

Filing of W-2s to Tax Agencies

PaySmart will submit all W-2s to the appropriate tax agencies by the required due dates. This includes Federal, state and local tax agencies.

W-2 Due Dates and Duplicate Requests

W-2s will be issued to employers no later than January 31, 2012. Employers are required to postmark W-2s by January 31, 2012. PaySmart is not able to discuss W-2s with employees of PaySmart clients. Any requests for duplicate W-2s must be submitted by the employer and a fee of \$5.00 per W-2 will be charged to the employer.

Holiday Hours

PaySmart will be closed November 24 and 25, December 26 and January 2 for the holidays. We will also be closed at 12:00 PM on December 23. Please review the following schedule for direct deposit.

Check Date	Payroll submitted by 1:00 PM on:
Nov 25	Nov 22
Nov 28 & 29	Nov 23
Dec 27	Dec 22
Dec 28	Dec 23 *submitted by 9:00 AM
Jan 3	Dec 29
Jan 4	Dec 30

** As a reminder, direct deposit checks cannot be dated on bank holidays. Please inform PaySmart of the check date for any checks that would regularly be dated November 24, December 26 and January 2.



2011 PaySmart
Year-End
Guide

As part of PaySmart's commitment

to exceptional customer service, we are pleased to provide you with this 2011 Year-End Guide. This guide will be extremely valuable in helping you through your year-end processes. It includes important information and key dates that will assist you in the proper reporting of your payroll. Please review this guide carefully and, as always, contact us if you have any questions.

Thank you for allowing us to serve you for another year. We look forward to continuing to be your payroll partner in 2012.

Social Security Verification

If the SSA can't find an employee, they will send notices to individual employees and self-employed workers to inform them of name and SSN no-matches. If an employee's address does not exist in the USPS database or is unavailable, SSA sends a notice to the employer. The employer can resolve the mismatch issue by answering questions and returning the notice. PaySmart verifies employee SSN through the SSA website when they are set up with PaySmart and contacts you if there is a no match. If you do not respond, we continue to use the number received. There is a charge of \$25 dollars per corrected W-2. Additionally, the IRS is now contacting both employees and employers if there are discrepancies when W-2s are filed.

Fourth Quarter Processing Deadline

Please provide any changes for 2011 by the last check date in 2011 or December 31, 2011, whichever is earlier. Adjustments received after this date may result in additional processing fees.

Information to Report

- In house payroll checks issued
- Any voided payroll checks
- Any sick/disability payments made by third parties
- Taxable adjustments such as personal use of company vehicle, value of group term life insurance
- Additional employee contributions to retirement accounts
- Bonus pay
- COBRA reimbursements
- Employer contributions to HSA
- Shareholder insurance premiums

Third Party Sick Pay

Please let PaySmart know if third party sick pay is expected. Insurance carriers are required to provide this information by January 15, 2012. PaySmart will postpone processing year-end reports until this information is received. This will cause a delay in receiving year-end reports and W-2s. However, all reports will be available by January 31, 2012.

Shareholder Health Insurance

Shareholder health insurance is no longer deductible on the corporation tax return. This deduction may only be taken at the personal level. In order to take this deduction on the shareholders personal tax return the insurance premium paid for the year MUST be reported on the shareholders W-2. The shareholders premium must be reported to PaySmart by the last payroll of the year in order to have it properly reported on the W-2.

Reporting Information after Your Deadline

If you report information past the deadline, any additional taxes will be collected immediately and remitted as required for tax-impound services. Non-impound services will receive transmittal information as required. Year-end reports will be rerun to reflect any changes and additional fees will be charged. PaySmart will not be responsible for any penalties or interest incurred due to the late reporting of payroll adjustments.

Processing Bonuses

If you issue year-end bonuses, please inform PaySmart if you would like separate checks. Also please let us know if the checks will be live or direct deposit and what deductions should be taken. No bonus checks will be issued after the last check date of 2011 unless otherwise instructed. Once the last payroll for the year is run, year-end reports will be processed. Additional payrolls will cause delays and additional charges.

Payroll Reports

Due to increasing security issues, payroll records will no longer be available via email. All reports will be posted to secure client portals available at www.PaySmartPa.com. Please contact a payroll specialist to establish your free portal if one does not already exist.

PA FUTA Surcharge

In 2009, Pennsylvania began borrowing from the federal government to continue meeting UC benefit payment obligations. January 1, 2011 marked the second consecutive year the Commonwealth had an outstanding balance on the federal loans used to pay UC benefits. The additional FUTA tax for 2011 will be collected in January 2012 with the filing of your annual federal Form 940 tax return. It will cost approximately an additional \$21 per employee. This will bring the cost to \$77 for an employee earning more than \$7,000. Impound clients will receive an impound adjustment for the balance due. PaySmart will bill and collect this in January of 2012.

Employer HSA Contributions

Employers that contribute to their employees HSA accounts must report the amount contributed in box 12 of the W-2. This contribution has no tax consequence but is required to be reported. Please report contributions to employees' HSA account by the last pay of the year in order to meet the reporting requirement.