

## Payroll – End of Year

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I am a strong advocate of having a professional handle your payroll as many small businesses end up paying unnecessary interest and penalties due to late or inaccurate payroll forms and tax payments.

Short of that, please use this as a general guide prior to performing your year-end payroll duties:

1. Verify the accuracy of your employee's address and social security number
2. Verify the accuracy of your terminated employee's address and social security number
3. Verify the accuracy of your company contributions to employee provided retirement plans
4. Determine the amounts of non-cash fringe benefits or awards that need to be included on your employee's W-2s. This will include items such as: group term life insurance, health insurance benefits for 2% shareholders of an S-corporation and personal use of a company car
5. Compare the amounts submitted each quarter on Form 941 and your State Forms to your year-to-date records
6. Don't forget to file any annual forms, which include Form 940 (Federal Unemployment), Form W-3 (W-2 transmittal), Form W-2s (Employee Wage Statements), Form 1096 (1099 transmittal) and Form 1099s (Independent Contractor statements).
7. Deliver a W-2 to each of your employee's by January 31, 2007.
8. Deliver a 1099 to each of your Independent Contractors by January 31, 2007.

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**Gina L. Gwozdz** is a CPA who has chosen to specialize in taxes. Visit her website at <http://GLGcpa.com> to view more Tax Tip Articles.