



November 2025

**EMPOWER  
YOUR  
PURPOSE**

## **Payroll and 1099 Reporting Guide**

### **2025 Resource Manual**

This guide will assist you with your year-end tax filings for payroll and Forms 1099. Included are critical due dates to help you meet your filing deadlines.

**Rehmann**



November 2025

Dear Business Associate:

Taking care of annual payroll and 1099 reporting requirements can be a demanding process. To help, we've developed Rehmann's *2025 Payroll and 1099 Reporting Guide*. The *Guide* includes:

- Updates for federal credits available to employers
- A handy checklist for your year-end payroll reporting
- Convenient worksheets to compute year-end fringe benefit adjustments

At Rehmann, delivering business wisdom isn't just our mission – it's our passion. We invite you to learn more by visiting [www.rehmann.com](http://www.rehmann.com) or calling 419.865.8118.

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You can download additional copies of this *Guide* at:

<https://www.rehmann.com/payroll-and-reporting-guides/>

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## What's New

### One Big Beautiful Bill Act (OBBBA)

#### Payroll related changes:

- Tax free overtime premiums can be deducted by employees on their personal income tax returns filed in 2026 for the 2025 tax year.
  - Employees are allowed a federal income tax deduction on the “time-and-a-half” portion of overtime wages.
  - Deduction is capped at \$12,500 for single filers and \$25,000 for joint filers and is phased out above \$150,000/\$300,000 of Modified Adjusted Gross Income (MAGI).
- Tax free qualified tips can be deducted by employees on their personal income tax returns filed in 2026 for the 2025 tax year.
  - Deduction is capped at \$25,000 and is phased out above \$150,000/\$300,000 of Modified Adjusted Gross Income (MAGI).
- 2025 W-2 forms will not be adjusted to report 2025 overtime or tip information. Employees are expected to estimate the amounts when filing their personal income tax returns.
- 2026 payroll reporting forms will be issued to allow separate reporting for qualifying tips and overtime premiums. Therefore, payroll systems should track this information accurately. Employers should confirm compliance with the new requirements with their payroll processing systems or payroll services.

#### 1099 related changes:

- 1099-K (payment cards and third-party networks) reporting thresholds are restored to \$20,000 in annual payments AND 200+ in annual transactions.
- 1099-MISC and 1099-NEC thresholds have increased to \$2,000 per year effective for payments made in 2026 (no change for 2025 reporting due January 31, 2026)
  - Inflation indexing – The \$2,000 reporting threshold will be adjusted for inflation beginning in 2027, rounded to the nearest \$100.
  - Backup withholding (24%) still applies for the new thresholds.
- Form 1099-R added new codes for Qualified Charitable Distributions (QCDs).
- Golden Parachute Payments moved from form 1099-MISC to Form 1099-NEC Box 3.

E-Filing Reminder: The Internal Revenue Service expanded mandatory electronic filing of tax and information returns filed on or after January 1, 2025. Under the new regulations, entities filing 10 or more IRS returns of any type for a calendar year generally will need to file electronically with the IRS. Because of the electronic filing requirements, all entities (including for-profit and not-for-profit entities) should evaluate their filing requirements.

## Employee Retention Credit (ERC)

As of April 15, 2025, the window for filing ERC claims officially closed. Also, any ERC claims for Q3 or Q4 2021 filed after January 31, 2024 are disallowed.

The IRS statute of limitations is extended to six years for third and fourth quarter 2021 ERC claims (increased from the 3-year limit imposed for all other quarters that qualified for ERC claims).

As of the date of issuance of this guide, there are many unprocessed ERC claims, and the IRS expected to complete all processing by the end of 2025. This timeline is unclear given the lack of staffing at the IRS.

Businesses receiving ERC denial letters should respond promptly to preserve appeal rights.

## Sick and Family Leave Credits (Paid Leave Credit)

OBBBA introduces permanent enhancements to the Section 45S paid family and medical leave credit starting tax year 2026.

The credit is permanent for employers providing qualifying paid family and medical leave.

Beginning in 2026, employers can elect a premium-based credit. Instead of wages, insurance premiums paid for leave coverage are eligible.

Beginning in 2026, eligibility rules are relaxed:

1. Part-time employees are eligible after six months instead of twelve weeks.
2. Full-time employees must work at least 20 hours per week.

## Michigan: Sick Time Requirements for Employers with Employees Working in Michigan, Effective February 21, 2025, Under the “Earned Sick Time Act (ESTA)”

In 2018, Michigan adopted ballot initiatives for paid sick leave under the Earned Sick Time Act (ESTA) and scheduled minimum wage increases. The Legislature later amended these laws via the Paid Medical Leave Act (PMLA) and reduced wage hikes. On July 31, 2024, the Michigan Supreme Court ruled this “adopt-and-amend” process unconstitutional, reinstating the original ESTA and wage schedule with an effective date of February 21, 2025.

