Year End Payroll Checklist-Workday®

SYSSERO

Configuring Your Workday® Tenant for W-2 Processing and Preview Data

1. Review IRS W-2 reporting requirements for the current tax year.
2. Update W-2 box configuration via **View W-2 Box Configuration**
   a. Map earnings, deductions, and/or pay component related calculations for all customer-maintained W-2 boxes by clicking on the Edit button, where applicable:
      i. Box 8 - Allocated Tips
      ii. Box 10 – Dependent Care Benefits
      iii. Box 11 – Nonqualified Plans: Separately map 457 distributions and contributions, and non-457 plan distributions and contributions.
      iv. Box 12 – Required reporting for specific codes
         - C - Group Term Life
         - D - Elective 401(k) Deferral
         - P - Excludable Moving Expense
         - T - Adoption Benefits
         - V - Income from Exercise of Non-Statutory Stock Options
         - W - Employer Contributions to HSA
         - Y - 409A Deferral
         - DD - Employer Sponsored Health Coverage
         - 12EE (Designated Roth Contributions under 457(b) plan)
      v. Box 13 – Checkboxes: (If mapped earning, deduction, or pay component related calculations have a YTD value <> 0, the check box will be selected)
         - Statutory Employee
         - Retirement Plan
         - Third Party Sick Pay
      vi. Box 14 – Other tenanted items (Examples: Union Dues, Employee SUI or SDI amounts)
         - Assign a label to identify each item on the W-2
3. Enable workers to opt out of a paper copy of the W-2 (Optional)
   a. Select the *Allow Worker to Opt-Out of Paper Copy* check box via the **Company Payroll Printing Options** task.
   b. Select the *Always Print Terminated Workers Paper Copy* check box to override the printing for terminated workers.
   c. Review or modify the text employees will see when changing the W-2 printing election via self-service:
      i. Access the **Edit Tenant Setup – Payroll** task and verify the *US Year End Tax Documents Electronic Signature Text*

    d. Inform employees how to update the printing election through self-service: **My Tax Documents -> Change Year End Tax Documents Printing Elections**
    e. To identify workers receiving a paper copy, you can run the **US Year End Tax Documents Printing Elections** report
4. Check the third-party sick pay W-2 flag, if applicable, via the **Edit Company Federal Tax Reporting** task
    a. Select the check box for *Third Party Provides W-2 for Sick Pay* if you do not include third party sick pay in W-2s
5. Run W-2 preview reports
    a. Run the **W-2 Preview** report and verify employee data for all W-2 boxes
    b. Run the **Company W-2 Audit** report:
        i. Verify that values are mapped to W-2 boxes as required
        ii. Balance W-2 totals to current completed payroll results for each company
6. Clean up company and employee data used for annual reporting
    a. Correct any invalid or missing SSN's
        i. Ensure employee addresses are complete for W-2 mailing, (optional) run the **Invalid Postal Codes for Workers** Report
    b. Correct any year-to-date negative amounts in payroll via On Demand or Manual adjustments
    c. Review and set up company FEIN and state tax ID numbers including formatting, and compare to the IDs set up in your tax filing system
7. Run the **View W-2 Errors** report
    a. Correct any invalid data
    b. Re-run the report to ensure errors are resolved prior to creating W-2s
8. Set up W-2 printing sort order and print file split, if needed, via the **Maintain W-2 Sorting Setup** task
9. Test W-2 data in Sandbox
    a. Run **Create W-2 Data**
    b. Run the **View W-2 Form Data** report:
        i. Verify that W-2 box data is correct
        ii. Verify Company Address is correct
    c. Balance W-2 data to payroll:
        i. Run the **Company W-2 Audit** report
    d. Balance W-2 totals to payroll results
    e. Fix data and W-2 box configuration as needed
    f. Cancel and recreate W-2 data as needed for testing
10. ***For clients handling printing & distribution of W-2's ONLY***: (if not applicable, go to next step) Test W-2 printing in Sandbox
    a. Ensure printer property for page scaling is set to *None.*
    b. Run **Create W-2 Forms** for selected employees, such as:
        i. Key executives
        ii. Highly compensated employees
        iii. Employees with tenant configured W-2 box data
        iv. Employees with overflow forms (for example, more than one state)
        v. Employees with local taxes
        vi. Employees with long names and addresses
    c. Test W-2 printing for the selected employees:
        i. Ensure the form prints correctly and aligns with form stock
        ii. Adjust W-2 alignment in tenant setup and reprint as needed
        iii. Apply any alignment adjustments to production tenant.

