

# EY's 2013 payroll year-end checklist



Building a better  
working world

# Contents

EY's sample payroll year-end checklist .....	1
Federal holidays for 2014.....	6
Filing electronically for tax year 2013.....	7
Year-end employment tax reporting compliance .....	10
State electronic filing of Forms W-2 .....	14
and unemployment insurance returns	

NO CHECK

	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>



# EY's 2013 payroll year-end checklist

Employment tax and payroll professionals are deep into payroll tax busy season, and now is a good time to finalize checklists and production schedules.

In addition to the routine steps involved in closing the year are a host of challenges unique to 2013. For instance, retroactive tax legislation and rulings occurring throughout 2013 will require special consideration of federal, state and local adjustments in employment tax and withholding calculations that may be required before December 31, as well as corrective returns for prior quarters and tax years.

Employees who were subject to higher federal taxes this year due to the additional Medicare tax or the increase in federal income tax may have numerous questions about their 2013 Forms W-2, in particular if they face unexpected tax liabilities when filing their income tax returns.

- ▶ For more details concerning the implementation of the additional Medicare tax, click [here](#).
- ▶ For information about how 2013 federal tax changes may affect your employees this year, click [here](#).

Similar to last year, federal unemployment insurance (FUTA) reporting will be complicated by the sizable number of states that continue to be subject to the FUTA credit reduction.

With so many states pushing to eliminate paper, there are many changes in the acceptable methods for filing Forms W-2 and unemployment insurance returns.

EY's payroll year-end checklist explores these matters and more while providing you with information resources to support you in your year-end planning and compliance activities.

## What's included

- ▶ [EY's sample 2013 year-end checklist](#)
- ▶ [Table 1: 2014 federal holidays](#)
- ▶ [Table 2: Federal electronic filing due dates for 2013](#)
- ▶ [Table 3: Special wage payments from A to Z - sample list](#)
- ▶ [Table 4: State Form W-2 filing method requirements](#)
- ▶ [Table 5: State unemployment insurance filing method requirements](#)



# Creating your year-end checklist

We have created a sample year-end checklist of the top 25 year-end payroll and employment tax activities for 2013. A column is included for inserting your own target completion date.

Keep in mind that this is not a comprehensive list. Each business is unique in its payroll processes. Make a careful inventory of your own requirements and augment this checklist as necessary.

## EY's sample 2013 payroll year-end checklist

Top 25 year-end tasks			
Item	Activity	Suggested deadline	Your deadline
1	<b>Electronic filing requirements.</b> Check federal, state and local electronic tax filing requirements for 2013 and 2014. Register or make an application to remit taxes and returns electronically if the threshold for 2013 is met. (See Table 2 for the IRS application deadlines, if applicable.) Also, check federal, state and local electronic tax payment requirements for 2014 and file any required applications to meet electronic filing and payment requirements in 2014. See Table 4 and 5 for the current state filing electronic filing requirements for income and unemployment insurance tax.	November-December 2013	
2	<b>Test files.</b> Run test files of the 2013 federal, state and local Forms W-2. Verify compliance with format and reporting requirements.	November-December 2013	
3	<b>Form W-4 verification.</b> Ask that employees review their name, address, Social Security number and Form W-4 information to maintain accuracy on Form W-2, and check that federal and state income tax withholding elections are correct for 2014.	November-December 2013	
4	<b>Order Forms W-2 for 2013.</b> If purchasing Forms W-2 from a forms supplier, order and inspect the incoming stock. For software packages used in preparing Forms W-2, request the dated approval notice that the software provider obtained from the Social Security Administration (SSA).	December 2013	
5	<b>2014 payroll processing schedule.</b> Prepare the 2014 payroll processing and tax return filing schedule. For a list of federal holidays, see Table 1.	December 2013	
6	<b>2013 Form W-2 distribution.</b> Determine what method will be used to distribute employee copies of the 2013 Forms W-2. If special mailing rates will be used, be certain to file all necessary documents with the U.S. Postal Service. (See T.D. 9114, 69 FR 7567, 2-18-00, for information on providing Forms W-2 to employees electronically.) Note that the postal rates are scheduled to increase effective January 26, 2014.	December 2013	
7	<b>Additional payroll period in 2013 or 2014.</b> If you had an additional payroll period in 2013 (i.e., 27 rather than 26, or 53 rather than 52), you may need to make adjustments to your federal income tax withholding. Confirm that there were no errors in making payroll deductions because of the additional payroll period, particularly regarding pretax deductions. Similarly, if you expect to have an additional payroll period in 2014, make appropriate adjustments to income tax withholding calculations and payroll deductions.	December 2013	
8	<b>2013 tax payment reconciliation.</b> Prepare all fourth-quarter tax reconciliation(s) prior to making the final tax payment(s) to jurisdictions for the quarter or year. See page 10 for more information concerning year-end reconciliation procedures.	Various	

Top 25 year-end tasks			
Item	Activity	Suggested deadline	Your deadline
9	<p><b>Payroll system tax configuration review.</b> Verify taxability configuration tables for all jurisdictions for 2013 and 2014. One significant change affecting most employers effective in 2013, and that may be retroactive, is the federal taxability of same-sex spousal benefits. For more information, see our special report, <a href="#">Same-sex partner benefits in the wake of the Windsor</a>.</p> <p>Note that a few states are not “coupled” with the federal Internal Revenue Code for specific fringe benefits. For instance, a number of states do not mirror the IRS tax treatment of same-sex spousal and partner benefits.</p> <p>Other differences also apply.</p> <p><i>Example 1:</i> Effective January 1, 2013, qualified educational assistance up to \$5,250 per year is excluded from federal taxable income under IRC §127 but is included in Minnesota state taxable income. (For more details, go to the Minnesota Department of Revenue’s website <a href="#">here</a>.)</p> <p><i>Example 2:</i> A number of states do not follow the 2013 federal monthly limit for transportation fringe benefits. Other similar exceptions apply.</p>	December 2013	
10	<p><b>Third-party service provider verification.</b> Work with your third-party employment tax provider to make sure that returns and information statements will be filed for all applicable jurisdictions and that the third party has reporting agent approval when necessary to file on your behalf.</p>	December 1, 2013	
11	<p><b>Accounts payable review.</b> Review accounts payable and general ledger records for unreported taxable items. See Table 3 for a sample list of compensatory items that might have been paid through accounts payable.</p>	December 1 and 31, 2013	
12	<p><b>Payroll bank reconciliation.</b> Perform payroll bank reconciliation through December 31, 2013, including identifying outstanding checks for 2013. Ask for an early cutoff statement if necessary.</p>	November 30, 2013; December 31, 2013; January 15, 2014	
13	<p><b>General ledger reconciliation and review.</b> Perform a general ledger reconciliation before releasing 2013 annual information statements and returns. See Table 3 for a sample list of compensatory items that might be found in a general ledger review.</p>	November 30, 2013; December 31, 2013	
14	<p><b>Gross-up and tax advances.</b> Perform all necessary gross-up calculations and impute all taxable amounts for 2013. Make tax advances when necessary (and when allowed by law) to remedy any withholding shortages resulting from imputed income. Remember that tax advances for 2013 must be repaid by employees no later than April 1, 2014.</p>	December 31, 2013; April 1, 2014	
15	<p><b>Review 2014 employer withholding tax guides.</b> Review IRS Circular E, Publication 15, <i>Employer’s Tax Guide</i>, for 2014 and any similar state and local employer tax guides and withholding tables to determine taxability and reporting changes for 2014. Make all taxability, reporting and withholding rate changes for 2014 (including the 2014 exemption amounts for IRS tax levies). Test before your first live payroll in 2014. For a preliminary list of 2014 rates and limits, see our <a href="#">handy reference guide</a>.</p>	December 15, 2013	