## Key Updates Effective February 21, 2025:

The Legislature passed House Bill 4002 and Senate Bill 8 on February 21, 2025, amending ESTA and the minimum wage law to soften compliance requirements while maintaining core provisions. Here's what changed:

### Earned Sick Time Act (ESTA)

- **Coverage:** All employers with one or more employees are covered (except U.S. government and minors under 18).
- **Eligibility:** All employees (full-time, part-time, temporary, exempt, non-exempt) are eligible.
- **Accrual:** 1 hour of sick time for every 30 hours worked.
- **Usage Caps & Paid Hours:**
  - **Large employers (11 or more employees):** Up to 72 hours per year, all paid.
  - **Small employers (10 or fewer employees):** Up to 40 hours per year, all paid.
- **Carryover:** Employers may cap carryover at 72 hours (large) or 40 hours (small).
- **Frontloading Option:** Employers may frontload 72 hours (large) or 40 hours (small) at the start of the benefit year, eliminating accrual tracking and carryover.
- **Waiting Period:** Up to 120 days for new hires (previously 90).
- **Small Business Compliance Delay:** Small employers had until October 1, 2025, to comply.
- **Combined PTO Policy:** Allowed if PTO meets or exceeds ESTA requirements.
- **Documentation:** Employees must provide documentation within 15 days if requested for absences of 4+ consecutive days; employers must cover out-of-pocket costs.
- **Notice Requirements:** Written notice to employees by March 23, 2025, and updated posters in English, Spanish, and other languages spoken by 10% of workforce.
- **Exemptions:** Seasonal employees, unpaid interns/trainees, minors under child labor laws, and workers who set their own hours under specific conditions.

**Minimum Wage Schedule:** Michigan's minimum wage now follows this schedule (with inflation adjustments by the State Treasurer each year):

Date	Hourly Minimum Wage	Minimum Tipped Wage
Feb. 21, 2025	\$12.48	38% of minimum wage
Jan. 1, 2026	\$13.73	40% of minimum wage
Jan. 1, 2027	\$15.00	42% of minimum wage
Jan. 1, 2028	TBD based on state treasurer's inflation adjustment	44% of minimum wage
Jan. 1, 2029	TBD based on state treasurer's inflation adjustment	46% of minimum wage

## What This Means for Employers

- Review and update PTO and sick leave policies to comply with ESTA.
- Update workplace posters and provide employee notices by March 23, 2025.
- Small businesses (under 10 employees) could plan for compliance by October 1, 2025.

## What's New for the Affordable Care Act (ACA)

Starting with the 2025 coverage year (filed in 2026), employers are no longer required to automatically furnish hard copies of Forms 1095-B and 1095-C to covered individuals. This change, introduced by the Paperwork Burden Reduction Act (signed December 23, 2024) and clarified in IRS Notice 2025-15, allows employers to streamline the process.

Instead of mailing forms, employers can post a clear and conspicuous online notice explaining how individuals can request their form. If requested, the form must be provided by the later of January 31 following the coverage year or 30 days after the request.

### Key Deadlines for 2026 Reporting:

- IRS Paper Filing: February 28, 2026
- IRS Electronic Filing: March 31, 2026
- Employee Notice / Furnishing (if requested): March 2, 2026

### Why two furnishing dates?

- January 31 is the statutory deadline for furnishing Forms 1095-B and 1095-C.
- March 2 reflects the IRS's annual extension, giving employers extra time if they choose to proactively furnish forms.

Under the new rule, if an individual requests a copy, employers must provide it by the later of January 31 or 30 days after the request.

## What's New for Electronic Payments for IRS Purposes

With limited exceptions, Executive Order (EO) 14247, Modernizing Payments To and From America's Bank Account, signed on 3/25/2025, requires the Secretary of the Treasury to cease issuing paper checks for all Federal disbursements, effective 9/30/2025. Additionally, the EO requires all payments made to the Federal Government to be processed electronically as soon as practicable and to the extent permitted by law. This means all Federal tax payments and refunds will soon be required to be processed electronically. The purpose of the EO is to defend against financial fraud and improper payments, increase efficiency, reduce costs, and enhance the security of federal payments. While the effective date of the EO is 9/30/2025, the IRS indicated they will begin implementing the EO for 2025 tax returns. More guidance on this electronic payment requirement is expected to be issued by the IRS prior to the 2026 tax filing season.

## Wage Information

### Minimum Wage

**Florida:** Florida's current minimum wage is \$14.00 effective September 30, 2025. Minimum wage will then increase by \$1.00 per year on September 30 each year until 2026 at which time it will be \$15.00. The minimum wage for tipped employees is \$10.98 effective September 30, 2025. It will then increase by \$1.00 per year on September 30 each year until 2026 at which time it will be \$11.98.

**Michigan:** Michigan's current minimum wage is \$12.48 per hour and will increase to \$13.73 per hour effective January 1, 2026. The current minimum wage for tipped employees is \$4.74 per hour and will increase to \$5.49 per hour effective January 1, 2026.

Effective February 21, 2025, Michigan's new Earned Sick Time Act (ESTA) went into effect. The ESTA while does replace the Paid Medical Leave Act of 2018, also has a carve out to increase minimum wage and tipped minimum wage.

For ESTA for information that you can share or reference, Rehmann has a template to assist clients with drafting an ESTA compliant sick leave/PTO bucket policy.

<https://www.rehmann.com/resource/michigan-supreme-court-reinstates-earned-sick-time-and-wage-laws/>

An employer may continue to pay minors 16 to 17 years of age 85% of the minimum hourly wage rate. That rate is currently \$10.61 per hour. Effective January 1, 2026, this will increase to \$11.67. There is no change to the training wage of \$4.25 per hour that may be paid to newly hired employees, less than 20 years of age.

