

MASTERING YEAR-END PAYROLL:
DEADLINES, BONUSES, AND FRINGE BENEFITS EXPLAINED

INTRODUCTIONS



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WHY YEAR-END PAYROLL IS CRITICAL

Year-end ensures all payroll, including bonus runs, off-cycle payments, and other adjustments, is accurately processed and reported. It also guarantees W-2s, taxes, and benefits are correct, helping maintain compliance, employee trust, and a smooth start to the new year.

Getting year-end right isn't optional - it sets the stage for compliance, trust and a smooth payroll kickoff in the new year!

What is Year- End?

It’s the final payroll checkpoint of the year - where all bonuses, off-cycle payments, and adjustments are finalized and W-2s are prepared.

What if we skip it?

Mistakes in taxes, benefits or reporting could lead to penalties, frustrated employees and a messy start to the new year.

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KEY TOPICS TO BE COVERED

We'll walk through Xenium's Year-End payroll procedures, key deadlines, submission options, and associated costs to help ensure a smooth and compliant year-end experience. This session will also cover common payroll scenarios—such as fringe benefit reporting, bonus processing, and W-2 preparation—to support both compliance and employee satisfaction.



Year-End Deadlines & Submissions

- Key year-end cutoff dates
- Fringe benefits & bonus payrolls
- Third-party sick pay
- W-2 & year-end reporting

2027 Readiness

- 2027 SUTA, L&I & equivalent plan rates
- Agency notices & portal review
- Employer account information
- W-2 and employee data review

What's New & Best Practices

- OBBBA payroll & reporting considerations
- Qualified tips & overtime reporting
- Gross-up considerations
- Late submissions, fees & corrections

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2026 Year-End Payroll Checklist

During the fourth quarter there are several payroll activities that require your attention as we plan and organize all aspects of year-end payroll processing. This checklist has been developed to assist in ensuring the information reported at year-end is complete, accurate and submitted timely for processing. Additionally, there are items identified to assist with a smooth transition to the New Year.

Should you have any questions about the information contained in this checklist, procedure for proper submission of the requested information or year-end payroll processing, please contact the Payroll Tax Department or your assigned Payroll Specialist.

ACTIVITY	REPORTING DEADLINE
☐ **Identification and submission of Taxable Fringe Benefits** - Submit completed report to payrolltax@xeniumhr.com. - See attached list of examples of fringe benefits.	**Friday, November 27th** $50 fee per transaction for late submission
☐ **Supplemental Checks (Bonuses, Missed Payments, etc.)** - Notify your Payroll Specialist as soon as possible if you will need a supplemental check processed.	**Monday, December 14th** $100 fee per transaction for late submission
☐ **Third Party Sick Pay** - Forward all Third-Party Sick Pay notifications to payrolltax@xeniumhr.com if you have not already done so.	**Monday, December 14th**
☐ **W-2 Updates** - Provide employee address changes / mailing address requests to your Payroll Specialist to ensure that employee W2's are distributed correctly.	**Monday, December 14th**
☐ **2027 Tax Rate Notifications** - Forward all tax rate notifications received to payrolltax@xeniumhr.com upon receipt. Timely receipt will ensure that tax calculations are accurate beginning with your first payroll of the new year.	**Upon Receipt**
☐ **W-2 Distribution / Availability on Employee Self-Service Portal** - W-2's will be mailed to employees' address of record on or before the deadline date of January 31, 2027th. W-2's will also be made available on the Xenium Employee Self-Service Portal.	**Sunday, January 31st**

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XENIUM'S YEAR-END DEADLINES & SCHEDULE

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YEAR-END DEADLINES & SCHEDULED DUE DATES

NOV 27th

Taxable Fringe Benefit Submissions

DEC 14th

Out-of-Cycle Supplemental Payroll Submission

DEC 14th

Third Party Sick Submission

Upon Receipt

2027 Tax Rate Submission- SUTA, WA L&I, Equivalent Plan Rate Adjustments

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FRINGE BENEFITS SUBMISSION: NOV 27th

Review all benefits, reimbursements, awards, gifts, vehicle use, and other non-wage compensation provided during 2026 and submit applicable items by **November 27**.

