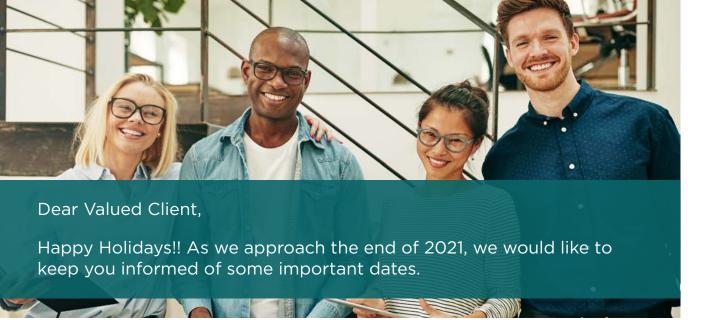
PAYROLL YEAR-END GUIDE

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Recording Items on W-2's

All payroll items that need to be recorded on your employees' 2021 W-2 must be submitted to PrestigePEO no later than December 27, 2021 at 12PM EST. Items submitted after this deadline will be subject to late processing/filing fees.

For help in filling out your W2 or if your employees need assistance in doing so, please send them this instructional video.

Payroll items submitted after 12PM EST on Friday, January 7, 2022 will require W-2c's (an amended W-2) to be issued to affected employees and will be subject to late processing/ filing fees per W-2c issued.

*PrestigePEO will be closed for the holidays on December 24, 2021 & December 31, 2021.



Year-End Bonuses

Please provide bonus information with your regular payroll, regardless of the bonus payroll check date. If bonus information cannot be supplied with regular payroll, please submit your bonus payroll at least 4 business days in advance of the requested check date. We ask that you inform your payroll specialist in advance of the check date you would like to issue bonus payrolls.



Payroll Adjustments and Fringe Benefits

Final payroll adjustments or fringe benefits must be reported with or before your last 2021 payroll. Common items include:

- Personal use of company vehicles
- Taxable value of benefits paid by employer for S Corp owners greater than 2%
- Taxable fringe benefits such as employer-paid life insurance exceeding \$50k

If you have questions regarding which fringe benefits should be recorded as W-2 wages, we recommend that you reach out to your Accountant and/or Financial Advisors before submitting to your Payroll Specialist.





Having Employees Review their Personal Information

Now is a great time to have your employees review their personal information to ensure their 2021 W-2's are accurate. They can access the PrestigePRO employee portal on our mobile app or at https://pea-ep.prismhr.com/#/auth/login to review:

Names and addresses - employees should confirm their home address and mailing address.

Payroll Tax Withholding processing - employees should confirm that Prestige PEO is withholding federal, state, and local (if applicable) taxes correctly. As always, employees can contact their Payroll Specialist with any questions.

Electronic W-2's - Employees can elect to receive their W-2's directly on the PrestigePRO employee portal. Electronic W-2s will be available faster and help eliminate paper mail. If employees have enrolled previously, they do not need to do so again.