**Ohio:** Ohio's current minimum wage is \$10.70 per hour and will increase to \$11.00 per hour effective January 1, 2026. The minimum wage for tipped employees is \$5.35 per hour and will increase to \$5.50 per hour effective January 1, 2026. Ohio businesses with gross receipts of less than \$405,000 in 2025, and for those workers under the age of 16, the minimum wage remains \$7.25, which is the federal minimum wage.

**Federal:** The minimum wage continues to be an important issue for businesses around the nation. The federal minimum wage rate is \$7.25. Currently, there are no future enacted increases for 2026.

For additional information, visit the U. S. Department of Labor Wage and Hour Division Website: [www.wagehour.dol.gov](http://www.wagehour.dol.gov) or contact your Rehmann advisor.

### Unemployment Tax Wage Bases

	2026	2025
Federal	\$7,000	\$7,000
Michigan	\$9,500	\$9,500
Ohio	\$9,000	\$9,000
Florida	\$7,000	\$7,000

## Key Limits and Rates

### Mileage Rates

For 2026, the tax-deductible rate for business miles driven is 72.5 cents per mile.

### Retirement Plan Limitations

<b>Social Security Wage Base</b>	<b>2026</b>	<b>2025</b>
Social Security Taxable Wage Base	\$184,500	\$176,100
Medicare Taxable Wage Base	No limit	No limit

<b>Annual Retirement Plan Limits</b>	<b>2026</b>	<b>2025</b>
Defined Contribution Plan Dollar limit on additions Section 415(c)(1)(A)	\$72,000	\$70,000
Defined Benefit Plan limit on benefits Section 415(b)(1)(A)	\$290,000	\$280,000
Maximum compensation used to determine contributions	\$360,000	\$350,000
401(k), SARSEP, 403(b) Plan Deferrals Section 402(g), & 457 Plan deferrals Section 457(b)(2)	\$24,500	\$23,500
401(k), 403(b), 457 & SARSEP additional "catch-up" contributions for employees aged 50 and older	\$8,000	\$7,500
401(k), 403(b), 457 & SARSEP additional "super catch-up" contributions for employees aged 60-63	\$11,250	\$11,250
SIMPLE deferrals Section 408(p)(2)(A)	\$17,000	\$16,500
Simple additional "catch-up" contributions for employees aged 50 and older	\$4,000	\$3,500
Simple additional "super catch-up" contributions for employees aged 60-63	\$5,250	\$5,250
Compensation defining highly compensated employee Section 414(q)(1)(B)	\$160,000	\$160,000
Compensation defining key employee (officer)	\$235,000	\$230,000
Compensation triggering Simplified Employee Pension (SEP) contribution requirement Section 408(k)(2)(c)	\$800	\$750
IRA contribution maximum	\$7,500	\$7,000
IRA catch-up	\$1,100	\$1,000

### Flexible Spending Arrangements (FSA) Contribution Limits

The limit on voluntary employee salary reductions for contributions to health FSAs is projected to increase from \$3,300 to \$3,400 in 2026.

### Health Savings Account (HSA) Contribution Limits

	2026	2025
HSA contribution limit (employer + employee)	Individual: \$4,400 Family: \$8,750	Individual: \$4,300 Family: \$8,550
HSA catch-up contributions (age 55 or older)	\$1,000	\$1,000
HDHP minimum deductibles	Individual: \$1,700 Family: \$3,400	Individual: \$1,650 Family: \$3,300
HDHP maximum out-of-pocket amounts (deductibles, co-payments and other amounts, but not premiums)	Individual: \$8,500 Family: \$17,000	Individual: \$8,300 Family: \$16,600

## Affordable Care Act

Applicable Large Employers (ALEs) with 50 or more full-time equivalent employees (FTEs) must offer medical coverage that is “affordable” and provides minimum value to full-time employees and their children up to age 26 or face penalties. This chart shows how the employer mandate will be phased in based on employer size.

Employer Size	2016 and Beyond
1-49 FTEs	Does Not Apply
50 or more FTEs	Employer must offer minimal essential coverage to 95% of full-time employees and dependents to age 26*

\*Coverage for dependents must be available through the end of the month in which they reach age 26.

A full-time employee is defined as one who works an average of 30 hours or more per week during the calendar month, or at least 130 hours of service during the calendar month. (Seasonal and related parties are not included in these definitions.)

To calculate total FTEs in a given month, compute the following:

All full-time employees **PLUS** total number of hours worked in a month by part-time employees, divided by 120, rounded down to the nearest whole number.

Coverage is “affordable” if employee contributions are less than 9.12 percent of employee’s Form W-2 taxable wages, employee’s monthly wages (hourly rate X 130 hours per month) or federal poverty level for a single individual.

If you have 50 or fewer employees, you can purchase affordable insurance through the Small Business Health Options Program (SHOP). To learn more about SHOP, market reforms and various other plan requirements, visit [www.Healthcare.gov](http://www.Healthcare.gov).

