ENGAGE PEO

GenesisHR SOLUTIONS ZAMP HR

Client Alert

Important 2024 Year-End Information – Part 2:

W-2 Adjustment Blackout Period, State Unemployment Tax Rate Notices, Shareholder Fringe Benefits, and Year-End Questionnaire

In addition to the items outlined in the November 6 Year End Information Client Alert, please review the following tax-related information and return the client questionnaire emailed to you on 11/21 with this alert.

W-2 Adjustment Blackout Period, January 8-31, 2025:

Please be aware that we will begin our 'blackout' period on January 8, 2025, which will run through January 31, 2025.

State Unemployment Tax Rate Notices:

Annual state unemployment rate (SUTA) notices are frequently mailed to you directly but not to Engage. These tax-related communications must be forwarded to us as soon as possible to avoid potential penalties and interest that may be incurred.

Fringe Benefits for Partners and 2% or Greater Shareholders:

Certain otherwise excludable fringe benefit items (listed below) must be included as taxable wages when provided to partners of partnerships, LLC members of LLCs filing as partnerships, 2% or greater shareholders of S Corporations, and 2% or greater LLC members of LLCs filing as S Corporations.

- Engage will make the adjustments upon request with supporting documentation. See applicable fringe benefits below. These rules relate only to shareholder/partner employees:
  - **Health, Dental, Vision, Hospital & Accident (AD&D) and Qualified Long-Term Care Insurance Premiums:** Premiums paid under a corporate plan are subject to federal, state and local withholding but not to FICA or FUTA. The amounts include premiums paid by the company on behalf of the shareholder/partner, as well as amounts reimbursed by the company for premiums paid directly by the individual.
  - **Employer Contributions to a Health Savings Account (HSA):** This fringe benefit is subject to federal, state and local withholding but not to FICA or FUTA.
  - **Short-Term and Long-Term Disability Premiums:** These premiums are subject to federal, state and local withholding but not to FICA or FUTA.
  - **Group Term Life Insurance:** The cost of all group term life insurance coverage you provide the shareholder/partner must be included in their wages. The cost of this coverage is only subject to FICA taxes and is not subject to federal, state or local withholding or FUTA. The cost will be included in boxes 1, 3 and 5 of their Form W-2.
  - **Other Taxable Fringe Benefits:** Employee achievement awards, qualified transportation fringe benefits, qualified adoption assistance, qualified moving expense reimbursements, personal use of employer-provided property or services, and meals and lodging furnished for the convenience of the employer must be included as compensation when paid to shareholder/partner employees. All of the above fringe benefits are subject to federal, state and local withholding as well as FICA and FUTA.