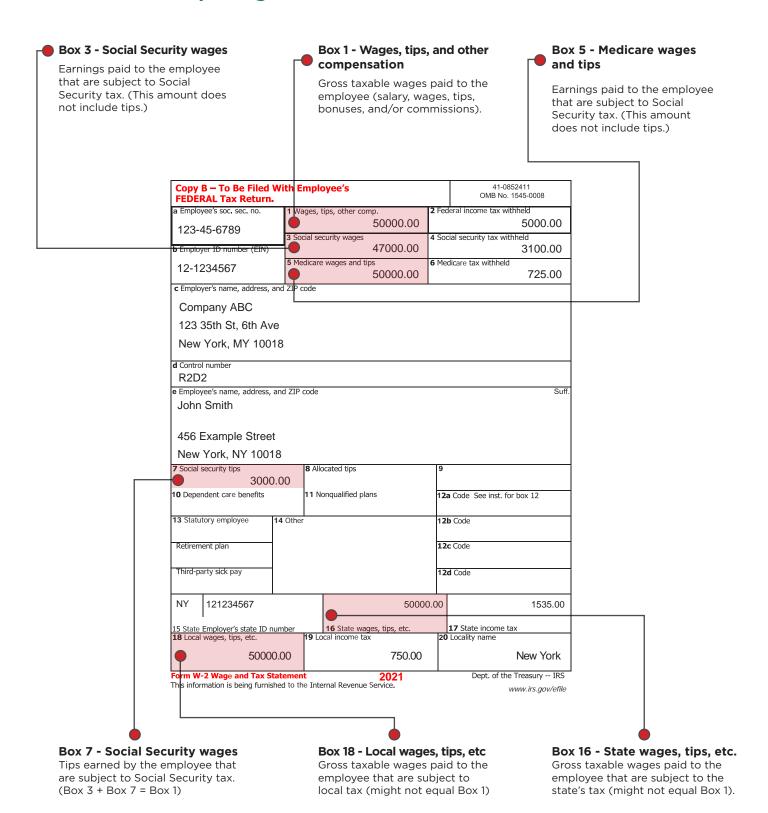


Terminated Employees

We would recommend that you review your list of employees in PrestigePRO and verify that all appropriate termination information has been submitted. Employees who are active or on leave of absence will remain in PrestigePRO.



Interpreting the Income Boxes on the Form W-2



Form W-2 versus Final Pay Stub

Understanding the difference between a final pay stub and Form W-2 is important. When employees receive their W-2, they might notice the earnings on their last paycheck stub are different from the reported earnings on their W-2.

Typically, this is attributed to one of three different scenarios:

The company offers health insurance that is a pre-tax deduction.

This is the most common reason for the employee's pay stub earnings to be different from those on the Form W-2. If the employee participated in the company's pre-tax health insurance, the taxable wages in Boxes 1, 3, 5, 16 and 18 will be lower than the amount of the pre-tax health insurance deduction. Pre-tax deductions lower the gross wages by the annual amount of the deduction.

Example: Jane's gross wages are \$30,000, but during the year she contributed \$3,000 to a pre-tax health insurance deduction. Jane's taxable Form W-2 wages are 27,000. (30,000 - 3,000 = 27,000)

• Participation in a company-sponsored retirement plan.

These types of plans, such as a 401(k), reduce only the taxable federal and state and local wages. It does not reduce Social Security and Medicare taxable. Those amounts are reported in Boxes 1 and 16 and 18 (if applicable).

Example: Sondra's gross wages are \$30,000, but over the course of the year she contributed \$2,500 towards her 401(k) retirement. Sondra's federal and state Form W-2 wages are \$27,500. (30,000 - 2,500 = 27,500)

Earnings include non-taxable income items:

Non-taxable income can include reimbursement for mileage or other non-taxable expenses the employee incurred that were reimbursed to the employee in a payroll. As a result, the gross wages on the employee's pay stub often differ from the Boxes 1, 3, 5, 16 and 18 wages on the Form W-2 because the non-taxable item lowers the gross taxable wages.

Example: Maurice's gross wages are \$30,000, but over the course of the year he received \$2,000 towards a non-taxed car allowance. Maurice's taxable Form W-2 wages are \$28,000. (30,000 - 2,000 = 28,000)





