current year.
- Review and submit any third-party sick pay.
- Review and submit any applicable fringe benefits (i.e. housing, auto, group term life insurance, personal use of company car).
- Review and submit [total cost of healthcare information](#). (Any applicable large employer that files the 1094-C & 1095-C is required to report the aggregate cost of applicable employer-sponsored health coverage on the W-2, Box 12 with a code of DD). Due by **January 6, 2023**. Please submit a hold form to SDP if you plan on adding these totals outside of your normal payroll processing schedule.
- Review and submit [allocated tip information](#). (After completing your 8027, if you determine sufficient tips were not reported, contact SDP to report an adjustment and add allocated tips for the affected employees). Due by **January 6, 2023**. Please submit a hold form to SDP if you plan on adding these totals outside of your normal payroll processing schedule.

**Pensions.**

The Retirement Plan box will be automatically checked if you have any plans funded via payroll deduction, such as a 401K, 403b, Simple IRA, SEP, etc.

## PROCESSING DATES

If your check date falls on...	Payroll must be processed by 2:00pm PST on...
Thursday, November 24	Monday, November 21 <i>(Check date will be Wednesday, November 23)</i>
Friday, November 25	Tuesday, November 22
Monday, November 28	Wednesday, November 23
Tuesday, November 29	Wednesday, November 23
Tuesday, December 27**	Thursday, December 22
Wednesday, December 28**	Friday, December 23
Tuesday, January 3**	Thursday, December 29
Wednesday, January 4**	Friday, December 30

\*\* For holidays falling on Sunday, all Federal Reserve offices will be closed the following Monday.

The following days are considered non-banking days: Monday, December 26th in observance of Christmas and Monday, January 2nd in observance of New Year's Day. Please adjust your processing schedules accordingly.

## HOLIDAY SCHEDULE.

Please review the holiday and closure dates below and adjust your processing schedule accordingly. Payrolls must be processed by 2 PM PT **two business days prior** to check date to ensure direct deposits and tax deposits are made on time.

### BANKING HOLIDAYS

#### Thursday, November 24

Thanksgiving Day

#### Monday, December 26

Christmas Day (Observed)

#### Monday, January 2, 2023

New Year's Day (Observed)

### SDP HOLIDAY CLOSURES

#### Friday, November 25

Day After Thanksgiving

#### Friday, December 2

SDP Closing at 2 PM PT

#### Monday, December 26

Christmas Day (Observed)

#### Monday, January 2

New Year's Day (Observed)

## WHERE ARE MY W-2s?

Our team will be working hard to prepare and ship your W-2s by **1/26/2023**. Please note that our payroll team will only be able to track the status of W-2 packages after **1/26/2023**. Because we are printing, packaging, and shipping around the clock, we can not make exceptions to accommodate expedited shipping requests.



## BONUS PAYROLL PROCESSING.

If your company gives holiday bonuses, performance-based incentives, and/or large lump sum year-end payouts, please plan accordingly to ensure you have a plan in place for potential special processing issues, such as mandatory wires to prevent costly errors.

### Large Bonus Payrolls:

- If your federal tax liabilities for the bonus payroll are over \$100,000.00, the taxes must be deposited the business day after the check date.
- In addition to federal regulations, SDP also applies certain restrictions to large bonus payrolls that may require a wire transfer prior to the check date. See [page 6](#) for more information on wire transfer thresholds.

Below is a helpful checklist of things to consider and communicate to the SDP support team when scheduling your bonus or special payroll processing.

Bonus/Special Payment Payroll Information	Yes	No	Additional Notes
Is the bonus going to be included with a regular schedule check date?	<input type="checkbox"/>	<input type="checkbox"/>	<i>Please contact SDP 3 days in advance of processing to get an off-cycle check date added.</i>
If the bonus is running with payroll, will it be on a separate check?	<input type="checkbox"/>	<input type="checkbox"/>	
Will the bonus be a live check?	<input type="checkbox"/>	<input type="checkbox"/>	<i>Please contact SDP 3 days in advance of processing to set up a check attribute to block direct deposit companywide.</i>
Will the bonus be taxed differently than a normal check? (Federal supplemental rate is less than \$1 million = 22%, more than \$1 million = 37%)	<input type="checkbox"/>	<input type="checkbox"/>	<i>Please contact SDP 3 days in advance of processing to set up a check attribute to set federal and state income tax to supplemental amounts.</i>
Will the total 941 tax liability be greater than \$100,000? (If so, the IRS requires next day payment). To ensure timely payment of your tax obligations, your entire payroll liability will require a wire transfer.	<input type="checkbox"/>	<input type="checkbox"/>	
Will Direct Deposits reach \$100K to a single employee or Total Direct Deposit reach \$250K? <i>If so, a wire will be required to ensure funds are deposited.</i>	<input type="checkbox"/>	<input type="checkbox"/>	



## **WIRE TRANSFER FUNDING REQUIREMENTS.**

Wire transfers must be received at the very latest one (1) day before your check date by 10 AM PT to ensure the employees receive their funds by check date and/or taxes can be deposited on time.