Employers, or their health insurance issuer or carrier, are required to furnish employees and dependents (depending if an ALE is self-funded or not) and the IRS statement 1095-B or 1095-C. These statements provide the information necessary for an employee to determine whether they are eligible for a tax credit on the coverage purchased through the Exchange as well as to show compliance with the employer and individual shared responsibility mandates. Effective for the calendar year 2025, reporting in 2026, employers are no longer required to furnish a hard copy of forms 1095-B or 1095-C to all covered individuals. Instead, employers may post a clear, conspicuous, and accessible notice informing individuals that they may request a copy of their Form 1095. If requested, employers must provide the form no later than the later of January 31 or 30 days after the request. Electronic delivery is permitted if the individual has consented.

Please contact your Rehmann advisor if you need assistance complying with these requirements.

## Form W-2 Reporting Requirements

**PLEASE NOTE THAT ACTION MAY BE REQUIRED BEFORE YOUR LAST PAYROLL OF 2025**

### Fringe Benefits

The value of certain non-cash fringe benefits must be considered income to employees and must be reported on Form 941 (or Form 944 if applicable) and Forms W-2. Taxable fringe benefits (some of which are discussed below) are included as wages and possibly subject to federal and state income, FICA (Social Security/Medicare), and federal and state unemployment taxes.

### Personal Use of Employer-Provided Automobiles

The use of an employer-provided automobile by an employee in the employer's business is an excludable working condition fringe benefit as long as the business usage is properly substantiated. If an employer provides a vehicle that is used by an employee for personal use (including commuting), the employee has received a taxable fringe benefit. The fair market value of this personal use, to the extent not reimbursed by the employee, is included as wages on the employee's Form W-2. This amount should also be reported on Form W-2 in box 14 for informational purposes. Although the employer may elect not to withhold federal or state income taxes on the value of an employee's personal use of an employer-provided vehicle, Social Security and Medicare taxes (including, if applicable, the 0.9 percent additional Medicare tax) must be withheld where applicable. Worksheet I on page 24 has been provided to assist in gathering the required information from employees. A step-by-step guide on page 25 will guide you in calculating the value of this benefit. If you would prefer Rehmann to make this calculation, please provide us with the completed worksheet for each employee who drives a company automobile.

### Group-Term Life Insurance

Employers can provide employees with up to \$50,000 of group-term life insurance coverage on a tax-free basis. To qualify for this special tax treatment, employer-provided group-term life insurance must:

1. Provide a general death benefit that is excludable from the beneficiary's gross income.
2. Generally be provided for a group of at least 10 full-time employees.
3. Be provided under a policy carried directly or indirectly by the employer.
4. Provide for each employee an amount of insurance that has been computed under a formula that precludes the employee's selection of the amount of coverage.

The cost of excess (i.e. more than \$50,000) group-term life insurance coverage must be included in an employee's income. The amount included in income is not the employer's actual premium cost for the excess coverage, but an amount calculated using a uniform premium rate schedule provided by the Internal Revenue Service (IRS). The calculated amount is reported as wages on the employee's Form W-2 and is subject to Social Security and Medicare taxes (including, if applicable, the 0.9 percent additional Medicare tax) and you may, at your option, withhold Federal and State income tax. However, the amount is

exempt from federal unemployment (FUTA) tax. This amount should be reported on Form W-2 in box 12 with code "C".

Use Worksheet II - Taxable Cost of Group-Term Life Insurance on page 29 to calculate the taxable benefit. If you would prefer for Rehmann to calculate this amount, please provide us with a list of employees with their birthdates and the amount of group term life insurance.

If employer-provided life insurance does not meet the four requirements listed above, the taxable amount is not determined using Worksheet II. Instead, the employer's cost of the insurance premiums (net of any employee contributions) is included in the employee's gross income, reported as wages on the employee's Form W-2, and subject to Social Security and Medicare taxes.

### **S Corporation Shareholders Taxable Fringe Benefits**

There are special rules for reporting fringe benefits paid on behalf of shareholders owning greater than 2 percent of an S Corporation. The shareholder may be able to deduct the amount paid for health insurance on his/her personal tax return. The S Corporation must report the cost of the shareholder's fringe benefits on the shareholder's Form W-2, box 14. These fringe benefits may include amounts paid for:

1. Accident and health insurance, including dental and vision
2. Health Savings Account (HSA) contribution
3. Short- and long-term disability insurance
4. Qualified long-term care insurance
5. Total cost of group-term life insurance

The members of an S Corporation shareholder's family are treated as owning the S Corporation shareholder's stock for the purposes of the fringe benefit rules. This would include the shareholder's spouse, children, grandchildren, and parents.

The IRS allows employers to use any 12-month period that begins between November 1 and December 31, rather than the calendar year, to compute the amount to be included on Form W-2.

The cost of the fringe benefits is included as compensation on the shareholder's Form W-2 and the fourth-quarter Form 941. Payments for insurance premiums under a non-discriminatory plan for accident and health coverage, HSA, and disability are exempt from Social Security, Medicare and FUTA taxes but are subject to federal and state income taxes and some state unemployment taxes.

### **Third Party Sick Pay**

An employee who receives sick pay - long-term or short-term disability pay - from an employer or a third party, such as an employer's agent or an insurance company, is required to pay Social Security and Medicare (FICA) taxes on the amounts received. Federal income tax withholding is mandatory or voluntary, depending on the payer. Although sick pay is taxable to the employee, and the employer must pay its matching

share of FICA taxes, under special rules the employer and the third party may transfer liability between themselves for withholding, depositing and reporting the taxes attributable to the sick pay.