W-4 Form Breakdown

You have three (3)	Step 1: Enter	vice ► Your withholdir (a) First name and middle initial Address	ng is subject to review by the II Last name	RS.	(b) Social security number Does your name match the	You can have an additional
options to choose from when accounting	Personal Information	City or town, state, and ZIP code			name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to	withholding to account for
for multiple jobs		(e) Single or Married filing separately Married filing jointly or Qualifying widow(er) Head of household (Check only if you're unmarried)	ied and pay more than half the costs o	of keeping up a home for y	www.ssa.gov.	another job
T		ps 2-4 ONLY if they apply to you; otherwis on from withholding, when to use the estimate			ion on each step, who can	
	Step 2: Multiple Jobs or Spouse Works	Do only one of the following. (a) Use the estimator at www.irs.gov/w	nholding depends on income W4App for most accurate wit	earned from all of t	ep (and Steps 3-4); or	
	_	(b) Use the Multiple Jobs Worksheet on p (c) If there are only two jobs total, you is accurate for jobs with similar pay TIP: To be accurate, submit a 2021 F income, including as an independent of	may check this box. Do the s ; otherwise, more tax than ne form W-4 for all other jobs.	ame on Form W-4 for cessary may be with If you (or your spou	or the other job. This option hheld ▶ □	
		ps 3-4(b) on Form W-4 for only ONE of the ate if you complete Steps 3-4(b) on the Form			jobs. (Your withholding will	
	Step 3: Claim Dependents	If your total income will be \$200,000 or Multiply the number of qualifying chi Multiply the number of other deper	ildren under age 17 by \$2,000 andents by \$500			
	Step 4 (optional): Other Adjustments	(a) Other income (not from jobs). If y this year that won't have withholding include interest, dividends, and retire (b) Deductions. If you expect to claim and want to reduce your withholding the control of the cont	rou want tax withheld for other in the amount of other in the amount income	e standard deductionsheet on page 3 and	4(a) \$	
	•	(c) Extra withholding. Enter any addit	tional tax you want withheld	each pay period .	. 4(c) \$	
	Step 5: Sign	Under penalties of perjury, I declare that this certif	icate, to the best of my knowled	ge and belief, is true, o	correct, and complete.	
	Here	Employee's signature (This form is not va	alid unless you sign it.)) _[Date	
	Employers Only	Employer's name and address		First date of employment	Employer identification number (EIN)	
	For Privacy Act	and Paperwork Reduction Act Notice, see page	3. Cat. 8	lo. 10220Q	Form W-4 (2021)	
				endents, otl		



Updating IRS Form W-4 Through Your Employee Self-Service (ESS) Portal

What is IRS Form W-4?

Form W-4, also known as the Employee's Withholding Certificate, is an IRS form that employees use to help their employer determine how much Federal Income Tax to withhold from each paycheck.

Effective January 1st, 2020, the IRS released a new format of the Form W-4, no longer allowing employees to claim allowances. The various tax changes of the 2017 Tax Cuts and Jobs Act ultimately prompted the IRS to redesign the form.

Completing IRS Form W-4

To login to the Employee Self-Service Portal, go to https://pea-ep.prismhr.com

You may also use the PrestigeGO mobile app on your iPhone or Android.

- 1. From your ESS Dashboard, click Taxes
- 2. Under Taxes, click Tax Withholding

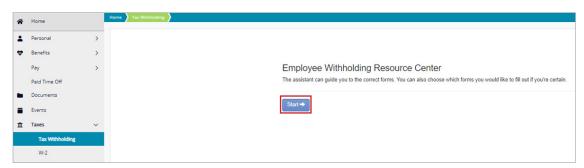
Your current Federal and State (if applicable) tax information will appear

3. Click **Update Forms** to change your current withholding

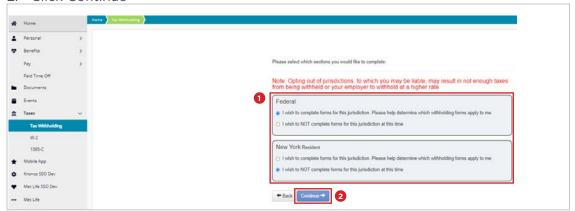


Step 2

1. Click Start to enter the Employee Withholding Resource Center

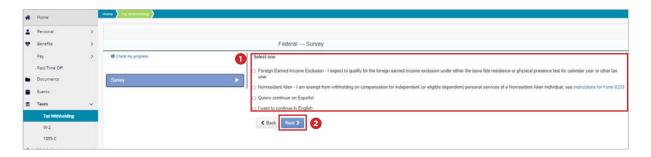


- 1. Select which sections you would like to complete
- 2. Click Continue





- 1. Complete the Survey
- 2. Click **Next** to continue

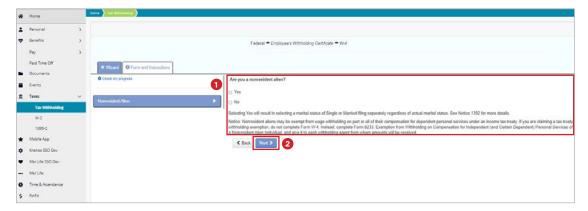


Step 5

1. To begin the tax form, click **Start**



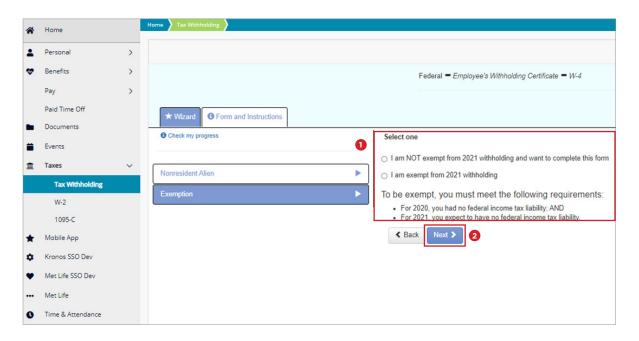
- 1. Complete the Nonresident Alien survey
- 2. Click Next



