




2025

2025 Year-End Guide

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The end of the year 2025 is fast approaching. This time of year can be hectic and stressful for everyone. We hope this year-end guide will be useful for you in preparing for the remainder of the year and overall year-end readiness.

Important: Deadline for Employers Filing W-2s and 1099s

The Consolidated Appropriations Act of 2016 includes a provision requiring the accelerated W-2 and 1099 filing due date. Due to the increased incidents of tax fraud and Identity theft, the IRS has moved forward with a provision to require employers to report W-2 and 1099 data to the Social Security Administration and IRS by January 31. Employers should reference the SSA/IRS websites for questions regarding distribution to employees.

Businesses need to be prepared as soon as possible in the months leading up to the due date. This means organizations will have to participate in advanced planning to ensure all documentation is submitted accurately and on time. We encourage human resources and payroll teams to begin planning now and **submit changes and year-end adjustments early.**

Please pay close attention to timelines and important cut-off dates and blackout periods in our Year-End Guide.

Client Processing Deadlines

Standard Deadlines

- Payrolls need to be submitted at least **two banking days in advance** of the check date.
- This allows sufficient time for payroll funding and employee direct deposits to be received and posted by the check date.
- **Due to strict banking rules, we will not make exceptions to the two-day rule.**
 - If you need to process one day before, you may be required to wire funds.
 - Payrolls with \$100,000 or more in federal tax liability or total ACH debit of pre-determined ACH limit or more may also require a wire.

Year-End Deadlines

Any 2025 payrolls and adjustments must be completed before any 2026 payrolls are processed. A few important points to remember:

Bonuses and special payrolls

- To be included in your 2025 W-2s, you must notify Customer Support to set up the special payroll run.
- The special payroll must have a 2025 check date to be included on your 2025 W-2.
- Wiring of funds **may** be required.



Best Practice:
is not to wire funds unless
you have heard from an
isolated customer support
representative.

Payroll Adjustments

Complete all payroll adjustments (e.g. voided checks, employee information corrections) before or with your last scheduled payroll with a check date of 2025.

Voiding checks/processing adjustments for Q1-Q3 2025 requires opening closed quarters (see page 14 for applicable fees) . Adjustments for Q4 2025 submitted after January 6th, 2026, will incur fees as well as blackout period begins on January 7th, 2026.

Year-End Adjustment Cut-off Date

- **We encourage you to process adjustments well in advance of January 6, 2026.**
- For adjustments processed after December 31, 2025, please remember that tax agencies may consider tax payments late and you, the customer, will be responsible for penalties and interest that any agency may assess.
- Payroll adjustments must be submitted to your customer support team by 5:00 pm ET on January 6, 2026.
- Payroll adjustments submitted after January 6, 2026, will result in a W-2c for employees as well as amendments and won't be processed until after the blackout period has lifted; **fees will apply.**

Fringe Benefit Adjustments

- In November/December, identify and schedule special payroll adjustments such as group term life, auto allowances, and other fringe benefits.
- As many fringe benefits require tax withholding, they will need to be entered with 'live wages' and processed **at the same time as regular payroll run before the end of the year.**



Important:

If you have new fringe benefits this year, please reach out to your support team early to get the proper codes/ taxation set up.

Third Party Sick Pay

- In November/December, identify if you have Third Party Sick Pay information that must be reported for 2025.
- **Please contact your provider and request the information in advance of our cut-off dates.** In many cases, the provider can provide you with the needed information you can include in your final regular payroll of 2025.
- **Please be aware we will print all W-2s after January 6th – even if the information is not received.**
 - Notifying us of late third-party sick pay being received after January 6th will NOT eliminate the applicable fees for processing late adjustments. Additional fees will apply for late processing and reprints of any W-2s.



Reminder:
Process year-end adjustments early. Do not wait until December – many items can be set up to populate throughout the entire calendar year.

Important: Payrolls processed in 2026 that have a pay date of 2026 will show up as wages on the 2026 W-2! These wages will not be part of your 2025 Year to Date totals.

- **Please be aware that we will begin our 'blackout' period January 7 thru February 28.** We will not be making any adjustments during this time to ensure timely reporting (printing and e-file processes) for all our customers for Quarter 4 and Year-End files.
- Unfortunately, we are unable to make exceptions to the blackout period as the tax team is diligently working on compiling, reviewing, and filing tax returns starting January 7th.