# Creating your year-end checklist

Continued

Top 25 year-end tasks			
Item	Activity	Suggested deadline	Your deadline
16	<p><b>2012-13 retroactive adjustments for transit and same-sex spousal benefits.</b> Fiscal cliff legislation enacted over the 2013 New Year's holiday weekend retroactively increased the monthly tax-free amount for commuter highway vehicles/ transit passes by giving them parity with parking benefits (effective January 1, 2012). As a result of this change, employers were required to issue Forms W-2c to affected employees for 2012 and to make adjustments for any affected periods in 2013. Employers that may have missed this requirement will want to include the corrections in their year-end planning.</p> <p>See our special report for more information about the employer impact of the <a href="#">fiscal cliff legislation</a>.</p> <p>Subsequent to the Supreme Court's decision in <i>Windsor</i>, the Treasury and IRS issued guidelines effective September 16, 2013, providing that the federal definition of marriage extends to a same-sex couple who was lawfully married in the state or country of celebration. Pursuant to same-sex spousal benefits that are now excluded from federal taxable wages, employers may claim FICA refunds for all open tax years (generally, 2010 through 2012). Employers that have not yet corrected the tax setup for same-sex spousal benefits will want to include this step in their year-end activities.</p> <p>For more information, see our report, <a href="#">Same-sex partner benefits in the wake of Windsor</a>.</p>	December 31, 2013	
17	<p><b>2014 tax rate and wage base updates.</b> Input 2014 Social Security, state unemployment, state disability and other similar taxable wage base and tax rate information. If using a third-party provider, test the third party's system requirements before the first live payroll in 2014. State unemployment wage bases and rates should be verified in March 2014 prior to filing the first-quarter 2014 state unemployment tax returns (generally due by April 30, 2014).</p> <p>For 2013 and 2014, the amount of federal unemployment insurance (FUTA) you pay may be higher because the states where your employees work may not have repaid their FUTA loan balances.</p> <p>For the 2013 FUTA credit reduction states and a preliminary list of 2013 rates and limits, see our <a href="#">handy reference guide</a>.</p>	January 1, 2014	
18	<p><b>2013 Forms W-4 claiming exempt.</b> Run a report of all employees claiming exemption from federal income tax withholding on Form W-4. If no 2014 Form W-4 is filed, withhold at single and zero exemptions beginning on February 17, 2014. (Many employers send notifications to employees when they are required to file a new Form W-4. Such notices should be sent to employees no later than December 31.)</p> <p>Check state Form W-4 and Earned Income Credit requirements, and repeat the same steps for state income taxing authorities where applicable.</p>	December 31, 2013 (final verification of affected employees) February 17, 2014 (to adjust withholding to single and zero)	
19	<p><b>Registering to file with SSA or IRS.</b> If filing Forms W-2 electronically with the SSA for the first time, you will need to register through the SSA's Business Services Online (BSO) website. If you are required to file Forms 1099, 1042-S or 8027 electronically for the first time for tax year 2013, submit Form 4419 to IRS to obtain your Transmitter Control Code (TCC), which is required in all electronic files submitted to IRS. You should also submit a test file to the IRS.</p>	See Table 2 for more details	

## Top 25 year-end tasks

Item	Activity	Suggested deadline	Your deadline
20	<b>Reporting cost of employer-provided group health benefits.</b> Employers that filed more than 250 Forms W-2 in 2012 are required to report the aggregate cost of employer-provided group health benefits on Form W-2, box 12, code DD. For further details, see our <a href="#">special report</a> .	December 2013	
21	<b>2013-14 employee notices.</b> Run the reports necessary to comply with all federal employee notification requirements. For instance: <ul style="list-style-type: none"> <li>▶ <i>The special accounting rule/no federal income tax withholding on personal-use auto</i> – Employee notices should be provided by January 31, 2014, if the special accounting rule was used in 2013 or if you will elect not to withhold federal income tax from the value of personal use of company cars in 2014.</li> <li>▶ <i>Charitable contributions</i> – You are required to provide employees with a report of the annual total of charitable contributions paid through payroll deduction.</li> <li>▶ <i>COBRA premium assistance</i> – Former employees who received COBRA premium assistance payments in 2013 are required to report this information on their federal personal income tax return (Form 1040); therefore, while not required to do so, giving them an annual summary of their total COBRA liability, the amount they paid and the portion representing the subsidy (65% of the liability) will reduce the number of inquiries you are likely to receive from these individuals as they prepare their 2013 federal tax returns.</li> <li>▶ <i>2014 federal withholding changes</i> – Notify employees of any change in the 2014 withholding rates for Social Security, Medicare or federal income tax withholding. Some of the 2014 rates and limits they will want to know about are available <a href="#">here</a>.</li> <li>▶ <i>Remind employees about the 2013 federal tax changes</i> – Employees should be reminded about the additional Medicare tax that took effect this year and their requirement to new <a href="#">Form 8959, Additional Medicare Tax</a>. Employees also may have questions about their federal income tax withholding as a result of 2013 changes in some income tax rates. For a summary you can share with your employees, click <a href="#">here</a>.</li> </ul>	January 24, 2014	
22	<b>2014 payroll deductions.</b> Input 2014 payroll deduction information pursuant to fringe benefits or other deductions that are subject to annual revision. Stop all payroll deductions that were authorized only through 2013. Test to confirm accurate input of deduction information.	Prior to first payroll run for 2014	
23	<b>Purge 2013 expired records.</b> Purge the employee master file of all employees terminated in 2013.	December 31, 2013	
24	<b>Returned Forms W-2.</b> Instruct the mailroom on where to send returned Forms W-2 for 2013.	January 10, 2014	
25	<b>Duplicate Forms W-2.</b> Make sure that all employee requests for duplicate 2013 Forms W-2 have been processed.	April 11, 2014	

# Federal holidays for 2014



When planning the 2014 payroll processing and employment tax schedule, refer to the list of 2014 federal holidays in Table 1 that delay federal tax payment and filing due dates.

