

2025 Year-End Guide

As we approach the end of the year, we would like to ensure that your organization is optimally-equipped with the information you need to close out the year on a high note. In this packet, we've included:

- ✓ Year-End Checklist
- ✓ Holiday Submission Schedule
- ✓ Deadline to Submit Changes
- ✓ Bonus Payroll Processing
- ✓ Fringe Benefits / 1099 Reporting
- ✓ Wire Requirements / W-2 Processing
- ✓ Looking Forward to 2026
- ✓ Cheat Sheet of Dates

CPS Communications

Our team primarily sends out communications regarding upcoming deadlines, holiday payroll reminders, informational webinars, and platform updates via our newsletter emails.

If you, or any member of your team who should be receiving this information, are not currently subscribed to our client newsletter list, please let us know!

As always, if you have any questions or concerns about Year-End, please feel free to contact our team. Please email your specialist directly or you can reach our team below:

P: 501.225.6555

A: 2311 Biscayne Drive, Ste 301 Little Rock, AR 72227



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YEAR-END CHECKLIST with Due Dates (please try to complete earlier if possible.)

- December 12th - Verify any manual and voided checks have been entered into the payroll system or communicated to your Payroll Specialist.
- December 15th - Communicate to your Payroll Specialist or process through payroll any applicable fringe benefits (3rd Party Sick Pay, Personal Use of Company Car, Group Term Life Insurance for coverage in excess of \$50,000, Disability Insurance, S-Corp Health Insurance, e.g.)
- December 17th - Review Christmas and New Year's Payroll submission schedules and deadlines and deadlines for end of year 2025 payrolls, outlined later in this document, to know when payrolls are due.
- December 19th - Forward all State Unemployment rate change notices to us. Please forward these notices to us as soon as you receive them.
- December 19th - Forward all Federal and State filing or deposit frequency change notices to us. Please forward these notices to us as soon as you receive them.
- December 22nd - Last day to process Christmas Bonuses and ensure that bonuses are paid before Christmas via direct deposit. Please make every effort to process Bonus payrolls as early as possible.
- December 29th - Last day to process Year End Bonuses and ensure that bonuses are paid in 2025 via direct deposit. Please make every effort to process Bonus payrolls as early as possible.
- December 29th - Final day to process regular 2025 direct deposit payrolls with a check date of **12/31/2025**.
- December 30th - Update all 2026 Minimum Wage pay rate changes for employees that have a pay rate less than the new Minimum wage - the system will not automatically update pay rates.
- December 31st - Verify W-2 information for all employees (i.e. social security numbers, correct name spelling, address).
 - You can view employee data in your online admin portal.
- January 2nd -7th - Late payroll submission week to process late payrolls with a 2025 check date. There will be a late fee applied to these payrolls and CPS will not be responsible for late tax payments and resulting penalties on payrolls submitted after the close of 2025.
- January 7th - CPS will begin filing year end tax returns and printing and mailing W-2's. Payrolls submitted on or after **01/07/2026** for 2025 will require tax return amendments, which will not be started until after **02/05/2026**.
- January 9th - Submit 1099 data if CPS will be preparing 1099's for your business.

DEADLINE TO SUBMIT CHANGES

Due to IRS filing requirements for employer W-2s, any corrections or adjustments to employee W-2s requested after **01/02/2026** will require a W-2 reprint and any corrections or adjustments requested after **01/07/2026** will require amendments and will not be processed until the original W-2 has been processed and filed. We will not begin processing W-2Cs or reprints until **02/05/2026**. Additionally, the processing time for providing clients with copies of amended returns is 15 business days from the date of request and will be processed in the order they are received by our office. Amendment fees will apply.

UPDATE TAX INFORMATION

The IRS and State agencies have begun focusing heavily on taxpayer compliance with information reporting laws. Specifically, penalties for failure to file correct information on returns may apply if we file on paper when you are required to file electronically.

Please report changes and provide us with new ID numbers and correspondence as soon as you receive these notifications from tax agencies. Below are examples of common notices that are routinely sent by agencies between now and January:

- **Tax Deposit Frequency** - As company numbers grow, tax deposit frequency can change. You will receive IRS Form # CP-136.
- **Rate Changes** - Employers typically receive notice of new unemployment tax rates beginning in November for the upcoming year.
- **Additional or Missing States or Localities** - Please submit any missing ID numbers that you have applied for and their corresponding rates to us immediately. A quarterly fee of \$200 will be added to your last payroll of each quarter with a missing tax ID.

HOLIDAY SUBMISSION SCHEDULE

Please review the holiday closure dates below and adjust your processing schedule accordingly. Payrolls must be processed or submitted by 10am two business days prior to the check date to ensure tax deposits are made timely and employee net payments are funded.

