



Year End Preparation

As we get prepared to put 2021 behind us, we just wanted to take a minute to remind everyone of the various year-end cleanup work that might need to be done. The following is a list of some things that could apply to you:

- 1) **Client Share of Benefits paid for owners of S Corporations.** We will need a list of all shareholders that owned at least 2% of the company stock at any point during 2021 if both of the following apply:
 - The owner was on payroll through ELM in 2021
 - Company paid some amount towards their health & dental insurance

Attached is a Memo sheet that will need to be completed and returned to us if this applies to your company

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- 2) **Personal Use of Company Automobiles** – in some cases you must report and pay individual taxes on the personal use of a company car prior to year-end so it can be included on the w-2. Please consult with your accountant or tax professional to determine if this applies to you. If it does, we will need the amount that needs to be added.

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- 3) **Year End Bonuses** – if you will need to run year-end bonus payrolls for tax reasons, please submit those amounts as soon as possible. We will need to know the amount of the bonuses and how you would like those to be taxed.

Your Payroll Processor

- 4) **ACA** – if we don't manage your benefits and you have over 50 Full time equivalent employees, we will need your information to process your 1095 return.

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- 5) **ERTC** - Many clients have already reached out about this and are already in process. If you haven't researched this tax credit yet, please take a few minutes and read the articles located at elminfo.com. You might also want to reach out to your Accountant and/or Tax Professional for more information and to check eligibility.

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- 6) **WOTC (Work Opportunity Tax Credits)** – your company might be eligible for tax credits for simply hiring people. Please reach out to Jill in our HR department for more information

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- 7) **Any other matters that might impact your w-2s or year end.** This could include items such as 3rd party sick/disability pay, etc...

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Merry Christmas and a Happy & Prosperous New Year!

Your Staff at ELM

Memo

To: All Clients that are S Corporations
From: ELM
Date: 12/14/2021
Re: W-2s and Health Insurance Premiums for S Corps

In Notice 2008-1, the Internal Revenue Service clarified that owners of an **S Corporation** with more than **2% of the shares** must include in their W-2 health insurance premiums paid by the corporation.

We are not 100% sure which clients are C Corps, S Corps, LLCs, etc.... Therefore, if you are operating as an S Corporation and you were on a health insurance plan we will need to know by no later than December 22, 2021 all the owners of the corporation that received W-2 income through us during 2020. These wages are not subject to Social Security, Medicare, or Unemployment taxes. However, they must be added to your W-2 simply for reporting reasons.

Again, this is only for 2% Shareholders in S Corporations that received W-2 reportable income through us in 2020. Noncompliance with the above rule could result in the loss of the health insurance deduction. Please provide the following information so we can make sure that everyone is in compliance: **(if we administer your health insurance it won't be necessary to list \$ amount paid for owner's health insurance but please list owner's so we won't miss anyone)**

Owner's Name	\$ Amount Paid In HI for Owner
_____	_____
_____	_____
_____	_____
_____	_____

Thanks for your help and if you have any questions please feel free to call Joe Collins with ELM @ (251) 470-0700. **You can fax back the completed form to (251) 445-5263 or via email joe@elminfo.com**