

2017 Year-End Guide



Welcome to the ADS 2017 Year-End Guide:

Dear Valued ADS Client,

ADS is committed to helping you prepare and plan for a smooth year-end. We understand that your time is extremely valuable. We therefore did our best to condense the necessary information into a short Year-end guide.

The guide contains important information and reminders which require action by you, the client. Therefore, please make sure to review this entire guide. **Spending a few extra minutes reviewing this guide can save you hours of aggravating work.**

We value your business and loyalty, and look forward to working together with you to ensure a successful year-end.

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Disclaimer: the views and opinions expressed in this guide are solely of the author and should not be used as legal guidance. ADS is not authorized to provide legal guidance. Employers should consult with their compliance advisor to confirm that their payroll processing procedures comply with federal, state, and local regulations.

Important Dates and Deadlines:

As per the PATH act (Protecting Americans from Tax Hikes act), employers are required to file forms W-2 and W-3 with the Social Security Administration (SSA) no later than January 31st of every year (as opposed to March 31st). Therefore, it is crucial for you to review and conform to the below deadlines.

Date	Item
Wednesday, 12/13/2017	Last date to sign up for the ADS 2017 ACA Year-end processing service
Tuesday, 1/2/2018	Last date to submit to ADS the Healthcare Cost for W-2 Reporting *
Friday, 1/5/2018	Last date for processing 2017 payroll adjustments **
Thursday, 1/11/2018	Last date to process 2017 4th quarter voids
Thursday, 1/11/2018	Last date for clients to update employee demographics information prior to W-2 printing. Please refer to the "W-2 Corrections" section for more info.
Friday, 1/12/2018	ADS will start printing W-2s
Monday, 1/15/2018	ADS will start shipping/mailing W-2s
Thursday, 1/18/2018	Last date to submit to ADS the W-2 Change Request forms. Please refer to the "W-2 Corrections" section for more info.
Thursday, 1/25/2018	1099 Printing

* Please see "W-2 Healthcare Coverage Cost Reporting" section for more details.

** Please note: 2017 payrolls processed after 12/28/17 may result in late tax payment notices/penalties. ADS will not handle or take responsibility for late tax payment notices/penalties that may occur due to a retro 2017 payroll process.

ACA Accelerated Year-end Processing:

2017 1095-C forms are to be furnished to employees **no later than January 31st**. In previous years the IRS had extended the deadline, but not this time. The IRS will no longer offer extensions for 1095 distributions.

The Affordable Care Act (ACA) Mandate requires Applicable Large Employers (ALE) to file forms 1094 and 1095 as part of the 2017 year-end filing. An 'Applicable Large Employer' is an employer with an average of 50 or more full time or full time equivalent employees.

Form 1095-C needs to be furnished to employees who were full time for one or more months during the 2017 calendar year (one form per employee). The 1095-C form contains information about the employee monthly offer of Health Coverage.

The 1094-C form is filed with the IRS, along with a copy of the 1095-C forms. The 1094-C form contains information about the employer. It includes monthly full time employee count, total monthly employee count, and certification of Insurance Coverage Offer by month. The 1094-C form is must filed with the IRS no later than April 2nd 2018.

Once again ADS will be offering a "1094/1095 Printing and Filing" service. Although ADS will be assisting employers to gather the data, it is the employer's responsibility to provide ADS with all the necessary data and information pertaining to the 1094 and 1095 forms.

To enroll in the 2017 ADS 1094/1095 Printing and Filing service, please submit the following enrollment form: [2017 ACA Service Enrollment Form](#)

The final enrollment deadline for 2017 ACA services is Wednesday, December 13th.

New York Paid Family Leave (NYPFL):

Starting January 1, 2018, the New York State Paid Family Leave Program takes effect. The NYPFL program is designed to provide job protection and wage replacement, and to reduce economic risk for employees who take time off from work to address certain qualifying events.

The NYPFL insurance is handled very similarly to the NY Disability Insurance. We highly recommend you contact your broker ASAP to ensure you have this set in place.

The NYPFL benefit will be funded through employee payroll deductions. The employee contribution is 0.126% of their gross wages (not to exceed 0.126% of the state's Average Weekly Wage. Currently this amounts to a weekly max of \$1.65).

Effective 1/1/2018, ADS will add the NYPFL tax to all companies and employees who have an active NY Disability Tax deduction set up in their profile.

If you wish to opt-out from deducting the employees, please notify team1 by 12/13/17.