## Common W-2 Reporting Requirements

### Electronic Filing

New electronic filing requirements were issued by the Treasury in 2023. The regulations lowered to 10 the threshold at which you must file certain information returns electronically, including Forms W-2. To determine whether you must file information returns electronically, add together the number of information returns and the number of Forms W-2 you must file in a calendar year. If the total is at least 10 returns, you must file them all electronically. The new threshold became effective for information returns required to be filed in calendar years beginning with 2024 (tax year 2023 Forms W-2). Any employer who is required to file electronically and fails to do so may incur a penalty.

### Allocated Tips

If your business requires reporting of tips, and you find after completing Form 8027 (Employers' Annual Information Return of Tip Income and Allocated Tips) that sufficient tips were not reported, you must report an adjustment to add allocated tips for the affected employees. This helps to ensure that the tips appear as income on Form W-2, box 8.

### Dependent Care

The maximum amount that can be excluded from an employee's income through a dependent care assistance program is \$7,500 (\$3,750 if married filing separately.)

Dependent care expenses are incurred when the care is provided, not when the employee is billed or charged. The total amount incurred for dependent care assistance provided to your employees must be reported on Form W-2, box 10.

### Golden Parachute Payments

If you made any golden parachute payments to key corporate executives and the excess payments are considered wages, they are subject to FICA (Social Security/Medicare), federal and state unemployment and federal and state income taxes. Any amounts considered "excess parachute payments" must be reported on the employee's Form W-2. A 20% federal excise tax must be withheld on these excess payments. Report the 20% excise tax withheld as income tax withheld in box 2 and in box 12, code K, on the Form W-2.

### Health Care Cost Reporting

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. There is transitional reporting relief for employers who issued less than 250 Form W-2s in the prior year. Only employers with at least 250

Form W-2s in the prior year are required to report the cost of employer sponsored group health coverage on an employee's Form W-2. The cost of health care coverage is reported on Form W-2, box 12, code DD.

There is no reporting on Form W-3. Reporting is for informational purposes only; it does not affect the taxability of the coverage.

In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee.

An employer is not required to issue Form W-2 solely to report the value of the health care coverage for retirees, other employees or former employees to whom the employer would not otherwise provide Form W-2.

### Qualified Small Employer Health Reimbursement Arrangement

For tax years beginning in 2019, small businesses can offer Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) with the following limits:

	2026		2025	
	Annual Limit	Monthly Limit	Annual Limit	Monthly Limit
Self-only employees	\$6,450	\$537.50	\$6,350	\$529.16
Employees with a family	\$13,100	\$1,091.66	\$12,800	\$1,066.66

A QSEHRA, or small business HRA, is a company-funded, tax-free personalized health benefit. It allows small businesses with fewer than 50 full-time employees and who do not offer a group health plan to any of their employees to reimburse their employees for individual health care expenses.

You must report in box 12 of Form W-2 using code "FF" the amount of payment and reimbursement the employee is entitled to receive from the QSEHRA for the calendar year without regard to the amount of payments or reimbursements actually received.

### Moving Expenses

Effective for tax years 2018 thru 2025 the exclusion for qualified moving expense reimbursements applies only to members of the U.S. Armed Forces on active duty. All other moving expense reimbursements are nonqualified and taxable.

Excludable moving expenses paid directly to a member of the U.S. Armed Forces is reported on Form W-2, box 12, code P. It is not included in box 1, 3, or 5.

Starting in 2026, the exclusion of qualified moving expense reimbursements becomes permanent for all taxpayers besides members of the armed forces and intelligence community.

### Requirements for Forms W-2c

The regulations revise the requirements for electronic filing of Form W-2c to correct originally filed Forms W-2. These revised rules are different from the rules for electronically filing the original forms. If you were required to electronically file the original Form W-2, you must electronically file any Form W-2c correcting that form. If the original Form W-2 was permitted to be filed on paper and you filed on paper, then you must file on paper any Form W-2c correcting that form.

### Uncollected FICA on Insurance Premiums and Tips

If you were unable to collect all of the required FICA (Social Security/Medicare) tax on premiums paid for group-term life insurance (e.g., you are still paying the premium for a retired employee) or employee tips, the amount must be reported as uncollected FICA on Form W-2, box 12, code M for uncollected Social Security and code N for uncollected Medicare – not as Social Security or Medicare tax withholding.

### Health Savings Accounts (HSA)

The amount of employer contributions (including amounts the employee elected to contribute using a Section 125 (Cafeteria) plan) to an HSA must be reported on Form W-2, box 12, code W.

### Unsubstantiated Employee Expense Reimbursements

You must report amounts paid to your employees for business expenses if:

- Your employee does not or is not required to substantiate the expenses (i.e. furnish receipts or expense reports) OR
- You advance amounts to your employee for business expenses and your employee does not or is not required to return amounts not used for business expenses.

### Retirement Plan Checkbox on Form W-2

This box applies if the employee was an active participant (for any part of the year) in the following:

1. Qualified pension, profit-sharing or stock bonus plan described in section 401(a) (including a 401(k) plan)
2. Annuity plan described in section 403(a)
3. Annuity contract or custodial account described in 403(b)
4. Simplified employee pension (SEP) plan described in 408(k)
5. SIMPLE retirement account described in 408(p)

An employee is an active participant in a defined benefit plan for any tax year that he or she is eligible to participate.