Year-End Checklist

Now through early December:

- Review Processing Deadlines and identify your last payroll **check date** of 2025.
- Review your accrual plans and renewal dates.
- Review 'Important Year-End Dates', page 9.
- Review the payroll run schedule for 2026 and contact your customer support team for any necessary changes.
- **URGENT: Confirm Your W-2 Delivery Address Now!** If your mailing address has changed or you've moved, contact your support team IMMEDIATELY. You must update your address before your final 2025 payroll processes to ensure timely delivery of your W-2s. Don't wait—act now!
- Contact customer support promptly with any year-end payroll concerns to allow sufficient time for resolution. Priority items include third-party sick pay, taxability, HSA contributions, employee SSN/name changes, and employee address updates.

Things to do before your last scheduled payroll of 2025:

- Perform an audit of employee data related to SSN, name and mailing address and make any updates in isolved **before** you process the last payroll with a 2025 pay date.
- Ensure any employee benefit plan start dates/status/hire dates are current.
- Include any fringe benefits to be reported on 2025 W-2s.
- Reach out to Third-Party Sick Pay providers and request information to be included, if available.
- Enter and process any additional, manual, and/or voided checks that need to be recorded in 2025.

If NOT included in last regular payroll with 2025 date, request a special payroll with 2025 check date (if applicable):

- Third Party Sick Pay information should be processed by December 29, 2025. Fees will apply for amendments/adjustments after the deadline.
- Process any Bonus and Fringe Benefits amounts to be included in 2025 W-2s.
- Enter any missed additional, manual, and/or voided checks that need to be recorded in 2025, If entering manual checks/voids contact your support team to make sure it's recorded in 2025. **This CANNOT be done after January 6, 2026.**

ACA Audit – Beat the Rush!

- Preview your ACA forms **now** while you are not in the middle of the holiday season – customers who preview now are able to easily identify any coding errors and receive quick response on questions by getting ahead of the 'busy' season. **Do not 'approve' forms before January 1, 2026.**
- Review and approve ACA Forms by January 15, 2026, for delivery by January 31, 2026, if your state requires form distribution by that date. See Pages 16-18 for more information.

Important Year-End Dates

November 2025:

- **11 - Veteran's Day** – Federal Reserve Holiday – Offices Open
- **27 - Thanksgiving** – Federal Reserve & isolved Holiday – Offices Closed
- **28 - Day After Thanksgiving** – isolved Holiday – Offices Closed

December 2025:

- **25 - Christmas** – Federal Reserve & isolved Holiday – Offices Closed
- **29 - Last Day** for Regular 2 Day Processing

January 2026:

- **01 - New Year's Day** – Federal Reserve & isolved Holiday – Offices Closed
- **01 - First Day** to Approve ACA Forms for 2025
- **06- Last day** to submit payroll adjustments for 2025
- **07-Tax adjustment** blackout begins
- **15 - Year-End** Forms Available Online
- **15 - Last Day** to approve ACA Forms for delivery prior to January 31.
- **19 - Martin Luther King Day** – Federal Reserve Holiday- Offices Open
- **31- Deadline to distribute** ACA forms to residents of California

February 2026:

- **05 - Last day to approve** ACA Forms for a guaranteed delivery prior to March 2nd.
- **16 - Presidents' Day** – Federal Reserve Holiday – Offices Open
- **28- Tax adjustment** blackout is lifted

March 2026:

- **02- Deadline to distribute** ACA forms to meet Federal and remaining state deadlines.
- **31- Deadline for ACA** electronic transmission to the IRS

Year-End Maintenance

Audit Tools

Employee W-2 information must be correct as the IRS may charge a penalty for filing W-2 forms with incorrect information. **We strongly encourage you to start auditing your employee records now – before the busy holiday season!**

- **Verify the Social Security Number, name, and address** for each employee (the name and number must be exactly as it appears on the employee's Social Security card). **Social Security Numbers that are flagged as being invalid will appear on all documents as 000-00-0000. This is the employer's responsibility to correct prior to year-end.**
- Use the following report for auditing purposes: Employee W-2 Verification Report
- Reporting > Client Reports > Employee W-2 Verification > Generate Report > Go to My Reports Queue.
- Any updates to name, Social Security Numbers or addresses should be made immediately. Access your employee records and make corrections in isolved as follows: Employee Management > Employee Maintenance > General.