**Table 1 – 2014 federal holidays**

New Year's Day	Wednesday, January 1, 2014
Martin Luther King, Jr. Birthday	Monday, January 20, 2014
Presidents Day*	Monday, February 17, 2014
Emancipation Day**	Wednesday, April 16, 2014
Memorial Day	Monday, May 26, 2014
Independence Day	Friday, July 4, 2014
Labor Day	Monday, September 1, 2014
Columbus Day	Monday, October 13, 2014
Veterans Day	Tuesday, November 11, 2014
Thanksgiving Day	Thursday, November 27, 2014
Christmas Day	Thursday, December 25, 2014

**Note:** Holidays that fall on Saturday are observed the previous Friday and those that fall on a Sunday and are observed the following Monday. (See 5 U.S.C. 6103(b).)

\* Also known as Washington's Birthday.

\*\* See IRS Notice 2010-87.



# Filing electronically for tax year 2013

For a schedule of key federal filing due dates for tax year 2013, see Table 2.

Businesses with 250 or more Forms W-2, W-2c, or IRS information returns or statements (e.g., Forms 1099, 1042-S, 8027) must file these forms electronically with the Social Security Administration (SSA) or IRS.

Remember that a penalty applies when a business files returns on paper that are required to be filed electronically.

Specifications for preparing Forms W-2 electronically for tax year 2013 are found in SSA's Publication 42-007, *Specifications for Filing Forms W-2 Electronically (EFW2)*.

For returns or statements filed with the IRS, specifications for electronic filing are available in IRS Publication 1220, *Specifications for Filing Forms 1098, 1099, 3921, 3922, 5498, 8935 and W-2G, Electronically*.

Publication 42-007 (EFW2) is available for download [here](#).

Publication 1220 is available [here](#).

## First-time electronic filers with the SSA

Filing electronically with the SSA is easy. Applications are not required. Instead, users register with the SSA by following the instructions within the Business Services Online (BSO) section [here](#). Note that electronic Forms W-2 also may be verified before submitting them to SSA by using AccuWage.

AccuWage 2013 is available through the SSA's [website](#).

### SSA password maintenance

The SSA suggests that users avoid the year-end rush by checking their access and updating their passwords now in preparation for the 2013 Form W-2 filing season.

Information is available [here](#).

## First-time electronic filers with the IRS

- ▶ **IRS requires applications for first-time filers.** Unlike the SSA, the IRS Information Reporting Branch (IRB) requires that, if you are filing electronically for the first time, you first request authorization to file electronically by submitting Form 4419, *Application for Filing Information Returns Electronically (FIRE)*. (This requirement applies even if you have 250 or more returns and are required to file electronically.) You are not allowed to submit the first electronic file until your application has been approved by the IRS and you have received your Transmitter Control Code (TCC).

Be aware that one Form 4419 may be filed for approval to electronically file Forms 1098, 1099, 3921, 3922, 5498, 8935 and W-2G, but additional Forms 4419 must be filed for Form 1042 S, *Foreign Person's U.S. Source Income Subject to Withholding*; Form 8027, *Employer's Annual Information Return of Tip Income and Allocated Tips*; and Form 8955-SSA, *Annual Registration Statement Identifying Separated Participants and Deferred Vested Benefits*. For example, if you are filing Forms 1099, 1042 S and 8027 for the first time this year, you will need to obtain authorization to file them electronically by submitting three Forms 4419 to the IRS, one for each category of information return.

Form 4419 may be submitted anytime during the year; however, it must be submitted to IRS/IRB at least 45 days before the due date of the return(s) for current-year processing. This allows IRS/IRB the time necessary to process and respond to applications. Form 4419 may be faxed to IRS/IRB at +1 877 477 0572. In the event that computer equipment or software is not compatible with IRS/IRB, a waiver may be requested to file returns on paper documents. Form 4419 is included in IRS Publication 1220 and may be photocopied for submission to the IRS.

Form 4419 is available on the IRS website [here](#).

- ▶ **Sending test files to the IRS.** Filers are not required to submit a test file; however, the submission of a test file is encouraged for all new electronic filers to test hardware and software. Test files for tax year 2013 should not be submitted to the IRS sooner than November 12, 2013, and no later than February 28, 2014. Keep in mind when planning your year-end schedule that the IRS FIRE system will be down from 6 p.m. (Eastern) December 13, 2013, through January 20, 2014, for yearly updates. In addition, the FIRE and FIRE Test Systems may be down every Wednesday from 2:00 a.m. to 5:00 a.m. (Eastern) for programming.

---

# Filing electronically for tax year 2013

Continued

## Getting extensions on the SSA and IRS filing deadline

If you will not be able to meet the filing deadline for sending your 2013 forms to the IRS or SSA (for example, you are having a computer or software issue), an automatic 30-day extension can be obtained by filing Form 8809, *Application for Extension of Time to File Information Returns*, with the IRS/IRB (and not with the SSA). You can obtain an automatic 30-day filing extension by filing Form 8809 with the IRS. For the extension request to be granted, it must be postmarked, transmitted or completed online by the due date of the return.

If you are requesting an extension to file several types of forms, you may use one Form 8809, but you must file it by the earliest form due date. For instance, if you are filing a Form 8809 for a return due on March 31 and for another return due on May 31, the Form 8809 is due on March 31.

Form 8809 is available on the IRS website [here](#).

Form 8809 also may be filed electronically [here](#).

The Form 8809 is used to request extensions on the time to file:

- |          |        |            |
|----------|--------|------------|
| ▶ W-2    | ▶ 1098 | ▶ 5498     |
| ▶ W-2G   | ▶ 1099 | ▶ 5498-ESA |
| ▶ 1042-S | ▶ 3921 | ▶ 5498-SA  |
| ▶ 1097   | ▶ 3922 | ▶ 8027     |

Note that Form 8809 cannot be used to request an extension on the time to give employees or payees copies of their information returns (e.g., Form W-2, Form 1099). Instead, a letter must be submitted to IRS/IRB. Extensions on the time to provide recipient copies are rare. For more information, see [IRS Publication 1220](#).

## Obtaining a waiver from filing electronically with SSA or IRS

If, for any reason, you will not be able to submit your Forms W-2 to the SSA or information returns to the IRS electronically for tax year 2013, a one-year waiver may be granted for hardship cases. A waiver cannot be requested for more than one year at a time. A one-time waiver from the electronic filing requirement can be obtained by filing Form 8508 with the IRS. By obtaining a waiver from the IRS, you will not be subject to penalties for failing to meet the electronic filing requirements. A request for waiver is made by filing Form 8508, *Request for Waiver from Filing Information Returns Electronically*, with the IRS (and not the SSA).

The IRS encourages businesses to file Form 8508 at least 45 days before the due date of the electronic filing. The IRS does not process waiver requests until January 1 of the calendar year the returns are due.