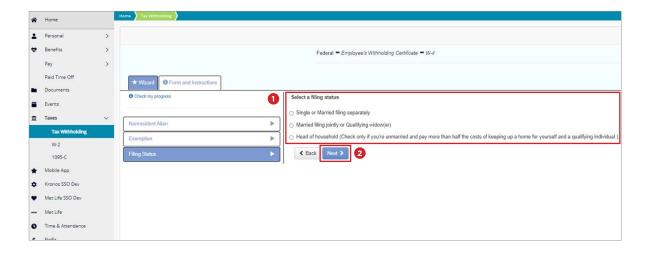


- 1. Determine if you are exempt or not exempt from withholding

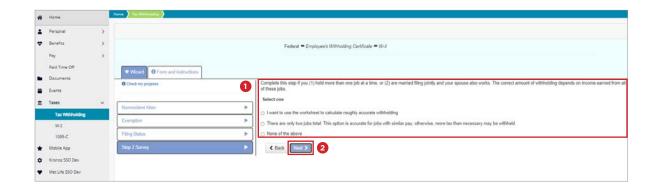
 Please note: If you are exempt, skip to Step 12 where you can review and submit the form
- 2. Click Next



- 1. Select a filing status
- 2. Click Next

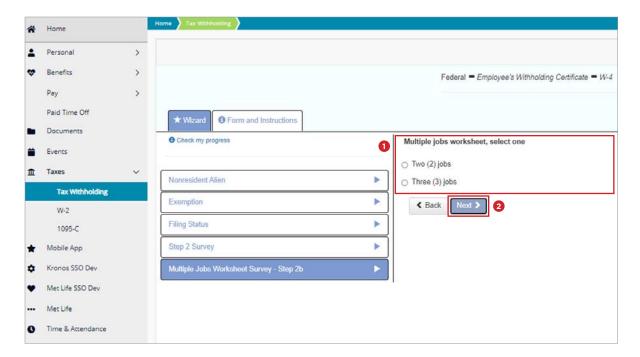


- Based on the criteria, select one of the three options
 Please note: Option 1 has a couple of steps that need to be completed before proceeding to the next part of the document
- 2. Click Next



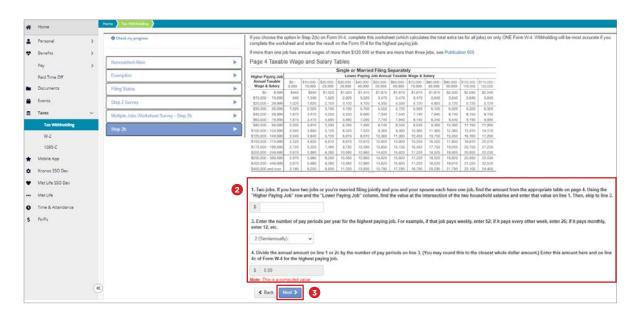
Option 1 - I want to use the worksheet to calculate roughly accurate withholding

- 1. Select two (2) or three (3) jobs
- 2. Click Next

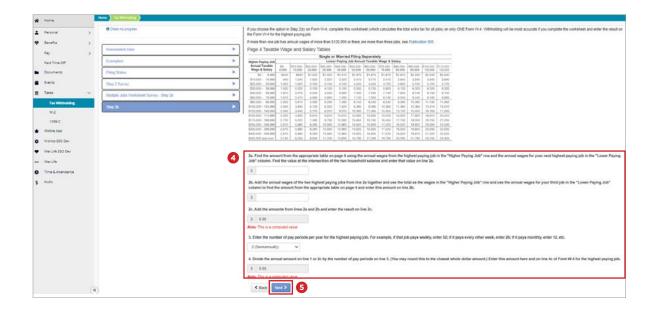


Option 1 (continued)