W-4 Forms

The isolved system will not automatically begin any 'new' withholding or any withholding if a W-4 has not been completed in the system. We suggest that the employer send a reminder to their employees about submitting a new W-4 for 2026. Employees who are currently claiming **to be exempt** from withholding must submit a new form W-4 by February 15, 2026, to maintain that status. If the employee's exempt status changes, a new W-4 **must** be completed in the system for isolved to calculate and deduct the taxes appropriately. Also, any employees who have experienced a life event may need to submit a new W-4 due to the change in number of allowances.

Reporting of Employer-Sponsored Health Coverage: Box 12, Code DD

The Affordable Care Act requires that employers must report the cost of employer-provided health care coverage on Form W-2.

- Reporting is mandatory for employers that file 250 or more Forms W-2 during the prior calendar year.
- The amount reported should include both the amount paid by the employer and the amount paid by the employee for the benefit coverage.
- Please contact Customer Support to discuss the entry of the employer portion of the health insurance premium.
- **It is the employer's responsibility to examine the W-2s and verify the amounts in Box 12 Code DD prior to printing. Review W-2s prior to December 31st and contact your CSR for changes that you need to make. Additional fees will be charged if you fail to report changes that result in reprinting of W-2s as well as a delay in receiving the updated W-2s.**

FUTA Credit Reduction

Some states take Federal Unemployment loans if they lack the funds to pay unemployment benefits for state residents. If a state has outstanding loans with the federal government, the FUTA credit rate for employers in that state will be reduced until the loan is repaid.

The result of being an employer in a credit reduction state is that a higher tax is due on Form 940. This higher tax is considered to be incurred in the 4th quarter. Therefore, your company will owe additional federal unemployment taxes that will need to be impounded. **This tax is usually calculated and impounded on the first payroll processed with a December check date.** Future communication will include details regarding the FUTA credit reduction calculations.

Tax Rate Change Notifications

IRS and State Notifications for 2026

Unemployment rates and tax filing frequencies are mailed to the taxpayer, not to isolved - it is imperative these tax-related communications are forwarded to isolved immediately. We require this information to ensure your taxes are paid accurately and timely in 2026.

Please note: Late tax payments result in interest and penalty charges. If your federal or state tax filing frequency, filing method, and/or tax rate is changed and you don't notify isolved, we will not be responsible for any penalties or interest that may be charged.



Tax Forms

W-2 Forms

With the understanding that all Year-End processing deadlines have been met and you have reported all necessary information, W-2s will be processed and delivered by January 31, 2026 for distribution.

We will be printing and shipping all W-2 forms to the year-end address on file. The employee W-2s will not be sent to multiple addresses – they will be sent to one address per FEIN/legal company. **If you are unsure of the address isolved has on file to ship your package to, contact your customer support representative to verify your year-end shipping address before you process your last payroll of 2025.**

1099-NEC and 1099-MISC Forms

You are also responsible for reporting all 1099-NEC/1099-MISC wages **before** processing your final payroll of 2025. The **same** deadlines apply for 1099 wages as W-2 wages mentioned throughout this guide. We will file 1099s with the Federal Government if the Legal Service has been turned on before December 31st, 2025. More communication will be sent on the 1099 services isolved offers. **We may not be able to accommodate requests made in January despite our best efforts - please reach out to your Customer Support team for assistance now if you have need of this service.**

On-line Form Availability

W-2s, 1099-NECs, 1099-MISCs and approved ACA forms will be available for viewing and printing in isolved effective January 15, 2026. If an employee has given electronic consent, they will **only** be able to retrieve their year-end forms in employee self-service. There will be **no file available** for isolved to print for an employee who has given consent to receive these forms electronically. If you would like to 'turn on' the electronic consent for year-end forms as a delivery option for your employees, reach out to your customer support team.

Year-End Related Fees

| Service | Fees |
|--|--|
| W-2/1099/ACA shipping fees | Minimum of \$25.00 per package |
| Re-open previous Quarter and Adjusted | \$250.00 per quarter opened |
| Reprint Fee W-2/1099/ACA Form – no changes (additional \$25 shipping fee applies, form will be shipped to year-end address) | \$10.00 per form |
| W-2- Employee Information Changes (SSN/ Name/ Address)-includes filings | \$150.00 per year/per employee/ per request |
| W-2/1099/ACA Corrections (Changes to Figures) | \$150.00 per year/per employee/ per request |
| Amended Quarterly Return (Changes to Figures) | \$200.00 Each (per form, per quarter) |
| 1099 processing base charge | Minimum of \$60.00 |
| 1099 form charge | Minimum \$7.50 per form |
| FedWire (same day Federal wire to the IRS) | \$75.00 each |
| Expedited Same Day Payment to the State (ACH) | \$50.00 each |