All requests for a waiver should be sent to the following address:

Internal Revenue Service  
240 Murall Drive, Mail Stop 4360  
Kearneysville, WV 25430

**Note:** if you will not be filing electronically, the extended due date of March 31, 2014 (for calendar year 2013 returns) will not apply. Forms W-2 and 1099 filed on paper must be submitted by February 28, 2014.

Form 8508 is available on the IRS website [here](#).



**Table 2 – Federal electronic filing due dates for 2013**

Form	Electronic system used for reporting*	Electronic filing due date and deadline to request first 30-day automatic extension (Form 8508)*	Deadline to submit application to file electronically with IRS (Form 4419)	Deadline to submit request for waiver from filing electronically (Form 8508)**	Period for submitting test files
Form 1042-S	IRS FIRE	March 17, 2014	February 1, 2014	February 1, 2014	November 12, 2013, to February 28, 2014
Forms 1097, 1098, 1099, 3921, 3922 and W 2G	IRS FIRE	March 31, 2014	February 17, 2014	February 17, 2014	November 12, 2013, to February 28, 2014
Form 8027	IRS FIRE	March 31, 2014	February 17, 2014	February 17, 2014	November 12, 2013, to February 28, 2014
Forms 5498, 5498-SA and 5498-ESA	IRS FIRE	June 2, 2014	April 18, 2014	April 18, 2014	November 12, 2013, to February 28, 2014
Form W-2	SSA BSO	March 31, 2014	N/A	February 17, 2014	AccuWage 2013 is now available

\* SSA's Electronic Wage Reporting applications will close on December 20, 2013, and reopen on December 23, 2013. SSA will begin accepting 2013 electronic Form W-2 file uploads on December 23, 2013. The IRS FIRE system will be down for upgrading from 6:00 p.m. EST December 13, 2013, through January 20, 2014, and may be down for programming each Wednesday from 2:00 a.m. until 5:00 a.m. EST. Electronic files cannot be submitted during these times.

\*\* The IRS does not want waiver requests for tax year 2013 before January 1, 2014.

States are making greater use of the internet and other electronic reporting options, with a significant number of them changing their Form W-2 and unemployment reporting requirements for 2013 and 2014. See the state surveys in Tables 4 and 5.



# Year-end employment tax reporting compliance

Particularly for the multistate employer, preparing for annual employment tax reporting is a multistep process that involves:

## 1. Creating a list of jurisdictions requiring returns and information statements (e.g., Forms W-2, 1099, 1042-S)

Whether employment taxes are processed in-house or by a third party provider, a list should be created of the jurisdictions and the returns and information statements that each requires. In our experience reviewing employment tax processes, neglecting to report to all jurisdictions (including those outside of the US, where applicable) is one of the most common errors that multi-jurisdictional employers make. To make sure that your list of taxing jurisdictions is as accurate and comprehensive as possible, a report from the employee master file should be created of both the work and resident states and localities that have been established for each employee. If work state and locality information is also carried in the timekeeping system (i.e., employees typically work in multiple jurisdictions within a single payroll period), a similar report should be run from this source. If you are uncertain of a jurisdiction's withholding, employment tax and reporting requirements, check with the state and local taxing authorities, your employer's accounting firm or other qualified employment tax consultant.

## 2. Verifying the form and format of returns and information statements

Each jurisdiction imposes different reporting requirements. Some jurisdictions, for instance, require that Forms W-2, annual state income tax reconciliations or state unemployment insurance returns be filed magnetically or electronically if the employees or forms exceed a certain number. Under the federal requirements, for instance, Forms W-2 (Forms W-2c) in excess of 249 in the calendar year must be filed electronically. (State rules vary. See Tables 4 and 5 for our 2013 survey of state electronic Form W-2 and state unemployment insurance filing requirements.)

If the employer is relying on a third party to file its employment tax returns and information statements for the first time, care must be taken that all of the necessary steps have been completed to establish the third party as a reporting agent. For example, you and the third party must have obtained a User ID and PIN where required, as well as any other information necessary to meet the reporting requirements, and you must have confirmed that file submissions were posted accurately. (Note that employers using a third-party provider can obtain a User ID and PIN to verify Form W-2 transmissions through the SSA's BSO. Go [here](#) for more information.)

## Verifying filing format and record layout specifications

Filing format and record layout specifications may also change from year to year and should be reviewed carefully before processing year-end returns and information statements. Reference these publications for tax year 2013:

- ▶ SSA Publication 42-007 (EFW2) [here](#)
- ▶ IRS Publication 1220, *Specifications for Filing Form 1097, 1098, 1099, 3921, 3922, 5498, 8935, and W2-G Electronically*, [here](#)
- ▶ IRS Publication 1187, *Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically*, [here](#)
- ▶ IRS Publication 1239, *Specifications for Filing Form 8027, Employers Annual Information Return of Tip Income and Allocated Tips, Electronically*, [here](#)

## 3. Verifying that all laser-printed forms were approved by the SSA

If you plan to use laser-printed Forms W-2/W-2c from a third party source (e.g., software or service provider), ask the supplier for a copy of its dated approval notice from the SSA. For more information, see:

- ▶ IRS Publication 1141, *General Rules and Specifications for Substitute Forms W-2 and W-3* (Rev. Proc. 2013-08), [here](#) (watch for the 2013 update generally issued in mid- to late December)

## 4. Testing magnetic media and electronic files

Particularly when a jurisdiction's form or format for reporting has changed, it is prudent to perform tests validating that your files match the jurisdiction's reporting requirements. Discovering errors while printing or filing the actual returns and information statements not only creates delays in filing, but can also expose you to penalties and other additional costs. For Form W-2 reporting purposes, the SSA makes software available that allows you to edit Form W-2 files before they are submitted electronically.

- ▶ AccuWage 2013 is available through the SSA's website [here](#).

## 5. Verifying taxability compliance

Taxability compliance can be verified by printing reports from the payroll system's tax configuration tables. These configuration tables carry the information necessary for including and excluding various wage payments and fringe benefits from taxable wages and the tax computation. Checking to make sure that amounts are reported on the appropriate lines or boxes of returns or statements and that the correct codes are used, where applicable, is a vital element of year-end compliance testing.

Sample configuration tables are shown below.