Before You Submit

- Review the 2026 Taxable Fringe Benefit Listing for items that may need to be reported.
- Include the benefit type, taxable/fair market value, employee contribution (if applicable), and supporting calculation/documentation.
- Indicate whether the fringe benefit should be grossed up.
- Submit fringe benefits before the final payroll of the year whenever possible.



Gross Up: Use when the employer wants to cover the employee's tax liability on a taxable fringe benefit, so the employee receives the full value without an additional tax impact.

Not Sure if It's Taxable?

- Tax treatment depends on the benefit and individual circumstances. Consult your CPA or tax advisor before submission.
- The 2026 Taxable Fringe Benefit Listing is intended as a review guide and is not all-inclusive. Not every item on the list is automatically taxable.



A $50 fee per transaction will apply for any late fringe benefit submissions. Out-of-cycle (OOC) processing fees will also apply for any fringe items not run with regular payroll.

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LATE FRINGE BENEFIT SUBMISSIONS

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SCENARIO:

A fringe benefit was not submitted before the last payroll of the year, and the employee either did not have a final paycheck or did not have enough wages in that paycheck to cover the taxes for the fringe amount.

SOLUTION:

The employer would need to gross up the fringe amount, making the company responsible for both the required employer and employee taxes. This ensures the employee receives the full intended benefit and all taxes are properly remitted.



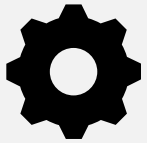
Remember when grossing up Fringe Benefits the employer is also responsible for employees 401(k)/Roth contribution.

SUBMITTING FRINGE BENEFITS WITH EACH PAYROLL

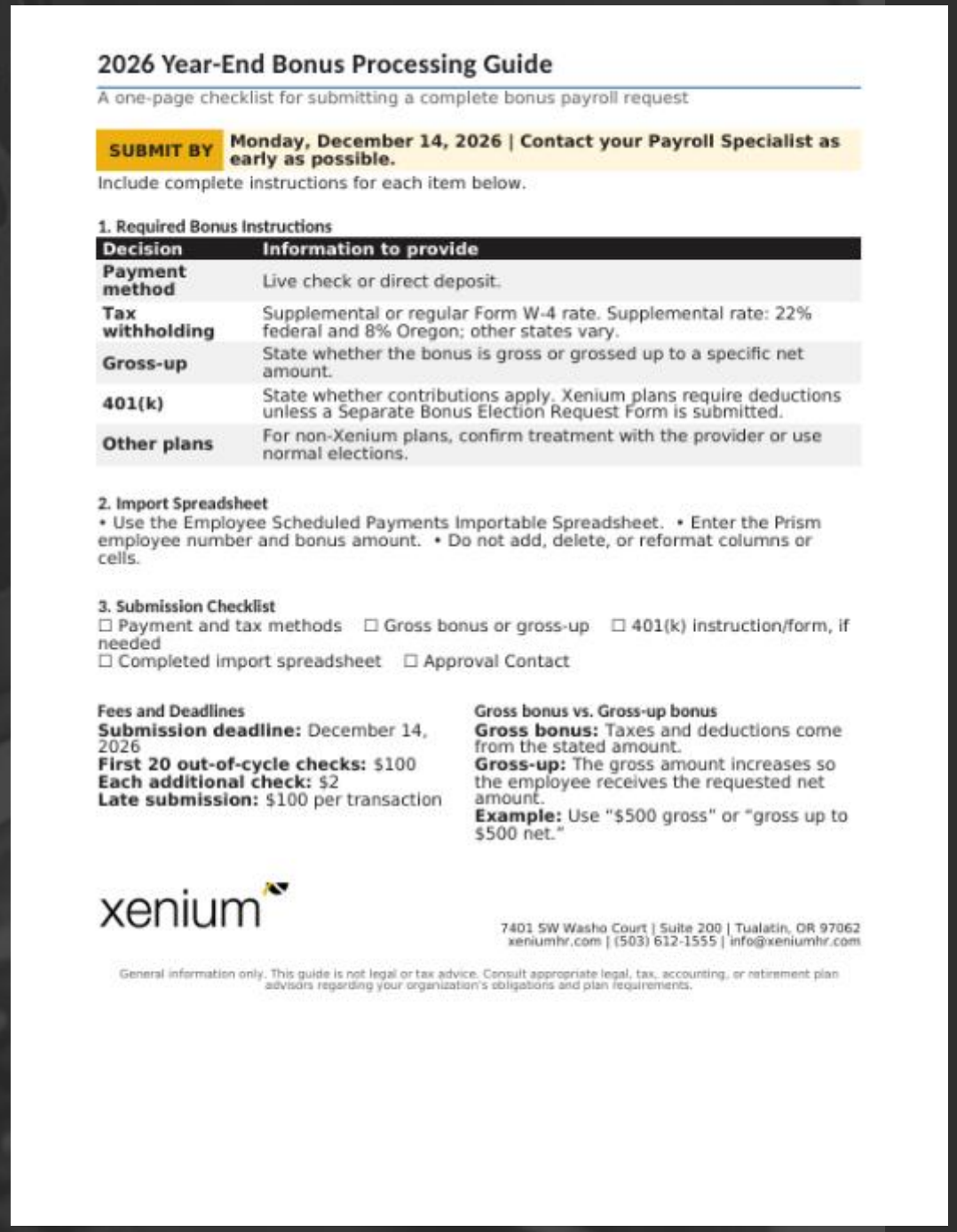
- **Accuracy:** Taxable benefits are reported when earned or used, reducing the chance of year-end errors.
- **Simplified Year-End:** Eliminates the stress of reconciling large year-end totals and ensures smoother W-2 reporting.
- **Balanced Tax Impact**: Spreads taxes across pay periods, preventing large deductions or gross-ups at year-end.
- **Employee Transparency**: Employees see taxable benefits reflected regularly, improving understanding of total compensation.

