Table of Contents

2023 Year End W-2, 1099, and Payroll 1

What’s New 2

Employee Retention Credit 2

IRS Stops Processing Employee Retention Credit Claims 2

IRS Warns of Abusive Tax Promoter Schemes regarding the ERC 3

Steps if Business has claimed ERC 3

Qualifications for the Employee Retention Credit 4

Employee Retention Credit Summary Table 6

Emergency Sick or Paid Family Leave Credit Not Claimed 7

Non-COVID Related Payroll Changes 8

Department of Labor – Worker Classification 8

Department of Labor – Exempt Salaried Employees 8

Fringe Benefits 8

Donations of Leave-Based Donations for Aid to Victims- Hawaii Wildfires 9

Secure Act 2.0 9

Form W-9 Revision 9

Electronic Filing of Information Returns 10

FIRE System 10

IRIS 10

Business Online Accounts 11

941X 11

2023 Federal Income Tax Withholding 17

Social Security and Medicare Taxes 17

Change of Business Address or Responsible Party 17

Definition of an Employee versus Independent Contractor 18

Partners in a Partnership 19

2% Shareholder in an S-corporation 19

Gross Wages 20

Includable Payments to Employees and Statutory Employees 20

Tip Income 21

Excludable Payments to Employees 21

Reporting Taxable Fringe Benefits 28

>2% S-corporation Shareholder Rule 29

Calculation of Wages 30

Gross Wage 30

Federal Taxable Wages 30

Social Security Wages 30

Medicare Wages 30

Additional Medicare Tax 31

State and Local Wages 31

Federal Unemployment Tax – FUTA 31

Federal Tax Deposits 32

Electronic Federal Tax Payment System 32

Pay With Return 33

Monthly Depositor 33

Semi-Weekly Depositor 33

$100,000 Next Day Depositor 34

Form 940, Federal Unemployment Deposit Requirements 34

Penalties for Failure to Deposit/File 35

Trust Fund Recovery Penalty 36

Quarterly Filings 37

Form 941/944 – Employer’s Quarterly/Annual Federal Tax Return 37

Form 941 – Employer’s Quarterly Federal Tax Return 39

Form 941 – Employer’s Quarterly Federal Tax Return 48

Worksheet 1 51

Worksheet 2 52

Schedule B (Form 941) Report of Tax Liability for Semi-Weekly Depositors 53

Schedule B (Form 941) 54

Schedule D (Form 941) 55

The Qualified Small Business Payroll Tax Credit for Increasing Research Activities 58

Form 6765 – Credit for Increasing Research Activities 59

Form 944 – Employer’s Annual Federal Tax Return 62

Form 944 – Employer’s ANNUAL Federal Tax Return 70

Form 945-A Annual Record of Tax Liability 74

Form 941-X Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund 76

Unemployment Taxes 92

ANNUAL FILINGS 93

Form 940 Employer’s Annual Federal Unemployment Tax Return – 2023 93

Calculating Federal Unemployment Taxes 93

Where to File 94

When to Deposit FUTA taxes 95

W-2 Preparation 104

Form W-2 106

Form 8809 107

Earned Income Credit Notice 109

Form W-2 111

Health Insurance Reporting Requirements 114

Form W-2 Box 11 Nonqualified plans 117

Third Party Sick Pay 119

Form W-2 – 2023 121

Form W-3 Transmittal of Wage and Tax Statements 122

Correcting Forms W-2 125

Special Employee Categories 129

Form W-9 134

General 1099 Information 136

Penalties 137

Information Return Penalties – 1099’s and W-2s. 137

Forms 1099Q, 1099-SA, 5498, 5498-ESA, and 5498-SA 137

Generic 1099 Information 138

Paper Document Reporting 139

Electronic Filing of 1099s 140

IRIS 141

Extensions 141

Backup Withholding – Flat 24% 141

Form 945 – Annual Return of Federal Income Tax Withheld 143

Form CP 2100 – IRS Notice of Missing or Incorrect TINs 147

Missing Taxpayer Identification Numbers 147

Incorrect Name/TIN Combinations 147

First B Notice 148

Second “B” Notice 152

Backup Withholding 153

Corrections and Voids 155

Preparing Form 1096 156

Form 1096 157

Education Reporting 165

Health Insurance Reporting 166

Transfer of Stock Reporting 169

Retirement Reporting 169

1098 Mortgage Interest 171

1098-C Contributions of Motor Vehicles, Boats, and Airplanes 174

1098-E Student Loan Interest Statement 177

Form 1098-F – Fines, Penalties, and Other Amounts 178

Form 1098-T – Tuition Statement 180

1098-Q Qualifying Longevity Annuity Contract Information 182

Form 1099-A – Acquisition or Abandonment of Secured Property 184

Form 1099-B – Proceeds from Broker and Barter Exchange Transactions 186

Form 1099-C – Cancellation of Debt 191

Form 1099-DIV – Dividends and Distributions 193

Form 1099-G – Certain Government Payments 196

Form 1099-INT – Interest Income 198

Form 1099-K – Payment Card and Third-Party Network Transactions 201

Form 1099-LS – Reportable Life Insurance Sale 203

Form 1099-SB – Seller’s Investment in Life Insurance Contract 204

Form 1099-LTC – Long Term Care and Accelerated Death Benefits 205

Form 1099-MISC – Miscellaneous Information 207

Form 1099-NEC – Non-Employee Compensation 211

Form 1099-OID – Original Issue Discount 213

Form 1099-PATR – Taxable Distributions Received from Cooperatives 215

Form 1099-Q – Payments from Qualified Education Programs 217

Form 1099-QA – Distributions from ABLE Accounts 219

Form 1099-R 221

1099-S – Proceeds from Real Estate Transactions 228

1099-SA – Distributions from an HSA, Archer MSA, or Medical Advantage MSA 230