### Sample federal employment tax configuration table – pay codes

Benefit	Federal income tax (Form W-2, box 1)	Social Security wage (Form W-2, box 3)	Medicare wages (Form W-2, box 5)	Form W-2, box 12	Federal unemployment insurance taxable (FUTA, Form 940)
Business expense accountable plan	No	No	No	N/A	No
Dependent care assistance	Yes – excess over \$5,000	Yes – excess over \$5,000	Yes – excess over \$5,000	N/A, but report in box 10	Yes – excess over \$5,000
Educational assistance, job-related	No	No	No	N/A	No
Educational assistance, non-job-related	Yes – excess over \$5,250	Yes – excess over \$5,250	Yes – excess over \$5,250	N/A	Yes – excess over \$5,250

### Sample federal employment tax configuration table – deduction codes

Benefit	Federal income tax (Form W-2, box 1)	Social Security wage (Form W-2, box 3)	Medicare wages (Form W-2, box 5)	Form W-2, box 12	Federal unemployment insurance taxable (FUTA, Form 940)
Section 125, Dependent care assistance	Reduce up to \$5,000	Reduce up to \$5,000	Reduce up to \$5,000	N/A, but report in box 10	Reduce up to \$5,000
Section 125, Health insurance premium	Reduce 100%	Reduce 100%	Reduce 100%	Considered in arriving at amount in code DD	Reduce 100%
401(k) pretax contribution	Reduce up to \$17,500	No change	No change	Code D	No change

## 6. Reconciliation

Whether your payroll is processed in-house or by a third-party provider, reconciliation is vital to accuracy and internal control. Keep in mind that reconciling does not necessarily mean that there are no differences or adjustments but rather that differences and adjustments have a reasonable explanation and are well-documented.

There are four primary types of year-end reconciliation:

- ▶ *Wage and tax*

The wage and tax reconciliation should include a logical and chronological reconciliation of federal, state and local wage and tax information:

- ▶ *Chronological.* The purpose of a chronological reconciliation is to make sure that wage and tax information has properly accumulated from each payroll period to the quarter and, finally, to the annual totals.
- ▶ *Logical.* The purpose of the logical reconciliation is to compare the wage and tax information of different jurisdictions to make sure that any differences in amounts are logically explained by variations in the tax rules. For instance, employers that provide taxable excess group-term life insurance coverage should have a difference between FICA and federal unemployment covered wages (taxable group-term life is excluded from federal unemployment insurance wages but is included in FICA wages). A similar reconciliation should be performed that compares federal wages to the taxable wages reported to each state and local taxing jurisdiction.

# Year-end employment tax reporting compliance

Continued



## ▶ *Bank statement*

A bank reconciliation is vital to making sure that checks, including voids and stop payments, were properly posted to the payroll system throughout the year and that outstanding checks are investigated and properly dealt with (keeping in mind the unclaimed property rules of the applicable state) prior to preparing the 2013 returns and information statements. Failure to perform a bank reconciliation prior to filing employment tax returns and issuing information statements exposes an employer to the risk of reporting incorrect wages and paying or withholding an incorrect amount of tax. These errors can result in time-consuming corrections to Forms W-2 and other information returns and statements, creating a potential for interest and penalty assessments.

## ▶ *Accounts payable and third-party payments*

The payroll system is not the only door through which wages and fringe benefits enter. All too frequently, expense reports and other business expenses, such as payments made on behalf of employees for educational or relocation expenses, are initially entered into the accounts payable system. Absent an automated interface between accounts payable and payroll, which is rare in today's technological environment, a recurring analysis should be made of accounts payable transactions to pinpoint items potentially reportable or subject to employment tax. An accounts payable reconciliation of this type includes, for example, a review of expense reports and petty cash or imprest funds; the identification of non-accountable business expense reimbursements and taxable payments made to individual employees or former employees, relocation providers, stock brokers, life insurance companies, and airlines and travel agents; and an accounting of business and personal use of company vehicles, including cars and airplanes. See Table 3 for sample list of benefits and other compensation that might be paid through accounts payable or by a third-party service provider.

## ▶ *General ledger*

A general ledger reconciliation is routinely necessary to help ensure that the employer's financial statements accurately reflect the payroll transactions of the business. However, at year-end the general ledger reconciliation is also vital to confirming that wages are reported correctly and tax liabilities and payments are stated accurately. General ledger totals of wages, tax expenses and tax liabilities should correspond to the amounts reported to each of the taxing jurisdictions. See Table 3 for a sample list of special wage payments and other compensation that might be paid through accounts payable or by a third-party service provider.

**Table 3 –  
Special wage payments from A to Z – sample list**

W-2 reportable item	Employer	Third party
401(k) – W-2 box 13 indicator		✓
Adoption assistance	✓	✓
Athletic club memberships	✓	✓
Award – length of service	✓	✓
Award – recognition	✓	✓
Award – safety	✓	✓
Business expense – non-accountable	✓	
Club memberships	✓	
Credit card – non-accountable		✓
Deferred comp. – distributions		✓
Deferred comp. – earnings		✓
Dependent care facility		✓
Dependent care flexible spending	✓	✓
Dining hall – executive	✓	
Disability pay – HI		✓
Disability pay – NJ		✓
Disability pay – NY		✓
Disability pay – private fund		✓
Disability pay – PR		✓
Disability pay – state offset	✓	✓
Discounts – merchandise	✓	
Discounts – services	✓	
Educational assistance	✓	✓
Expatriate totalization	✓	✓
Expatriate taxes	✓	✓

W-2 reportable item	Employer	Third party
Expatriate wage update	✓	✓
Gift cards	✓	✓
Gifts – noncash	✓	
Gross-up – federal tax	✓	✓
Gross-up – local nonresident tax	✓	✓
Gross-up – state nonresident tax	✓	✓
Insurance – annuity		✓
Jury duty – offset	✓	
Living expenses	✓	
Loans – forgiven	✓	
Loans – interest income	✓	✓
Medical debit card		✓
Non-cash award	✓	✓
Parking	✓	✓
Relocation – domestic	✓	✓
Relocation – foreign	✓	✓
Scholarships	✓	✓
Settlement awards	✓	✓
State disability offset	✓	✓
Stock – W-2 box 12 indicators		✓
Stock – ESPP		✓
Stock – ISO		✓
Stock – nonqualified		✓
Stock – restricted		✓
Transit benefits	✓	✓

Highlighted cells indicate where third parties may be involved and additional year-end coordination necessary.

# State electronic filing of Forms W-2 and unemployment insurance returns

The following charts reflect our state survey results as of November 2013.

**Note:** much of this information was obtained by Ernst & Young LLP during the course of informal telephone, website or email surveys with state governmental agencies. Although surveys are useful in determining how government departments currently treat an issue, answers and positions derived from such surveys are not binding upon the state, cannot be cited as precedent and may change over time and hence cannot be relied upon. Note also that many of the applicable state taxing authorities had not issued their Form W-2 electronic/magnetic media specifications for calendar year 2013 at the time of this update.