Work directly with your CPA to discuss the best approach for submitting fringe benefits throughout the year.

Then, collaborate with your Xenium Payroll Specialist to set up this process before your first payroll of the new year.



An employer chooses to submit and process fringe benefits throughout the year, rather than waiting until year-end. For example, they record company car usage, group-term life insurance, and cell phone stipends each pay period as they occur.



2026 Year-End Bonus Processing Guide

A one-page checklist for submitting a complete bonus payroll request

SUBMIT BY **Monday, December 14, 2026 | Contact your Payroll Specialist as early as possible.**

Include complete instructions for each item below.

1. Required Bonus Instructions

Decision	Information to provide
Payment method	Live check or direct deposit.
Tax withholding	Supplemental or regular Form W-4 rate. Supplemental rate: 22% federal and 8% Oregon; other states vary.
Gross-up	State whether the bonus is gross or grossed up to a specific net amount.
401(k)	State whether contributions apply. Xenium plans require deductions unless a Separate Bonus Election Request Form is submitted.
Other plans	For non-Xenium plans, confirm treatment with the provider or use normal elections.

2. Import Spreadsheet

• Use the Employee Scheduled Payments Importable Spreadsheet. • Enter the Prism employee number and bonus amount. • Do not add, delete, or reformat columns or cells.

3. Submission Checklist

☐ Payment and tax methods ☐ Gross bonus or gross-up ☐ 401(k) instruction/form, if needed
☐ Completed import spreadsheet ☐ Approval Contact

Fees and Deadlines

Submission deadline: December 14, 2026
First 20 out-of-cycle checks: $100
Each additional check: $2
Late submission: $100 per transaction

Gross bonus vs. Gross-up bonus

Gross bonus: Taxes and deductions come from the stated amount.
Gross-up: The gross amount increases so the employee receives the requested net amount.
Example: Use "$500 gross" or "gross up to $500 net."

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General information only. This guide is not legal or tax advice. Consult appropriate legal, tax, accounting, or retirement plan advisors regarding your organization's obligations and plan requirements.

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XENIUM'S YEAR-END BONUS PROCESSING

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2026 YEAR-END BONUS PROCESSING

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SUBMIT BY DECEMBER 14

Contact your Payroll Specialist as early as possible.

Payment & Tax Method

- Choose live check or direct deposit
- Select supplemental or regular Form W-4 withholding
- **Supplemental rate**: 22% federal and 8% Oregon; other states vary

Bonus & Gross-Up

- Confirm whether the bonus is gross or grossed up to a specific net amount
- Use clear instructions, such as: **"$500 gross"** or **"Gross up to $500 net"**

Retirement Plans

- State whether 401(k) contributions apply
- Xenium plans require deductions unless a Separate Bonus Election Request Form is submitted
- For non-Xenium plans, confirm treatment with the provider

Import & Approval

- Use the approved import spreadsheet
- Include Prism ID and bonus amount
- Do not modify the template
- Include the approval contact

FEES:

- **First 20 out-of-cycle checks: $100**
- **Each additional check: $2**
- **Late submission: $100 per transaction**

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Third-Party Sick Submittal

Third-party sick submittal is the process of reporting wages paid to employees by an outside insurance carrier (such as disability or paid leave benefits) so they can be properly recorded for payroll and tax reporting purposes.