An employee is an active participant in a defined contribution plan (401(k) or 403(b)) if the employer or employee contribute to the plan or forfeitures are allocated to their account in the plan year. This includes contributions to Roth accounts.

## Household Employee

The federal threshold for reporting wages paid to household employees is \$2,800 in 2025, and \$3,000 in 2026. Form 1040 Schedule H is used to calculate and report the total federal household employment taxes (Social Security, Medicare, FUTA and federal income tax withheld). Federal unemployment tax applies to household employee wages if \$1,000 or more in cash wages are paid in a calendar quarter. Quarterly state unemployment tax is applicable to household employers based on state specific rules.

## Truncating Social Security Numbers

Employers are allowed to truncate, or mask, Social Security numbers on employees' copies of Form W-2s. The rule is voluntary for employers. Employers can truncate SSNs only on employees' W-2 copies – i.e., copies B and C. They cannot truncate SSNs on Copy A (filed with the Social Security Administration).

## Employee Reporting Penalties

Penalties for failure to file, failure to e-file when required, failure to include all and correct information, failure to furnish and intentional disregard of filing and/or providing payee statements have increased due to adjustments for inflation. The higher penalty amounts apply to returns required to be filed after December 31, 2025.

Time returns filed/furnished	Not more than 30 days late	31 days late – August 1	After August 1 or Not at All	Intentional Disregard
Due 01-01-2026 thru 12-31-2026	\$60 per return or statement - \$683,000 maximum (\$239,000 for small business)	\$130 per return or statement - \$2,049,000 maximum (\$683,000 for small business)	\$340 per return or statement - \$4,098,500 maximum (\$1,366,000 for small business)	\$680 per return or statement -No limitation

Employers are responsible for ensuring that Forms W-2 are furnished to employees and that Forms W-2 and W-3 are filed with the SSA correctly and on time, even if the employer contracts with a third party to perform these acts.

In all cases, the IRS considers you to be a small business if you've earned an average annual gross receipts less than \$5 million over the prior three years.

If you also fail to provide correct payee statements and cannot show reasonable cause, you may be subject to a separate penalty. The penalties apply to for-profit and not-for-profit entities.

## Taxability of Various Employee Fringe Benefits and Deferrals

Description of Benefit / Deferral	Federal Tax	State Tax	Local Tax	Social Security	Medicare	FUTA	OH SUTA
401(k) deferrals	No	No	No	Yes	Yes	Yes	Yes
Simple IRA deferrals	No	No	No	Yes	Yes	Yes	Yes
Personal use of auto	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Section 125 (Cafeteria Plans) 2% owner (Sub S Corp) <b>DISALLOWED</b>	No	No	No	No	No	No	No
HSA for > 2% owner (Sub S Corp)	Yes	Yes	Yes	No	No	No	No
Health Savings account - HSA (with high-deductible plan) 2% owner (Sub S Corp) may contribute on an after tax basis	No	No	No	No	No	No	No
Health Insurance employees (with qualified plan) Health Insurance for > 2% owner (Sub S Corp)	No Yes	No Yes	No Yes	No No	No No	No No	No No
Disability Insurance for > 2% owner (Sub S Corp)	Yes	Yes	Yes	No	No	No	No
Group-term Life <= \$50,000 Group-term Life > \$50,000 Group-term Life for > 2% owner (Sub S Corp) Life insurance - personal policies	No Yes Yes Yes	No Yes Yes Yes	No Yes Yes Yes	No Yes Yes Yes	No Yes Yes Yes	No No No Yes	No No No Yes
Third Party Sick Pay < 6 Months (ST) Third Party Sick Pay > 6 Months (LT)	Yes Yes	Yes Yes	Yes Yes	Yes No	Yes No	Yes No	Yes No

### References:

Publication 15 (Circular E) Employers Tax Guide

Publication 15-A Employers Supplemental Tax Guide

Publication 15-B Employers Tax Guide to Fringe Benefits

Publication 926 Household Employers Guide

Publication 969 Health Savings Accounts and Other Tax-Favored Health Plans

## Form 1099 Reporting Requirements

Prior to year-end, review your Form 1099 vendor list for missing or incorrect addresses, Social Security numbers or Employer Identification Numbers and name spellings. Include all new vendors (attorneys, unincorporated labs, accountants/consultants, cleaning staff, landlords and other contracted service relationships) who may be required to receive Form 1099.

### New IRS Form 1099-DA (Digital Asset Proceeds From Broker Transactions):

To be filed for each digital asset sale that a broker has effected for a customer in 2025. A broker includes any person who, in the ordinary course of a trade or business, stands ready to effect sales of digital assets to be made by others. Basis information is not required to be reported, but the broker may voluntarily report this information. The form is required to be filed with the IRS by 3/2/2026 (3/31/2026 if filing electronically) and furnished to recipients by 2/17/2026.