### **Wire transfers are required to fund the following types of transactions:**

- Federal tax liability over \$100K.
  - Total tax liability over \$100K.
  - Direct deposit to a single employee of \$100K or more.
  - Company direct deposit of \$250K or more.
- 
- Our ACH processor will not process direct deposits until the wire is received and cannot process same-day direct deposit transactions.
  - SDP will not be responsible for late tax payments due to insufficient funds in the client's account or not meeting wire deadlines.
  - Penalties and late fees will be the client's responsibility in addition to SDP's processing fee.

*SDP will typically send wire instructions via email within three hours of payroll processing when wire transfers are required.*

## ACA OVERVIEW.

### Who must file ACA returns (1094/1095-Cs)?

The Employer Mandate is the Health Care Reform provision that requires all employers with 50 or more full-time equivalent employees (Applicable Large Employers) to offer a certain level of health insurance coverage at an affordable rate to all full-time employees or face a penalty. This mandate is sometimes referred to as the “pay or play” provision.

- Offer medical coverage to full-time and full-time equivalent employees.
- Medical coverage must be affordable and provide minimum value.
- Penalties assessed if at least one employee receives government subsidized coverage through an exchange or forms are not filed.

### How do I access my dashboard if I did not file my ACA returns with SDP in 2021?

ACA reporting utilizes payroll and benefits information. These returns are not automatically processed by SDP for all applicable large employers. Clients who have not utilized our ACA reporting dashboard in previous years must enroll in this service.

- To enroll: Complete SDP Enrollment Agreement online by **November 25, 2022** ([click here](#) to enroll). Additional costs apply to use this service.
- Login instructions and a training appointment request will be emailed to users within five business days after your Enrollment Agreement is signed.



### 2022 ACA WORKFLOW:

- Sign 2022 ACA Agreements by **11/25/2022**.
- Build plans, select safe harbor, and update measurement periods by **12/16/2022**.
- Verify your data. The IRS assigns responsibility to the employer to ensure returns are filed accurately. Double check your 1095-C preview reports to ensure there are no errors that will prevent your forms from being filed.
- Review and submit forms for filing by **2/10/2023**.

## HR COMPLIANCE UPDATES FOR 2023.

Maintaining a comprehensive and compliant employee handbook is one of the most critical tasks a company can undertake to reduce their exposure to employment related liabilities.

Keeping up with changes in today's ever evolving legislative landscape is a huge challenge, but our HR pros are here to help.

Our HR Support team provides our clients with the very best solutions to ensure compliance, maintain proper regulatory policies and offer access to educational resources that are free and easy to implement. To learn more about how to work with a dedicated HR Pro [click here](#).

With 2023 right around the corner, we've provided a summary of some of the notable compliance obligations employers will soon be facing. If you'd like help making sense of it all, [schedule a consultation](#) with our HR team.

### **Register for CalSavers starting on January 1, 2023.**

California recently passed legislation (SB-1126) to expand the CalSavers mandate to employers with at least one employee. Starting on *January 1, 2023*, employers with an average of 1-4 employees (as reported to the EDD in the preceding calendar year) can register with CalSavers. According to state law, this segment of mandated employers has until December 31, 2025, to join CalSavers.

### **California Pay Transparency and Disclosure law.**

California has enacted Senate Bill 1162, which amends the requirements for employers regarding pay transparency and pay data reporting. Senate Bill 1162 takes effect *January 1, 2023*:

- Requiring employers with 15 or more employees to include the pay scale, defined as the "salary or hourly wage range that the employer reasonably expects to pay for the position," in any job posting. If the employer uses a third party to publish or post a job, they must provide the pay scale to that third party who must include it in the posting.
- Requiring all employers to provide the pay scale for the position in which a current employee is employed, upon request.
- Requiring all employers to maintain records of job title and wage history for each employee for the duration of employment and three years after the end of employment so that the state's labor commissioner, who is authorized to inspect these records, can "determine if there is still a pattern of wage discrepancy."