For those who are already deducting the NYPFL from employees, the deduction setup will be moved from the deduction tab to the tax tab.

For more information about the NYPFL program, please visit: <https://www.ny.gov/programs/new-york-state-paid-family-leave>

New York "Spread of Hours":

NY Spread of Hours regulation may affect the HHA industry payroll. As a home healthcare operator, you are aware of the ongoing state minimum wage increases. As such, it is recommended that organizations revisit their compliance with "spread of hours" guidelines.

According to New York Department of Labor (Title 12 NYCRR 142) "an employee shall receive one hour's pay at the basic minimum hourly wage rate, in addition to the minimum wage for any day in which the 'spread of hours' exceeds 10 hours. The spread of hours is defined as "the interval between the beginning and end of an employee's workday, including working time, plus time off for meals, plus intervals off duty".

In September, 2017, ADS announced a system solution which handles the Spread of Hours regulation.

If this is applicable to your organization, and you would like to take advantage of the ADS Spread of Hours solution, please submit the following form: [Spread of Hours Setup Request Form](#).

For more information, please see the following article: [SoH Guidelines](#)

State Minimum Wage Increases:

Several states have a 2018 minimum wage increase. Please review charts below.

Please note: It is the employer's responsibility to maintain employee rates and comply with minimum wage laws. **ADS will not automatically update employee or company rates.** ADS can help with mass updates. If applicable, please submit the following request form: [Bulk Updates Request Form](#)

Additionally, some companies may have custom calculations (i.e. custom overtime calculations) setup which might need to be updated due to the minimum wage changes. ADS will NOT automatically update or change those calculations. Should you need ADS to update your custom calculations, please reach-out to your service team no later than December 13.

NY Minimum Wage Chart*:

Location	12/31/2017	12/31/2018
NYC - Large Employers (of 11 or more)	\$13.00	\$15.00
NYC - Small Employers (10 or less)	\$12.00	\$13.50
Long Island & Westchester	\$11.00	\$12.00
Remainder of New York State	\$10.40	\$11.10

Other States*:

State	2017 Rate	2018 Rate	Notes
AZ	\$10.00	\$10.50	
CA	\$10.50	\$11.00	
CO	\$9.30	\$10.20	
DC	\$12.50	\$13.25	Effective 07/01/18
HI	\$9.25	\$10.10	
ME	\$9.00	\$10.00	
MD	\$9.25	\$10.10	Effective 07/01/18
MI	\$8.90	\$9.25	
NJ	\$8.44	\$8.60	
OR	\$10.25	\$10.75	Effective 07/01/18
VT	\$10.00	\$10.50	
WA	\$11.00	\$11.50	

*Note: Other states and localities may also have a minimum wage rate increase. Additionally, minimum wage laws change frequently. Please consult with your legal advisor.

W-2 Healthcare Coverage Cost Reporting:

As mandated by the Affordable Care Act, employers with 250 or more W-2s are required to report the total employee Healthcare Insurance cost (premiums) on the employee W-2 box 12 using code DD. (The amount reported is not taxable. It's just used by the IRS for informational purposes.)

If this is applicable to your company, please submit the following request form: [Healthcare Cost W-2 Reporting form.](#)

The deadline for submitting this information to ADS is 1/2/18. If you did not submit the above form to ADS by 1/2/18, ADS will assume that this is not applicable to your organization.

For more information about this mandate, please see the following link: <https://www.irs.gov/affordable-care-act/form-w-2-reporting-of-employer-sponsored-health-coverage>

W-2 Third Party Sick Pay Recording:

In many cases, the taxable wages and tax amounts of Third Party Sick Pay issued to an employee by the state or insurance provider (i.e. disability payments), need to be recorded in the payroll system for W-2 purposes and employer tax purposes. The following is a short tutorial on how to record 3rd Party Sick Pay in the system: [Third Party Sick Pay Tutorial](#).

It is important that you obtain the necessary information from the third party provider as soon as possible and record it in the system before you process your last 2017 payroll. If for some reason you were unable to record the 3rd party sick pay before processing your last 2017 payroll, submit the following request form and select the “3rd Party Sick Pay” option: [Unscheduled Payroll Request Form](#). **The deadline for recording the 3rd Party Sick Pay is 1/11/18.**

W-2 Data Verification:

In order to ensure an accurate and smooth W-2 processing, it is important for employers to review and verify the employee W-2 data in advance. Please note that **some tax agencies may impose penalties for each W-2 that is submitted with an incorrect SSN**. It is well worth to invest the time in advance, and avoid hours of difficult retroactive corrections along with costly amendments.