The due dates for 2025 Form 1099 submissions are as follows:

Form	1099 Due Date to Recipients	Filing to IRS by Mail	E-Filing to IRS
1099-NEC	February 2, 2026	February 2, 2026	February 2, 2026
1099-MISC	February 2, 2026	March 2, 2026	March 31, 2026
1099-DIV	February 2, 2026	March 2, 2026	March 31, 2026
1099-INT	February 2, 2026	March 2, 2026	March 31, 2026
1099-R	February 2, 2026	March 2, 2026	March 31, 2026

### 2025 Forms 1099 Include the Following Paid by Cash or Check, Including EFT, ACH and Wire Transfers:

1. \$10 or more of royalties, interest or dividends or tax exempt interest
2. \$600 or more in rents, prizes and awards
3. \$600 or more for commissions, fees for services performed or other forms of compensation paid to persons or non-exempt entities (e.g., LLC, PLC, PLLC, Partnerships, etc.) (NEC)
4. \$600 or more in legal fees paid to attorneys or law firms (whether incorporated or unincorporated)
5. \$600 or more paid to physicians or other suppliers or providers of medical or health care services (whether incorporated or unincorporated)—this does not include payments made to pharmacies for prescription drugs or payments to a tax-exempt or state-owned hospital

6. If you have backup withholding to report to payees, you must file information returns regardless of the amount
7. Direct sales of at least \$5,000 of consumer products to a buyer for resale anywhere other than permanent retail establishments

If you pay a vendor for services using a “payment card” such as a credit card, debit card, stored value card, PayPal or any other third-party payment handling company, you do NOT include those payments on Form 1099. Payment settlement entities such as PayPal and credit card companies are required to report these transactions.

### **The Following Information is Required for Preparing Forms 1099:**

1. Name (legal name and DBA, if applicable)
2. Address
3. Taxpayer identification number (Employer Identification Number or Social Security number)
4. Total amount of payments made in 2025 (not including payment cards)
5. Type of payment (rent, interest, non-employee compensation, etc.)
6. City and state in which services were performed, if applicable

Forms 1099 may be required to be filed with the state in which the services are performed. If you do not specify any other states, most 1099 preparation services will assume all services were performed in your home state. If you do business in other states, you may need to register to do business in those states. Some states require your state Tax Identification Number (TIN) in order to e-file. Some cities may require Form 1099 submission based on the payee’s city of residence.

**If you would like us to assist you with preparation of your Forms 1099, please forward this information to us by January 16, 2026.**

### **1099 Foreign Account Tax Compliance Act (FATCA) Reporting**

Foreign financial institutions filing forms under FATCA have the option to use either Form 8966 or Form 1099. The FATCA filing requirement box should be checked on Form 1099 to identify the payor as being a foreign financial institution.

Non-financial foreign entities may be required to file Form 8966 related to accounts held by United States individuals or entities that own an interest in the foreign entity.

### **1099 Reporting Penalties**

If you fail to file a correct Form 1099 information return by the due date, and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to file timely, fail to include all information required to be shown on a Form 1099 return or include incorrect information on a return. Form 1099 penalties also apply if you file on paper when you were required to file electronically, if you report an incorrect TIN, if you fail to report a TIN or fail to file machine readable forms. The penalties range from \$60 - \$680 per missed 1099 tax form, depending on how late the forms were submitted.

<b>Time returns filed/furnished</b>	<b>Not more than 30 days late</b>	<b>31 days late – August 1</b>	<b>After August 1 or Not at All</b>	<b>Intentional Disregard</b>
<b>Due 01-01-2026 thru 12-31 2026</b>	\$60 per return or statement - \$683,000 maximum (\$239,000 for small business)	\$130 per return or statement - \$2,049,000 maximum (\$683,000 for small business)	\$340 per return or statement - \$4,098,500 maximum (\$1,366,000 for small business)	\$680 per return or statement -No limitation

In all cases, the IRS considers you to be a small business if you've earned an average annual gross receipts less than \$5 million over the prior three years.

If you also fail to provide correct payee statements and cannot show reasonable cause, you may be subject to a separate penalty. The penalties apply to for-profit and not-for-profit entities.

### **Income Tax Returns**

In an attempt to increase compliance with Form 1099 reporting requirements, entities are required to answer a question on their income tax return as to whether or not Forms 1099 were required to be filed for the year, and whether they were filed as required.

### **Form 1099 Recordkeeping Requirements**

Form W-9 is used to certify the TIN, name, address and federal tax classification for your vendors performing services. Once acquired they do not expire unless the vendor's specific information (name, type of business entity or a taxpayer ID number) changes.

Throughout the year, employers should obtain Form W-9 from all new non-employees who perform services. This should be obtained prior to performance of and payment for services and applies to all individual, corporate and non-corporate entities. Form W-9 may be obtained electronically, but a paper copy should be kept on file and available for IRS inspection upon request. Do not send Form W-9 to the IRS.

**Form W-9 is crucial in an IRS audit as documentation of your intent to properly follow the tax laws.**

If a payee refuses to provide Form W-9, you must withhold 24 percent federal income tax on each future payment until you receive the information. If you do not withhold, you may be liable for the unpaid taxes. These withholding taxes are reported on Form 945.

Payments for goods, supplies, fixed assets and other personal property do not require reporting on Form 1099; therefore, Form W-9 would not be required. If payments to vendors include both goods and services, Form 1099 should be issued for the entire payment amount unless the vendor furnishes receipts for the expenses.

If you do not have Form W-9 on file for Rehmann, please contact your Rehmann advisor to obtain one.