### **Bereavement Leave (Grievance Pay) in California.**

Starting on *January 1, 2023*, AB 1949 requires private employers with five or more employees and public sector employers to provide employees with at least 30 days of service up to five unpaid days of bereavement leave upon the death of a family member.

### **Oregon Family Leave.**

The Oregon Family Leave Act (OFLA) requires employers with 25 or more employees to provide up to 12 weeks of protected leave/ time off. Starting *January 1, 2023*, employers and employees are required to start contributing toward Oregon's paid leave fund, which will be calculated as an additional state payroll tax.



### SS-R Deferred Tax Repayment.

For employers who opted to defer payment of the employee and employer portions of Social Security Tax, employers must pay back these deferred taxes by their applicable dates. Let us know if you would like us to make your payment by completing [this form](#) by **December 16, 2022**. Funds for payment must be wired by **December 23, 2022**.

### Colorado Family Leave.

As of **January 1, 2023**, employers will need to begin deducting premiums, in the form of a 0.9 percent payroll tax, for all Colorado employees to fund the FAMLII program. FAMLII will be funded by payroll taxes split 50/50 between the employer and the employee (meaning the employer and employee will each pay 0.45 percent of their payroll to fund the program).

Employers may also elect to pay the full amount if they choose to offer this as an added perk for their employees.

### SDP Communications.

*Our team primarily sends out important communications regarding upcoming deadlines, holiday payroll reminders, informational webinars, and platform updates via email.*

*If you or any member of our team who should be receiving this information **are not currently subscribed** to our client email list, please let us know by calling **909.946.2032** or emailing **support@sdp payroll.com** so we can subscribe you.*

### ON DEMAND TRAINING HUB.

#### Have a question on recent legislation?

Visit our website at [www.sdp payroll.com](http://www.sdp payroll.com) and connect with us on social media. Or head over to [SDP's On Demand Training Hub](#) for a full library of content for on-demand viewing. You'll find recordings of SDP Connect Workshops with our team, system how-to's, HR chats, and so much more.



We're in the  
~~payroll~~  
people  
business.



### CONNECT WITH US ON SOCIAL MEDIA.



## MINIMUM WAGE UPDATES.

Several states and municipalities have minimum wage increases effective *January 1, 2023* (access the [HR Support Center](#) for a full listing). **SDP will not automatically increase employee rates.** Please make applicable rate increases in the system or contact our support team for instructions on making mass changes.

STATE	2022	2023
California	\$15.50 for businesses	\$15.50 minimum will apply to all employers. Annual with 26+ employees increases begin 1/1/23
Connecticut	\$14.00	\$15.00 effective 6/1/23
Delaware	\$10.50	\$11.75
Florida	\$11.00	\$12.00 effective 9/30/23
Illinois	\$12.00	\$13.00
Massachusetts	\$14.25	\$15.00
Michigan	\$9.87	\$10.10
Minnesota	\$10.33	Annual increases begin 1/1/23
Missouri	\$11.15	\$12.00
Montana	\$9.20	Annual increases begin 1/1/23
Nevada	\$9.50*	\$11.25
New Jersey	\$13.00	\$14.00 (Businesses with fewer than 6 employees and seasonal \$12.70)
New Mexico	\$11.50	\$12.00
Ohio	\$9.30	Annual increases begin 1/1/23
Oregon	\$13.50	Annual increases begin 7/1/23
Rhode Island	\$12.25	\$13.00
Vermont	\$12.55	Annual increases begin 1/1/23
Virginia	\$11.00	\$12.00

# CHEAT SHEET.

## IMPORTANT YEAR-END DATES

### NOVEMBER

Thursday, November 24	SDP closed (Federal holiday). Please see holiday schedule for processing deadlines.
Friday, November 25	SDP closed. Please see holiday schedule for processing deadlines. Signed 2022 ACA agreements must be submitted to SDP for any company that did not use SDP to process 2021 returns.

### DECEMBER

Friday, December 2	SDP closing at 2:00pm for holiday party.
Friday, December 16	<ul style="list-style-type: none"><li>• Deadline to build plans, select safe harbor and update measurement periods for ACA.</li><li>• Deadline to submit year-end hold form to SDP.</li><li>• Deadline to request assistance making SS-R Deferred Tax Repayment.</li></ul>
Friday, December 23	Deadline to Wire SS-R deferral repayments to SDP if applicable.
Monday, December 26	SDP closed (Federal holiday) in observance of Christmas. (See <a href="#">holiday schedule</a> for processing deadlines).
Wednesday, December 28	Last day to process 2022 wages and make timely tax deposits without penalty and interest.