Banking Holidays

- Thursday, November 27 - Thanksgiving Day
- Thursday, December 25 - Christmas Day
- Thursday, January 1 - New Year's Day

CPS Holiday Closures

- Thursday, November 27 - Thanksgiving Day
- Friday, November 28 - Day after Thanksgiving
- Thursday, December 25 - Christmas Day
- Thursday, January 1 - New Year's Day

November Direct Deposit Information

- If your check date falls on **Thursday, November 27**, we need your payroll information by 10am on Monday, November 24 (Check date will be **Wednesday, November 26**).
- If your check date falls on **Friday, November 28** or **Monday, December 1**, we need your payroll information by 10am on Tuesday, November 25.

December Direct Deposit Information

- If your check date falls on **Thursday, December 25**, we will need your payroll information by 10am on Monday, December 22 (Check date will be **Wednesday, December 24**).
- If your check date falls on **Friday, December 26**, we will need your payroll information submitted by 10am on Tuesday, December 23.

January Direct Deposit Information

- If your check date falls on **Thursday, January 1**, we will need your payroll information by 10am on Monday, December 29 (Check date will be **Wednesday, December 31**).
- If your check date falls on **Friday, January 2**, we will need your payroll information submitted by 10am on Tuesday, December 30.

** If your holiday rule is to move the check date one day prior to a holiday, please note that your pay date will be processed in 2026. If you want the check date to fall in 2025, please notify us**

BONUS PAYROLL PROCESSING

If your company gives holiday bonuses, performance-based incentives, and/or large lump-sum year-end payouts, please plan accordingly to ensure you have a plan in place for potential special processing issues such as mandatory wires to prevent costly errors.

Below is a helpful checklist of things to consider for bonus or special payroll processing.

*****Due to the high volume of requests received at year end, our office requires a three-day notice prior to the check date in order to process direct deposit bonus/special payments*****

Bonus/Special Payment Information	Yes	No	Additional Notes
1. Is the bonus going to be included with a regularly scheduled payroll?			If no, please contact your specialist 3 days in advance of check date to get an off-cycle payroll added.
2. If the bonus is being run within a regularly scheduled payroll, will it be a separate pay statement?			If yes, please contact your specialist 3 days in advance of the check date to create a new pay statement type.
3. Will the bonus be a live check rather than a direct deposit?			If yes, please contact your specialist 3 days in advance of check date to block direct deposit and advise where to send live checks.
4. Will the bonus be taxed differently than a normal check? (Federal supplemental rates: less than \$1M - 22%, more than \$1M - 37%; AR supplemental rate: 3.9%)			If yes, please contact your specialist 3 days in advance of check date to advise them of the federal and state withholding amounts.
5. Will the total 941 tax liability be greater than \$100,000.00?			If yes, the IRS requires next day payment. To ensure timely payment of your tax obligations, your entire payroll liability will require a wire transfer. Please contact your payroll specialist 3 days in advance of the check date to obtain wire instructions.
6. Will Direct Deposit amounts reach either \$100K to a single employee or \$500K for all employees?			If yes to either, in order to ensure funds are deposited, your entire payroll cash requirements will require a wire transfer. Please contact your payroll specialist 3 days in advance of the check date to obtain wire instructions.

FRINGE BENEFITS & NON-CASH W-2 REPORTING

Be sure to obtain and report third-party sick pay, fringe benefit, and non-cash W-2 reporting information prior to your final check date of the year in order to ensure that your forms 941 and W-2 will be accurate. Additional charges will be applied for late receipt of this information.

Third-Party Sick Pay: Federal legislation requires the reporting of sick pay payments made to employees from a third party, as well as any taxes withheld on those payments. These payments must be included on the employees' W-2 forms.

Personal Use Auto: If the company has allowed an employee to use a company owned car for personal use, the value must be reported on that employee's W2. Please review the calculation with your accountant or tax advisor.

Group Term Life in Excess of \$50,000: For companies offering certain life insurance plans to employees over \$50,000, a cash value may need to be reported on the affected employees' W2. Please review the calculation with your accountant or tax advisor.

S-Corp Health Insurance: Greater than 2% owners of S-Corporations are required to add the value of company provided medical insurance to their W2. Please review the calculation with your accountant or tax advisor.

Employer-Sponsored Health Coverage: Any employer that is required to file 250 or more forms W-2 are required to report the aggregate cost of applicable employer sponsored health coverage on the W-2. If you have not provided this figure to us, please do so by the final regularly scheduled check date of 2025.

Employer Paid Health: Employer contributions to an employee's HSA are required to be reported on employee's W-2. If you have not provided this figure to us, please do so by the final regularly scheduled check date of the year.

Allocated Tips: After completing your 8027, if you determine sufficient tips were not reported, please let us know so we can report an adjustment and add allocated tips for the affected employees.

1099 PROCESSING

If you would like for us to process your 1099s this year, please complete [this spreadsheet](#) with all columns for each employee who needs a 1099 by **01/09/2026** and send to your payroll specialist. The following billing will apply:

- For each 1099 type: Base Fee of \$77.00 + \$8/per 1099
- UPS Mailing is included in this figure
- Late submissions after **01/09/2026** will incur additional late fees
- All submissions will be mailed out by **01/31/2026**

For more information on pricing, delivery, or filing information, please contact our office.