Additional Resources

| | |
|--------------------------------|---|
| Internal Revenue Service | www.irs.gov |
| Social Security Administration | www.ssa.gov |
| Bureau of Labor and Statistics | www.bls.gov |
| State Agencies | www.taxesites.com |
| State Unemployment | http://workforcesecurity.doleta.gov/unemploy/agencies.asp |
| American Payroll Association | www.americanpayroll.org |

ACA Reporting for 2025

Employers are subject to the Affordable Care Act filing if you meet either of the following criteria:

- If you averaged at least 50 full-time employees (including full-time equivalent employees) during the prior calendar year, you are considered an Applicable Large Employer (ALE). The IRS has defined a specific formula for this and there is a report available in the system to assist in this calculation.
- If you offer Self-funded medical insurance, regardless of the size of your company. If you are unsure if this applies to you, please check with your broker or insurance provider.

Under the Affordable Care Act's employer shared responsibility provisions, applicable large employers (ALEs) must either offer minimum essential coverage that is "affordable" and that provides "minimum value" to their full-time employees (and their dependents), or potentially make an employer shared responsibility payment to the IRS.

ACA Year-End Preparation

Please confirm that your ACA reporting year is set up in isolved for 2025. Employers should already be compiling and analyzing data now to determine offers of coverage and affordability. We recommend reviewing our ACA articles available in the isolved University. In addition, look for the annual Year-End ACA Reporting Guide in the Quick Links section in isolved sometime in December, 2025. This guide will help you familiarize yourself with the necessary steps needed to ensure a smooth ACA reporting process.

For assistance with ACA Year-End Preparation: <https://learning.myisolved.com/library/articles?search=aca> Navigate to Library > Articles, type 'ACA' in the search bar.

ACA Year-End Requirements

Employers are responsible for two important components of ACA Year End requirements: Furnishing and Filing. You need to **furnish** individual 1095 forms to all employees who were full-time during 2025. These forms will contain information about when/if coverage was offered, whether the offered coverage was affordable (based on the IRS guidelines), and if self-funded, which employees and dependents were covered throughout the year. Depending on individual state requirements, employees may need this form to provide proof of coverage for tax year 2025.

isolved will electronically file 1094 & 1095 forms to the IRS only after you have approved your ACA Forms in the system. Posting the form in ESS and/or printing of forms only occurs after approval.

Employer Responsibilities

It is the employer's responsibility to carefully review, make any necessary corrections, override portions of the forms that cannot be automated, and approve ACA forms by the February 5th deadline. If you do not approve your forms by February 5th – we cannot guarantee delivery or filing to meet the IRS deadline. See the Important Deadlines for Reporting below for state specific deadlines. Additional fees will be applied for late approvals. Should you have any questions, please reach out to your customer support team for assistance.

ACA employer IRS filing requirement is not considered complete until you receive confirmation that your ACA files were successfully transmitted to the IRS, as either Accepted or Accepted with Errors. The isolved ACA team will provide this filing status no later than 06/30/2026.

Additional ACA Resource

IRS Q&A www.irs.gov/Affordable-Care-Act/



Note:

It is the responsibility of the employer to ensure 1094 and 1095 information is accurate and up to date. Should the files be rejected or come back as "Accepted with Errors", fees will apply for sending additional corrected files to the IRS.

Important Deadlines for Reporting

- 1/1/26 - Start Approving Forms
- 1/15/26 - isolved deadline for forms approval to guarantee form delivery prior to 1/31
- 1/31/26 - Form distribution deadline for residents of California
- 2/5/26 - isolved deadline for forms approval to guarantee form delivery prior to 3/2
- 3/31/26- IRS deadline for electronic ACA file submission

ACA Related Fee

| Service | Fees |
|--|-------------------------|
| 1095 processing base charge | Per Contract |
| 1095 per charge | Per Contract |
| 1095 shipping fees | Per Contract |
| Duplicate 1095 | \$ 10.00 each |
| Printing a corrected 1095 | \$ 25.00 each |
| Rejected File Replacement & Submission | \$150.00 |
| Correction file & Submission | \$150.00 |
| Unapprove 1095 Forms | \$300.00 per occurrence |

Billing for ACA charges will occur on the payroll run processed after you 'Approve' your forms. Forms cannot be filed if they are not 'Approved' by a company representative.

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