Please run the Employee List Data Quiz and review the following information:

- Employee names
- Employee Social Security Numbers
- Employee addresses

W-2 Delivery:

As mentioned above, ADS will start shipping W-2s on 1/15/18. ADS will use one of the following two delivery methods (per company code):

- W-2s will be delivered via USPS to the employee home address on file
- W-2s will be delivered to a specific location sorted by employee name. **One location per company code**

Please submit the following form notifying us which delivery method you would like to use. [W-2 Delivery Form](#).

If we don't hear back from you by 1/2/17, the W-2s will be sent to the company legal address on file.

W-2 & Quarterly Returns Employer Copies:

Employer copies of quarterly returns and W-2s will be available in Doc Delivery.

W-2 Corrections:

For W-2 employee demographics corrections (name, ssn etc.) the following process applies:

- Up to 1/11/18 – Perform the correction in the system and backup/sync. No further action required
- 1/12 through 1/18/18 – Perform the correction in the system, backup/sync, and submit the following request form: [W-2 Correction Form](#). A new W-2 will be issued.
- After 1/19/18 – Perform the correction in the system, backup/sync, and submit the following request form: [W-2 Correction Form](#). The corrections will be processed starting the week of February 19, 2018.

For W-2 wage corrections, submit the [W-2 Correction Form](#). Wage corrections will be processed starting the week of February 19, 2018.

Year-end Checklist:

Has the following information been recorded in the payroll system or submitted to ADS?

- ☐ If you are an ACA ALE, enroll in ADS 2017 ACA Year-end reporting service – deadline 12/13/17
- ☐ Employers with 250+ W-2s, submit to ADS the Healthcare Cost for W-2 reporting - deadline 1/2/18
- ☐ Submit to ADS preferred W-2 delivery method - deadline 1/2/18
- ☐ Process year-end special payrolls, bonuses, and adjustments - deadline 1/5/18
- ☐ Record Group Term Life Insurance Adjustments - deadline 1/5/18
- ☐ Record other non-cash benefits - deadline 1/5/18.
- ☐ Record paychecks issued in-house - deadline 1/5/18
- ☐ Record Third Party Sick Pay - deadline 1/11/18
- ☐ Void applicable checks - deadline 1/11/18
- ☐ Record employee pension information - deadline 1/11/18
- ☐ Reviewed state minimum wage increases and updated applicable employees

Has the following information been verified?

- ☐ Employee SSN/Taxpayer ID
- ☐ Employee names
- ☐ Employee addresses

California FUTA Reduction:

Due to unpaid CA Federal Loans, CA employers will pay a retro 2017 substantial higher Federal Unemployment Tax (FUTA) amount. The CA FUTA credit reduction increased the 2017 Federal Unemployment rate by 2.1%. As a result the total 2017 FUTA tax rate for CA employers is 2.7% (instead of 0.6%). This means that for an employee who reached the \$7,000 FUTA tax cap, the employer 2017 annual payment will be \$189, instead of the standard \$42.

CA employers will be debited in mid-January for the additional FUTA taxes owed. ADS will notify you of the exact amount prior to debiting. For more information, please see the following link:

<https://www.irs.gov/businesses/small-businesses-self-employed/futa-credit-reduction>

State Unemployment Rate Notices:

Over the span of the next few weeks, most states will be releasing and mailing the new 2018 employer unemployment contribution. Please make sure to forward a copy of the notice to your ADS service team as soon as you get it. **For the states of NY and CA, you do NOT need to forward to ADS as we will obtain the rates electronically directly from the state.**

Misc. Compliance Updates:

Social Security: The maximum amount of wages in 2018 subject to Social Security tax increases to \$128,400. A \$1,200 increase from 2017 (\$127,200). The Social Security rate of 6.2% for both employee and employer match remains unchanged. This is controlled within ADS, no action is needed to comply.

Pension Limits: The 2018 limits on retirement deferrals will increase to \$18,500 for 401K, 403B and 457 plans. The catch-up contributions for those ages 50 and older remains unchanged at \$6,000. This is controlled within ADS, no action needed.

Commuter Benefits: The 2018 amount for “qualified transportation and qualified parking” fringe benefits increase to \$260 per month. Please be sure to update your employee benefits accordingly. Should you require assistance on updating company level deductions please contact your service team.