**Table 4 – State Form W-2 filing method requirements\***

State	Threshold for mandatory paperless Form W-2 filing (3)	Delivery method required for paperless filing	Deadline to file
Alabama (AL)	25 or more	Electronic	2/28
Alaska (AK)	N/A	N/A	N/A
Arizona (AZ)	250 or more	Magnetic media	2/28
Arkansas (AR)	250 or more	Magnetic media/electronic	2/28
California (CA)	(1)	N/A	N/A
Colorado (CO)	If fed requires	Electronic	2/28 (5)
Connecticut (CT)	All employers	Electronic	2/28 (5)
Delaware (DE)	If fed requires	Electronic	2/28 (5)
District of Columbia (DC)	25 or more	Electronic	1/31
Florida (FL)	N/A	N/A	N/A
Georgia (GA)	250 or more	Electronic	2/28 (5)
Hawaii (HI)	Paper only (2)	N/A	2/28
Idaho (ID)	50 or more, or if fed requires	Electronic	2/28
Illinois (IL)	If fed requires	Electronic	3/31 (4)
Indiana (IN)	25 or more	Electronic	2/28
Iowa (IA)	(1)	N/A	N/A
Kansas (KS)	51 or more	Electronic	2/28
Kentucky (KY)	100 or more	Magnetic media/electronic	1/31
Louisiana (LA)	100 or more	Magnetic media/electronic	2/28
Maine (ME)	250 or more	Electronic	2/28 (4, 5)
Maryland (MD)	25 or more	Magnetic media/electronic	2/28
Massachusetts (MA)	50 or more	Electronic	2/28 (5)
Michigan (MI)	250 or more	Magnetic media	2/28
Minnesota (MN)	10 or more	Electronic	2/28
Mississippi (MS)	25 or more	Electronic	2/28 (5)
Missouri (MO)	250 or more	Magnetic media	2/28
Montana (MT)	Optional	Electronic	2/28
Nebraska (NE)	50 or more	Electronic	2/1
Nevada (NV)	N/A	N/A	N/A

\*There is no state income tax in Alaska, Florida, Nevada, South Dakota, Texas, Washington or Wyoming. New Hampshire and Tennessee require income tax only from interest and dividends.



State	Threshold for mandatory paperless Form W-2 filing (3)	Delivery method required for paperless filing	Deadline to file
New Hampshire (NH)	N/A	N/A	N/A
New Jersey (NJ)	Optional	Electronic	2/28
New Mexico (NM)	50 or more	Magnetic media	2/28
New York (NY)	(1)	N/A	N/A
North Carolina (NC)	250 or more	Magnetic media	2/28 (5)
North Dakota (ND)	250 or more	Magnetic media/electronic	2/28 (5)
Ohio (OH)	250 or more	Magnetic media	2/28 (4)
Oklahoma (OK)	(1)	N/A	N/A
Oregon (OR)	All employers	Electronic	3/31
Pennsylvania (PA)	250 or more	Magnetic media/electronic	1/31
Puerto Rico (PR)	All employers	Electronic	1/31
Rhode Island (RI)	25 or more, and if fed requires	Magnetic media	2/28
South Carolina (SC)	250 or more, and if fed requires	Magnetic media/electronic	2/28
South Dakota (SD)	N/A	N/A	N/A
Tennessee (TN)	N/A	N/A	N/A
Texas (TX)	N/A	N/A	N/A
Utah (UT)	If fed requires	Electronic	2/28 (5)
Vermont (VT)	25 or more	Electronic	2/28
Virginia (VA)	All employers	Electronic	2/28
Virgin Islands (VI)	Paper only (2)	N/A	N/A
Washington (WA)	N/A	N/A	N/A
West Virginia (WV)	50 or more	Magnetic media/electronic	2/28
Wisconsin (WI)	50 or more	Electronic	1/31
Wyoming (WY)	N/A	N/A	N/A

**Footnotes:**

(1) Forms W-2 are not filed with the state.

(2) Only paper filing is available.

(3) In some states, payroll service providers and other third parties filing Forms W-2 on behalf of client employers may be required to file magnetically or electronically, regardless of the number of employer clients or employees.

(4) Only employers required to file W-2 information electronically with the SSA are required to file Form W-2 information electronically or magnetically. Employers not required to file electronically with the SSA are not required to file Forms W-2 with the state but may do so voluntarily.

(5) Deadline is extended to March 31 if filing electronically.

# State electronic filing of Forms W-2 and unemployment insurance returns

Continued

Table 5 – State unemployment insurance filing method requirements\*

State	Threshold for mandatory SUI magnetic media/electronic reporting	Delivery method for mandatory non-paper filers	Electronic reporting available	3½-inch diskette accepted	CD-ROM accepted	Tape cartridge accepted
Alabama (AL) (ff)	All employers (j) (ee)	Electronic	Yes	No	No	No
Alaska (AK) (ff)	If 100 or more (ii)(jj)	Electronic	Yes	No	No	No
Arizona (AZ)	Optional (b) (j) (s) (jj)	Magnetic media/electronic (c)	Yes	Yes (current filers only) (bb)	Yes	No
Arkansas (AR) (ff)	If 250 or more (p) (jj)	Magnetic media/electronic	Yes	Yes (n)	Yes	No
California (CA) (x) (y)	If 250 or more (b) (s) (jj)	Electronic	Yes	No	No	No
Colorado (CO) (dd) (c)	Optional	Electronic	Yes	No	No	No
Connecticut (CT) (e) (ff)	All employers (b) (j) (v) (jj)	Electronic	Yes	No	No	No
Delaware (DE)	Optional (b) (p) (jj)	Magnetic media	No	No	Yes	Yes (3490, 3490E)
District of Columbia (DC)	If 250 or more (b) (p)	Magnetic media	No (kk)	Yes	Yes	No
Florida (FL)	If 10 or more (j) (z) (cc)	Electronic	Yes	No	No	No
Georgia (GA)	If 100 or more (b) (j) (p) (v) (jj)	Magnetic media/electronic	Yes	Yes (n)	Yes (t)	No
Hawaii (HI)	Optional (b) (c) (j) (u)	Magnetic media/electronic	Yes	No	Yes (n)	No
Idaho (ID)	If 300 or more (f) (p) (jj)	Magnetic media/electronic	Yes	Yes (n)	Yes	No
Illinois (IL) (ff)	If 50 or more (b) (j) (v) (jj) (w)	Electronic	Yes	No	No	No
Indiana (IN)	Optional (b) (p) (v) (dd) (jj)	Magnetic media/electronic	Yes	Yes (t)	Yes	No
Iowa (IA)	All employers (b) (jj)	Electronic	Yes	No	No	No
Kansas (KS)	If 50 or more (j)	Electronic	Yes	No	No	No
Kentucky (KY)	If 10 or more (j) (v)	Electronic	Yes	No	No	No
Louisiana (LA)	All employers (b) (q) (jj)	Electronic	Yes	No	No	No
Maine (ME) (y)	All employers (v)	Electronic	Yes	No	No	No