WIRE REQUIREMENT REMINDER

Federal and State regulations dictate that if your accumulated tax liability reaches \$100,000 or more at any time in a deposit window, your deposit is due by the next business day to the respective agencies. Ask your specialist for more details regarding the deposit window.

In order for us to make timely payment of your tax deposits, we ask that you wire the total payroll tax liability to our office at the very latest one (1) day before your check date by 10am.

We will not be responsible for late tax payments for \$100K payrolls due to the following reasons:

- Insufficient funds in the client's account
- Not meeting the deadline of one (1) day before check date, by 10am

Penalties and late fees will be the client's responsibility in addition to our processing fee.

Direct Deposit Wire Requirements

If Direct Deposits reach **\$100K** to a single employee or Total Direct Deposits reach **\$500K**, we ask that you wire the Total Payroll amount.

This wire must occur at the very latest one (1) day before your check date by 10am to ensure the employees receive their funds by check date.

**CPS is not responsible for unavailable Direct Deposit funds to the employees' accounts on check date due to following reasons:

- Insufficient funds in the client's account
- Not meeting the bank's cutoff time for wiring funds
- Not meeting the deadline of one (1) day before check date, by 10am

W-2 PROCESSING

Our team will be working hard to prepare and ship your W-2s by **01/16/2026**. Please note that our payroll team will only be able to tell you the date of mailing of W-2s after 01/16/2026.

Because we are printing, packaging, and shipping around the clock, we cannot make exceptions to accommodate expedited shipping requests.

LOOKING FORWARD TO 2026

Minimum Wage Updates

Several states and municipalities have minimum wage increases effective **01/01/2026**. We will not automatically increase employee rates. Please make applicable rate increases in the system or contact our support team for instructions on making mass changes.

Visit our online [Knowledgebase](#) under Compliance for a complete list of the most updated minimum wages as they are released.

Taxable Limit and Thresholds Updates - Planning for 2026

The table below provides updates on limits and thresholds on popular and important items like Retirement Plan limits, Health Savings Accounts, and other items with limits that can change each year.

ITEMS WITH TAXABLE LIMITS	2025 LIMIT or THRESHOLD	2026 LIMIT or THRESHOLD
401k Contribution Limit	\$23,500	\$24,500
401k Catchup Limit (50 or older)	\$7,500	\$8,000
401k Super Catchup Limit (60 - 63)	\$11,250	\$11,500
401k Income Limit for Deferral	\$350,000	\$360,000
Simple IRA Contribution Limit	\$16,500	\$17,000
Simple IRA Catchup Limit (50 or older)	\$3,500	\$4,000
Individual IRA	\$7,000	\$7,500
H.S.A. Individual Limit	\$4,300	\$4,400
H.S.A. Family Limit	\$8,550	\$8,750
H.S.A. Catchup Limit (55 or older)	\$1,000	\$1,000
Medical FSA Limit	\$3,300	\$3,400
Dependent FSA Limit	\$5,000	\$7,500
Social Security Wage Threshold	\$176,100	\$184,500
Mileage Rate	\$.70	\$.70
Wage % for Affordable Health Ins	9.02%	9.96%

CHEAT SHEET FOR IMPORTANT YEAR-END DATES

NOVEMBER	
Thursday, November 27	CPS Closed (banking holiday). See pg 3 for processing deadlines.
Friday, November 28	CPS Closed. See pg 3 for processing deadlines.
DECEMBER	
Thursday, December 25	CPS Closed (banking holiday). See pg 3 for processing deadlines.
Before Final 2025 Pay Date	Deadline to submit all 3 rd Party-Sick, Fringe, Non-Cash W2 reporting Information for 2025.
JANUARY	
Thursday, January 1	Minimum wage increases go into effect. See pg 7 for details.
Thursday, January 1	CPS Closed (banking holiday). See pg 3 for processing deadlines.
Friday, January 2	Deadline to submit corrections or adjustments requests for Q4 2025 original W-2s and returns. Any corrections or adjustments to employee W-2s requested after 01/03/2026 will require reprints and will not be processed until the updated W-2 has been processed and filed.
Wednesday, January 7	Deadline to submit corrections or adjustments requests for Q4 2025 reprinted W-2s and returns. Any corrections or adjustments to employee W-2s requested after 01/07/2026 will require amendments and will not be processed until the original W-2 has been processed and filed.
Friday, January 9	Deadline to provide and verify all required 1099 information.
Friday, January 16	Final shipment of W-2s to companies. Our team will be working hard to prepare and ship your W-2s by 01/16/2026. Please note that our team will only be able to provide mailing dates after this time.
Saturday, January 31	Final shipment of 1099s to companies.
FEBRUARY	
Thursday, February 5	CPS will begin preparing and mailing W-2 Cs and reprints.

Thank you for allowing us to serve you for another year. We wish you continued success in 2026!