Third-Party Sick Due Dates

Xenium requires all third-party sick information to be submitted by December 14th. This allows time to review and reconcile payments before year-end processing.

Types of Third-Party Sick Pay

Includes payments from Oregon Paid Leave Equivalent Plans, Short-Term Disability, and Long-Term Disability carriers. These payments must be reported to ensure accurate wage and tax reporting.

Late Submissions

Anything received after January 15th will require amended W-2s and quarterly returns. A $350 fee per amended return will apply.

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2027 TAX READINESS

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Review and monitor rate notices as they become available.

Confirm agency records before submitting rate notices or account changes.

Review Rate Notices

- Submit 2027 SUTA, L&I and equivalent plan rate notices upon receipt
- Confirm the effective year, rate, account number and taxable wage base
- Include all pages of each notice

Don't Wait on the Mail

- Check state agency websites and portals for pending 2027 rates
- Download rate notices when available electronically
- Monitor outstanding states until each 2027 rate is confirmed

Verify Employer Information

Before submitting, confirm the agency has the correct:

- Legal company name
- FEIN and state account number
- Mailing and physical addresses
- Primary contact information
- Authorized representative, when applicable

Submit Updates Promptly

- Send rate notices and account changes as soon as they are received
- Include changes to addresses, contacts or account information
- Follow up on notices that have not yet been received

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OBBBA & 2026 W-2 Reporting

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What Employers Need to Know:

Qualified Overtime

New reporting requirements apply to qualified overtime compensation.

Qualified Tips

Employers with tipped employees must properly capture and report applicable tip information.

Deductions vs. Payroll Tax

“No Tax on Tips” and “No Tax on Overtime” are employee income tax deductions, not exemptions from payroll taxes.

Year-End Review

Confirm that 2026 qualified tip and overtime information has been properly captured before W-2 processing.

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2026 W-2 Changes

Qualified Overtime

- Qualified overtime compensation must be reported separately.
- Verify that qualifying overtime has been identified and tracked correctly.
- Remember that not all overtime necessarily qualifies for the deduction.

Qualified Tips

- Review the tip information reported for employees during 2026.
- Confirm that applicable tip information has been accurately captured.
- Employees must meet the applicable requirements to claim the deduction.

MOST IMPORTANT REMINDER

“No tax” does not mean “don’t withhold.”

2026 W-2 and 1095 Considerations



- Provide employee address changes/mailing address requests to your Payroll Specialist to ensure the employees W-2s are distributed correctly
- Employees will be able to view their W-2S and 1095s on Xenium Employee Self-Service portal by January 31, 2027
- W-2s will be mailed to employee's address of record on or before the deadline of January 31, 2027. W-2s will also be made available on the Xenium Employee Self- Service Portal
- **2026 W-2 Reporting Changes:** Employers with qualified tips or qualified overtime should review year-to-date information before W-2 processing to ensure required amounts have been captured.

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Additional Considerations



- **Employer HSA Contributions**: Employer HSA contributions made outside of payroll must be submitted to Xenium by December 31st to be manually added to employee W-2s.
- **Employee Review:** Employees should review their pay stubs or self-service portal before year-end to confirm wages, taxes, and benefits are accurate.
- **Tax Updates:** Employees claiming “Exempt” should review their withholdings and update their W-4 before January 1st to ensure proper taxation in the new year.

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Q&A

SESSION

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WRAP-UP & FINAL THOUGHTS

- **Plan Ahead:** Submit all fringe benefits, third-party sick pay, and bonus runs before deadlines to ensure accurate processing and reporting.
- **Know the Rules**: Understand tax implications, gross-up options, and supplemental withholding for bonuses and fringe benefits—consult your CPA if needed.
- **Avoid Extra Costs:** Late or missed submissions can trigger out-of-cycle runs, amended W-2s, and fees—timely submissions save time, money, and headaches.

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