State	Threshold for mandatory SUI magnetic media/electronic reporting	Delivery method for mandatory non-paper filers	Electronic reporting available	3½-inch diskette accepted	CD-ROM accepted	Tape cartridge accepted
Maryland (MD)	If 100 or more (c) (k) (p) (v) (jj)	Magnetic media/electronic	Yes	Yes (h) (bb)	Yes (bb)	No
Massachusetts (MA)	All employers (jj)	Electronic	Yes	No	No	No
Michigan (MI) (ff)	If 6 or more (r) (jj)	Electronic	Yes	No	No	No
Minnesota (MN) (ff)	All employers	Electronic	Yes	No	No	No
Mississippi (MS)	If 250 or more (jj)	Magnetic media/electronic	Yes	Yes	Yes	No
Missouri (MO) (ff)	If 250 or more (b) (p) (v) (jj)	Magnetic media/electronic	Yes	No	Yes	No
Montana (MT) (ff)	Optional (b) (j) (p) (s) (v) (dd) (jj)	Magnetic media/electronic	Yes	Yes	Yes (h)	No
Nebraska (NE) (ff)	If annual payroll exceeds \$100,000 in either of previous two years (b) (j) (jj)	Electronic	Yes	No	No	No
Nevada (NV) (ff)	Optional (c) (j) (l) (v) (jj)	Electronic	Yes	No	No	No
New Hampshire (NH) (ff)	If 50 or more (d) (j) (jj)	Magnetic media/electronic (kk)	Yes	Yes	Yes	No
New Jersey (NJ) (g) (y)	All employers (j) (jj) (aa)	Electronic	Yes	No	No	No
New Mexico (NM)	All employers (j) (jj) (y)	Electronic	Yes	No	No	No
New York (NY) (ff) (o) (y)	If 250 or more (b) (j) (jj)	Electronic	Yes	No	No	No
North Carolina (NC) (ff)	If 25 or more (p) (v) (u) (jj)	Magnetic media/electronic	Yes	Yes (n)	Yes	No
North Dakota (ND) (y)	If 25 or more (b) (j) (p) (v) (jj)	Magnetic media/electronic	Yes	Yes (bb)	Yes (bb)	No
Ohio (OH) (ff)	Optional (b) (j) (p) (dd) (jj)	Magnetic media/electronic	Yes	No	Yes (t) (bb)	No
Oklahoma (OK)	All employers (b) (jj)	Electronic	Yes	No	No	No
Oregon (OR) (y)	Optional (b) (jj)	Electronic	Yes	No	Yes	No

# State electronic filing of Forms W-2 and unemployment insurance returns

Continued

State	Threshold for mandatory SUI magnetic media/electronic reporting	Delivery method for mandatory non-paper filers	Electronic reporting available	3½-inch diskette accepted	CD-ROM accepted	Tape cartridge accepted
Pennsylvania (PA)	All employers (b) (j) (s) (jj) (gg)	Electronic (gg)	Yes	No (gg)	No (gg)	No (gg)
Rhode Island (RI)	If 25 or more (b) (j) (p) (s) (ll)	Magnetic media/electronic	Yes	Yes	Yes	Yes (3480)
South Carolina (SC)	If 100 or more (b) (p) (cc) (jj)	Magnetic media/electronic (c)	Yes	Yes (n) (bb)	Yes (bb)	No
South Dakota (SD)	Optional (b) (p) (jj)	Magnetic media/electronic	Yes	No	Yes (t)	No
Tennessee (TN)	If 250 or more (b) (f) (m) (p) (jj)	Magnetic media/electronic (c)	Yes	Yes (bb)	Yes (t) (bb)	No
Texas (TX)	If 10 or more (p) (v) (jj)	Magnetic media/electronic	Yes	Yes (n) (bb)	Yes	No
Utah (UT)	If 250 or more (f) (p) (jj) (cc)	Magnetic media/electronic	Yes	Yes (n) (bb)	Yes	No
Vermont (VT)	If 25 or more (b) (j) (p) (jj)	Electronic (c)	Yes	No	No	No
Virginia (VA)	If 100 or more (jj)	Electronic	Yes	No	No	No
Washington (WA) (ff)	All employers (jj) (b) (g)	Electronic	Yes	No	No	No
West Virginia (WV) (jj)	Optional	Magnetic media/electronic	Yes	No	Yes	No
Wisconsin (WI)	If 25 or more (jj) (hh)	Electronic	Yes	No	No	No
Wyoming (WY) (y)	Optional (b) (jj)	Magnetic media/electronic	Yes	No	Yes	No

## Reference chart

\*Information is current as of October 2013.

- (a) Some software vendors use unique state codes rather than the "FIPS 5-2" (e.g., Dun & Bradstreet (MSA)). Reference SSA Publication (EFW2).
- (b) A test file is required or strongly encouraged prior to the first actual filing.
- (c) State plans to eliminate paper reporting altogether in the future.
- (d) **New Hampshire.** Effective third quarter 2013, a regulatory change requires employers of 50 or more employees to file magnetically or electronically.
- (e) **Connecticut.** Effective first quarter 2014, all employers and reporting agents are required to file quarterly tax returns and pay the associated taxes electronically. This includes both contributory and reimbursing employers. (*H.B. 6452, signed by the governor on June 21, 2013.*)
- (f) Legislation is pending to reduce the threshold in the future.

- (g) **Washington.** All Washington employers are required to file electronically. Paper filing is no longer allowed (\$25 penalty can be assessed). An employer that is unable to file electronically can request to file temporarily on diskette or CD.
- (h) Email submission allowed.
- (i) Not used.
- (j) An application or electronic registration to begin reporting magnetically/electronically is required prior to the first actual filing.
- (k) Entities or individuals that prepare the quarterly wage and contribution return on behalf of employing units must report wage detail by magnetic media or electronic means, regardless of the number of employees [Reg. 24.02.01(.25)]. Payroll service companies filing on behalf of 100 or more employers must file the quarterly contribution report by magnetic media.