- 1. Use the worksheet to compute an estimate withholding
- 2. For two (2) jobs, enter the information in boxes 1 and 3; box 4 will auto-calculate for you
- 3. Click Next

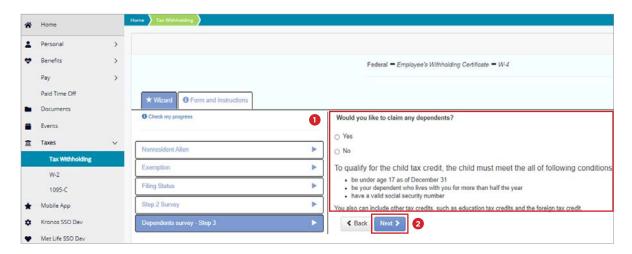


- 4. For three (3) jobs, enter the information in boxes 2a, 2b, and 3; boxes 2c and 4 will auto-calculate for you
- 5. Click Next

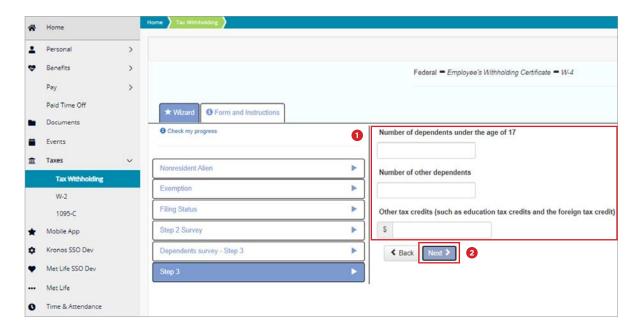




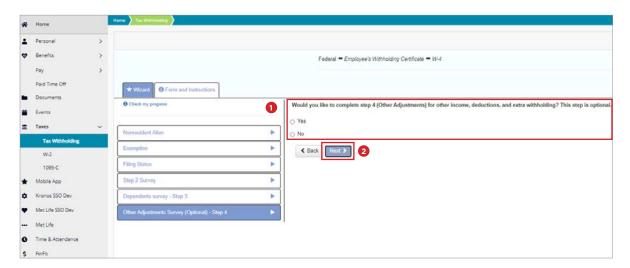
- 1. Determine if you would like to claim any dependents
- 2. Click Next



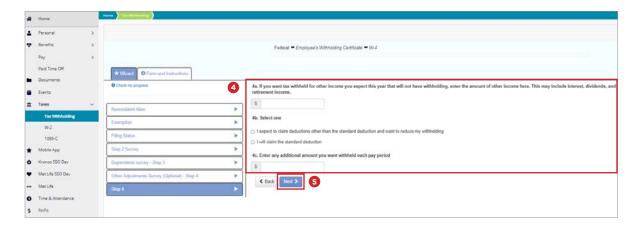
- 4. If you are claiming dependents, complete these three (3) steps
- 5. Click Next



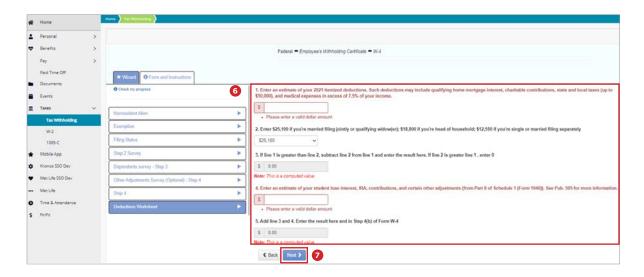
- Determine if you would like to include other income (not from a job), deductions, and extra withholding
- 2. Click Next



- 4. If you are including other income, deductions, or extra withholding, complete these steps
- 5. Click **Next**



- 6. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, complete these steps
- 7. Click Next



- Review the form for accuracy
- Print/Save a copy for your records
- · When ready to submit, check the box
- Click Submit Form





Thank you in advance for your cooperation as we approach the end of 2021. We always appreciate the opportunity to offer you and your employees personalized one-on-one service. If you have any questions, please feel free to reach out to your dedicated Payroll Specialist.

Best Regards,

Joey McCormick

ory McCornick

Director of Payroll