   d. Run **Print W-2 Recap** report, if applicable
11. Run **Create W-2 Forms**
12. Test Q4 or Annual tax integration in Sandbox
   a. Run Q4 quarterly or Annual tax integration (dependent on Third Party Tax Provider)
      i. Send file to test server and review as needed
      ii. Review any validation warnings or errors from the process and fix data as needed

Produce Employee W-2 Forms and Q4 / Annual Tax Files

1. Complete all payrolls for the reporting year, including all off-cycles, manual adjustments, or reversals
2. Run final preview reports prior to creating W-2 data
3. Run the **Company W-2 Audit** report:
   a. Balance to completed payroll results
4. Note the *Worker Count – Receiving Paper* value for estimating number of paper forms
5. Run the **View W-2 Errors** report to ensure that all errors are fixed.
6. Run Q4 Quarterly tax integration or Annual tax integration (dependent on Third Party Tax Provider)

Important: Keep the data for tax filing in sync with the employee W-2 data by running tax integrations immediately before or after creating the W-2 data.

1. Run **Create W-2 Data**
2. Run the **View W-2 Form Data** report
3. Export and save a copy to a secure drive for your records
4. Run **Create W-2 Forms**
   a. Save the print files to a secure drive for your records
5. ***For clients handling printing & distribution of W-2's ONLY***: (if not applicable, go to next step)
   a. Run **Print W-2 forms** task
   b. Load W-2 form stock in printer and print the forms.
      i. Reminder: Set Printer Page Scaling to *None*; adjust top and left data coordinates via the **Edit Tenant Setup – Payroll** task
   c. Deliver forms to employees
      i. Separate W-2 forms by distribution
      ii. Verify Employee address is complete for mailing
      iii. Stuff in envelopes being careful to account for overflow forms
      iv. Deliver to employees via U.S. mail or preferred method
6. Run **Publish US Year End Tax Documents**
   a. Set the *Publish Date* for displaying forms through self service.
7. For **Next Year**
   a. Setup period schedules for Payroll, Absence, & Time Tracking
   b. Build out FLSA calendars for the new year
   c. Create Next Fiscal Year
   d. Create Ledger Year and Ledger Periods
      i. Verify they are in the "open" status, not "created" to avoid operational journal errors (Update via the **Mass Update Ledger Period Status** task

Helpful Delivered Workday Reports

To help balance data, reconciliations, and data validations, the following reports are recommended to use:

- W-2 Preview
- Company W-2 Audit
- View W-2 Errors
- Pay Calculation Results - Earning Register
- Pay Calculation Results - Deduction Register
- Payroll Register by Period
- Tax Periodic Data by Company
- Tax Periodic Data for Workers
- Tax Filing Quarterly Data by Company
- Tax Filing Quarterly Data for Workers
- Audit - Negative Wages of Tax (by Worker)
- Audit Prior Period Tax Adjustments - Retro Pay Input Causing Negative Taxable Wages

W-2 Corrections

Once W-2 has been completed & filed, and final Q4/YTD tax files have been processed, if corrections are needed, a W-2C will need to be created.

1. Update the employee data in Workday via an on demand, manual adjustment, or reversals, and ensure the adjusted payroll results are completed
2. Run final preview reports prior to creating W-2C data
3. Run the **Company W-2C Audit** report:
   a. Balance to completed adjusted payroll results
4. Run the **View W-2 Errors** report to ensure no new errors appear
5. Run the **W-2C Preview** report
6. Run Q4 Quarterly tax integration or Annual tax integration (dependent on Third Party Tax Provider)

Important: Keep the data for tax filing in sync with the employee W-2C data by running tax integrations immediately before or after creating the W-2C data

1. Run **Create W-2C Data**
2. Run **Create W-2C Forms**
3. Save the print files to a secure drive for your records
4. Run **Publish US Year End Tax Documents**
   a. Set the *Publish Date* for displaying forms through self service

For additional information or guidance, please contact info@syssero.com

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