- (l) **Nevada.** If the quarterly tax due is \$10,000 or more, the payment is required to be made electronically. This also applies to authorized agents and submitters who file for multiple employers. If the total aggregate amount of contributions is \$10,000 or more, Nevada law requires the payment to be made electronically by either ACH Credit or ACH Debit.
- (m) Plans are to reduce the threshold to 50 or more employees in the future.
- (n) State PC software is available.
- (o) **New York.** Employers must now report if dependent health benefits are available to employees. The reporting requirement applies only at the employer level and is not reported for each individual employee on the wage report. A check box was added to Form NYS-45 for this purpose. (*Assembly Bill No. A08952, Chapter 182 of the Laws of 2010.*)
- (p) A transmittal must accompany the magnetic media.
- (q) **Louisiana.** The threshold for mandatory electronic or magnetic filing decreased from 250 or more employees to 200 or more employees effective January 31, 2010, and 100 or more employees effective January 31, 2012. Effective for returns filed after January 31, 2014, all employers are required to file their quarterly returns electronically. (*H.B. 345, Act 89, signed by the governor on June 22, 2007.*)
- (r) **Michigan.** Effective January 1, 2013, employers of 25 or more employees are required to file the quarterly SUI reports by an electronic method approved by the state agency. The threshold decreases to six or more employees (effective first quarter of 2014) and one or more employees (effective first quarter of 2015). An employer with five employees or fewer may request a waiver of the requirement by showing that the electronic filing requirement would create an economic hardship. (*S.B. 806, signed by the governor on December 19, 2011.*) Also, the Michigan Unemployment Insurance Agency implemented a new combined unemployment contribution and wage detail report, Form UIA 1028, *Employer's Quarterly Wage/Tax Report*, replacing the Form UIA 1020, effective with the third quarter of 2012 (quarter ending September 30, 2012), filings due October 25, 2012.
- (s) For payroll service companies and agents, the application to begin reporting by magnetic media or electronically must include a list of client employers.
- (t) DVD also allowed.
- (u) **North Carolina.** Effective with the third quarter 2013 (due October 31, 2013), B 4 requires that all employers and their agents (payroll services and accountants) that report wages for at least 25 employees file the wage detail report electronically. Penalties will be assessed for noncompliance.
- (v) Both the contribution and wage reports may or must be filed by magnetic media or electronically.
- (w) **Illinois.** Effective January 1, 2013, employers with 250 or more employees were required to submit the employer wage report (Form UI-40) electronically on a monthly basis, at the end of the month following the reporting period, in addition to being required to file the quarterly contribution and wage report electronically. (*PA 097-0689, Section 105.*) The threshold for mandatory electronic monthly reporting is reduced to 100 or more employees as of July 1, 2013; 50 or more employees effective January 1, 2014; and 25 or more employees effective July 1, 2014. Magnetic media reporting is eliminated.
- (x) Effective January 1, 2011, quarterly reporting Forms DE-9 and DE-9C are used. Annual Form DE-7 is eliminated.
- (y) Combined payroll tax form is used.
- (z) Payroll companies and agents must have special approval from the state to file on behalf of clients.
- (aa) **New Jersey.** All New Jersey employers are required to file unemployment reports and pay unemployment taxes electronically with the Department of Treasury. Magnetic media reporting and paper checks are not allowed. Legislation was pending at the time of this update (A. 3810) to require employers to file monthly UI wage reports (similar to the requirement for Illinois employers).
- (bb) The state plans to phase this option out.
- (cc) Payroll service companies that file quarterly tax reports on behalf of 100 or more employers during any calendar quarter must file magnetically or electronically.
- (dd) The state plans to make magnetic media or electronic reporting mandatory in the future.
- (ee) Employers of fewer than five employees may file over the telephone.
- (ff) Payroll services must submit a list of clients.
- (gg) **Pennsylvania.** Effective first quarter 2014, all state unemployment tax and wage reports are required to be filed electronically. No paper or magnetic media is allowed.
- (hh) **Wisconsin.** Agents who prepare reports on behalf of employers must file their contribution and wage reports electronically.
- (ii) **Alaska.** In Alaska, employers of 100 or more employees, those filing a combination of wage schedules totaling 100 or more employees or those filing a report listing \$1 million or more in taxable wages in the current or preceding calendar year must file electronically over the internet.
- (jj) Format specifications are available through the internet.
- (kk) Electronic and/or internet reporting may be allowed in the future.
- (ll) Payroll service providers that provide payroll services to 20 or more clients are required to electronically file Quarterly Tax and Wage Reports (DETTX-17) for their clients.

## Ernst & Young LLP employment tax advisory contacts

**Mary Angelbeck**  
[mary.angelbeck@ey.com](mailto:mary.angelbeck@ey.com)  
+1 215 448 5307

**Anthony Arcidiacono**  
[anthony.arcidiacono@ey.com](mailto:anthony.arcidiacono@ey.com)  
+1 732 516 4829

**Peter Berard**  
[peter.berard@ey.com](mailto:peter.berard@ey.com)  
+1 212 773 4084

**Gregory Carver**  
[gregory.carver@ey.com](mailto:gregory.carver@ey.com)  
+1 214 969 8377

**Bryan De la Bruyere**  
[bryan.delabruyere@ey.com](mailto:bryan.delabruyere@ey.com)  
+1 404 817 4384

**Jennie DeVincenzo**  
[jennie.devincenzo@ey.com](mailto:jennie.devincenzo@ey.com)  
+1 732 516 4572

**Richard Ferrari**  
[richard.ferrari@ey.com](mailto:richard.ferrari@ey.com)  
+1 212 773 5714

**David Germain**  
[david.germain@ey.com](mailto:david.germain@ey.com)  
+1 516 336 0123

**Julie Gilroy**  
[julie.gilroy@ey.com](mailto:julie.gilroy@ey.com)  
+1 312 879 3413

**Mary Gorman**  
[mary.gorman@ey.com](mailto:mary.gorman@ey.com)  
+1 202 327 7644

**Ken Hausser**  
[kenneth.hausser@ey.com](mailto:kenneth.hausser@ey.com)  
+1 732 516 4558

**Nicki King**  
[nicki.king@ey.com](mailto:nicki.king@ey.com)  
+1 214 756 1036

**Kristie Lowery**  
[kristie.lowery@ey.com](mailto:kristie.lowery@ey.com)  
+1 704 331 1884

**Thomas Meyerer**  
[thomas.meyerer@ey.com](mailto:thomas.meyerer@ey.com)  
+1 202 327 8380

**Chris Peters**  
[christina.peters@ey.com](mailto:christina.peters@ey.com)  
+1 614 232 7112

**Matthew Ort**  
[matthew.ort@ey.com](mailto:matthew.ort@ey.com)  
+1 214 969 8209

**Stephanie Pfister**  
[stephanie.pfister@ey.com](mailto:stephanie.pfister@ey.com)  
+1 415 894 8519

**Debera Salam**  
[debera.salam@ey.com](mailto:debera.salam@ey.com)  
+1 713 750 1591

**Debbie Spyker**  
[deborah.spyker@ey.com](mailto:deborah.spyker@ey.com)  
+1 720 931 4321

**Mike S. Willett**  
[mike.willett@ey.com](mailto:mike.willett@ey.com)  
+1 404 817 463

## EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2013 Ernst & Young LLP.  
All Rights Reserved.

SCORE No. YY3147  
CSG No. 1311-1168155  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice. EY does not bear any responsibility whatsoever for the content, accuracy or security of any websites that are linked (by way of hyperlink or otherwise) to external websites.

[ey.com](http://ey.com)


### To our readers:

Year-end is here! In this issue you will find essential reference tools to assist you along the way.

► For our latest free white papers, click [here](#).

Unemployment claims management, employment tax transformation services, mobile workforce compliance, risk and controversy – these are just a few of the US employment tax services we provide to businesses across the globe. Click [here](#) for more information.

### Connect with us

 Visit us on LinkedIn

 Follow us on Twitter

Read our blog at *Payroll Perspectives from EY*