



Sharon S Heinz  
3315 Memorial Pkwy SW Ste C  
Huntsville, AL 35801  
256-489-1478  
Sharon@ProfitWiseAccounting.biz  
ProfitWiseAccounting.Biz



## How Your Payroll Service Can Help With End-of-Year tasks.

Many businesses have payroll services to help with processing paychecks for employees. Even a very small business can benefit from having a payroll service. But there are some other tasks you can get help with, especially at the end of the year and heading into the new year. I asked Sharon Heinz, owner of Profit Wise Accounting about the kinds of end-of-year tasks a payroll service can provide to clients.

### Collecting Information for 1099's

If you have paid non-employees (independent contractors and freelancers, for example) that you are going to need to give a 1099-MISC form at year-end, you can ask your payroll service to make those payments throughout the year. Your service can also be responsible for all of the 1099 preparation and filing. The entire task is taken off of your desk as an employer!

Sharon suggests you start by going back through your business checking account register to find the payments to non-employees for the year.

You must also make sure each non-employee has signed a W-9 form, giving information about taxpayer ID and mailing address.

Then you must determine whether a 1099 form is necessary for each person or business on your list. This is a two-step process. In general, a 1099 is required for all individuals and non-corporate businesses whom you paid \$600 or more during the year.

There are special rules for attorneys. This article gives you the details on whether a 1099-MISC [form is necessary](#).

Once all of the necessary data is collected, you can send it to your payroll service, and they can prepare and file the necessary forms and mail the recipient their copy as well. Your payroll service does everything electronically.

For you as the employer to research this entire process and do it accurately would take quite a bit of time. And, since it's done only once a year, you would have to relearn the process every year.

## Collecting Information for W-2 Forms

W-2 forms must be given to employees each year and submitted to the Social Security Administration, giving information on employee gross pay and withholding. Sharon says that W-2 information is similar to a final exam that an employer takes at year-end. All four quarters of the 941 form (Quarterly Wage and Tax Report) much match exactly to your W-2 forms.

If you have a payroll service, there's no need to compile the information at year-end. Your service will take care of preparing the W-2's, filing them with the different government agencies as well as providing a copy to you as the employer and to each employee.

## Backup Withholding Paperwork

In some cases, you may be requested by the IRS to withhold federal income taxes from non-employees. This backup withholding deduction can be handled by your payroll service. The service can deduct the necessary taxes required by the IRS.

## Returning Un-Cashed Employee Paychecks

At the end of each year, employers are required by law to [return un-cashed employee paychecks](#) to the state.

Checks can be replaced for a fee, but state laws require checks not replaced to be turned over to the state.

On an annual basis, your payroll service can help you by identifying the outstanding checks and, if possible, contact the employee to let them know of the check.

## What Your Payroll Service Won't Do

- A payroll service doesn't get involved with new hire forms for employees and forms for hiring independent contractors.
- A payroll service doesn't provide information for employers who prepare their own forms, for liability purposes. If the service is doing the task, they will take responsibility for accuracy and appropriate reporting.

**If you are a Small business and need help with Payroll Services, Accounting Services, or Tax Services give us a Call. Profit Wise Accounting (2569-1478).**