### JANUARY

Monday, January 2	<ul style="list-style-type: none"><li>• SDP closed (Federal holiday) in observance of New Year's Day see holiday schedule for processing deadlines.</li><li>• Minimum wage increases apply.</li></ul>
Friday, January 6	Deadline to submit any adjustment and correction requests for 2022 W-2s and returns. Any corrections requested <i>after January 6, 2023</i> will require amendments and will not be processed <i>until February 3, 2023</i> .
Friday, January 13	Deadline to submit 1099 information to SDP.
Thursday, January 26	Final shipment of W-2s. Our team will be working hard to prepare. Please note that our payroll team will only be able to track the status of W-2 packages after <i>January 26, 2023</i> . Because we are printing, packaging, and shipping around the clock, we cannot make exceptions to accommodate expedited shipping requests.
Tuesday, January 31	Deadline to furnish W-2s, 1099s.

### FEBRUARY

Friday, February 3	SDP will begin accepting W-2 correction requests. Please allow 21 business days to produce updated tax return copies. Processing time for amended returns can vary by agency. Since re-opening after COVID shut downs, the average IRS processing time has been between 12-16 MONTHS.
Friday, February 10	Deadline to complete ACA validation to ensure postmark 1095-C forms to employees by IRS due date.



## YEAR END TAX PROCESSING HOLD FORM.

Circumstances may require that some employee and payroll information be adjusted after your last scheduled payroll in December. If you anticipate the need to add additional off-cycle payrolls to process bonus payrolls, fringe benefits, non-cash W2 items, or make payroll corrections please submit a hold form to SDP by *December 16, 2022*.

Company Code:	
Company Name:	

Please hold the processing of our quarterly/annual tax returns and/or W-2s. We will submit the following adjustment(s):

<input type="checkbox"/> Bonus/Additional Payroll	<input type="checkbox"/> Total Cost of Health Care W-2 reporting
<input type="checkbox"/> Third-Party Sick Pay	<input type="checkbox"/> Payroll Corrections/Adjustments
<input type="checkbox"/> Taxable Fringe Benefits	<input type="checkbox"/> Allocated Tips
<input type="checkbox"/> Other (explain)	

Absolution Agreement: Acknowledgement of Responsibility for Penalty and Interest. Client will provide Southland Data Processing with per employee amounts needed to perform any adjustments by *Friday, January 6, 2023, otherwise holds will be released and payroll data will be processed and filed as is.*

Due to the timing of my adjustments, I understand that any adjustments processed after *Wednesday, December 28* that increase earnings will result in taxes being deposited after the due date and may incur penalties and interest. These penalties and interest, if any, are the responsibility of my company. Additionally, I understand that we may be charged a fee because of delaying the processing of our tax processing and filing, which can include W-2s.

Signature:			
Print Name:			
Title:		Date:	

## RELATIONSHIP ENHANCING SERVICES.

Through our complimentary educational resources, such as webinars and blogs, online references, and labor law updates, we provide our clients with valuable business insights.

Our newest campaigns and HR add-ons are designed to showcase our corporate culture and help you enhance your core benefits, and captivate your employees.



We believe in creating exceptional experiences for our clients, community and one another. These experiences are captured in our MOMENT campaign that extends through social channels (LinkedIn, Facebook, Twitter, Instagram, TikTok, YouTube and [www.sdppayroll.com/moment](http://www.sdppayroll.com/moment)).

Take a MOMENT and enjoy our latest company initiatives, news, upcoming events and commitment to serving with unrivaled performance.

### BenefitHub.

BenefitHub is an online marketplace designed for all SDP clients and their employees.

This discount marketplace offers special deals with a variety of popular retailers, event tickets, seasonal offers, discounts to attractions such as theme parks, insurance products, and more, that could help you enhance your core benefits and captivate your employees.



## CONTACT SDP.

As always, if you have any questions or concerns about year-end, please feel free to contact our friendly team of Client Advocates.

### CALIFORNIA OFFICE.

- [support@sdppayroll.com](mailto:support@sdppayroll.com)
- (909) 946-2032
- 1317 W. Foothill Blvd., Suite 222,  
Upland CA 91786

### TEXAS OFFICE.

- [txsupport@sdppayroll.com](mailto:txsupport@sdppayroll.com)
- (469) 444-2755
- 307 S. Jupiter Rd., Suite 200,  
Allen TX 75022

### FOLLOW US.

- [Southland Data Processing, Inc.](#)
- [sdppayroll](#)
- [SDPmarketing](#)
- [Southland Data Processing](#)
- [SDPpayroll](#)
- [sdppayroll](#)