**PLEASE NOTE THE FOLLOWING REGARDING MICHIGAN 1099 RULES:**

**Who is required to send 1099s to Michigan Treasury?**

Any 1099 that indicates Michigan withholding must be filed directly with Treasury, regardless of residency status.

Michigan Treasury requires 1099 issuers (specifically 1099-R, 1099-MISC, and 1099-NEC) to file state copies whenever issued to a Michigan resident, without regard to:

- where the issuer is domiciled,
- where the resident's work or services were performed, or
- whether or not withholding is indicated on the form.
- Any other 1099 form that indicates Michigan withholding must be filed with Michigan (including Form 1099-K).

**Also, an example using Rehmann – Rehmann is considered a resident of Michigan because it is organized under the laws of Michigan.**

## Other Reporting Requirements

### Completing Form I-9

You must complete Form I-9 each time you hire any person to perform labor or services in the United States in return for wages or other remuneration. The purpose of this form is to document that each new employee (both citizen and non-citizen) is authorized to work in the United States. Employees may complete Section 1 of Form I-9 at any time between acceptance of a job offer and the first day of work for pay. Review the employee's document(s) and fully complete Section 2 of Form I-9 within three business days of the first day of work for pay. Form I-9 can be found at: <https://www.uscis.gov/i-9>.

**There are severe penalties for noncompliance with these rules.**

### Patient Centered Outcomes Research Trust Fund Fee

The Affordable Care Act added a patient-centered outcomes research (PCOR) fee on health plans to support clinical effectiveness research. The Further Consolidated Appropriations Act, 2020 (Pub. L. 116-94) extended the fee through 2029.

The fee is reported annually on Form 720 and is due July 31 of the calendar year immediately following the last day of the plan year. The fee for a policy year ending on or after October 1, 2024, but before October 1, 2025, is \$3.47 multiplied by the average number of lives covered under the policy for that policy year.

### Payment of U.S. Source Income to a Foreign Person

When you make a payment of U.S. source income to a foreign person or entity, you are normally required to withhold U.S. income tax at a rate of 30 percent and report it on Forms 1042-S and 1042 by March 15 of the year following the payment. Reduced rates or exemptions may apply if stipulated in the applicable tax treaty.

For more details on the rules for proper withholding and information reporting, go to NRA Withholding on the [irs.gov](https://www.irs.gov) website or see IRS Publication 515.

## Year-End Checklist

	Completed	Not Required
<b>November</b>		
Form W-2 Reporting Requirements	<input type="checkbox"/>	<input type="checkbox"/>
Verify that employee information is complete		
Personal Use of Employer-Provided Automobiles	<input type="checkbox"/>	<input type="checkbox"/>
Page 10 and Worksheet I refer to pages 24 thru 28		
Group-Term Life Insurance	<input type="checkbox"/>	<input type="checkbox"/>
Page 10 and Worksheet II on Page 29		
S-Corporation Shareholders Taxable Fringe Benefits	<input type="checkbox"/>	<input type="checkbox"/>
Page 11		
Health Care Cost Reporting (greater than 250 employees)	<input type="checkbox"/>	<input type="checkbox"/>
Page 12		
Qualified Small Employer Health Reimbursement Arrangement	<input type="checkbox"/>	<input type="checkbox"/>
Page 13		
Retirement Plan Checkbox on Form W-2	<input type="checkbox"/>	<input type="checkbox"/>
Page 14		
Form 1099 Reporting Requirements		
Verify Vendor List for missing or incorrect address, Social Security or Employer Identification Number – W-9 on file	<input type="checkbox"/>	<input type="checkbox"/>
Pages 17 to 20		
<b>December</b>		
Form W-2 Reporting Requirements - Pages 10 thru 15	<input type="checkbox"/>	<input type="checkbox"/>
Third Party Sick Pay		
Allocated tips		
Dependent care		
Golden parachute payments		
Moving expenses		
<b>January</b>		
Form W-2 – Due to recipient and SSA by January 31, 2026	<input type="checkbox"/>	<input type="checkbox"/>
Form 1099-NEC – Due to recipient and IRS by January 31, 2026	<input type="checkbox"/>	<input type="checkbox"/>
1099-MISC – With data in boxes 8 or 10, due to recipient by February 17, 2026.	<input type="checkbox"/>	<input type="checkbox"/>
Due to IRS by March 2, 2026 if paper-filed.		
Due to IRS by March 31, 2026 if filed electronically.		

## Worksheets

## Worksheet I – 2025 Vehicle Information Summary

### Non-Cash Fringe Benefit Calculation

<b>Company Name</b>		
Employee's name		
Make, model and year of vehicle		
Date vehicle was placed in service		
Purchase price of vehicle or lease capitalized cost		
Number of months vehicle was in use from 11-01-24 to 10-31-25*		
11-01-24* Odometer		
10-31-25* Odometer		
Total miles driven from 11-01-24 to 10-31-25*		
Personal miles driven from 11-01-24 to 10-31-25*		
Was the vehicle used for commuting?	YES	NO
What distance is normally commuted?		
Total commuting miles driven from 11-01-24 to 10-31-25*		
Business miles driven from 11-01-24 to 10-31-25*		
Was the vehicle available for off-duty hours?	YES	NO
Was another vehicle available for personal use?	YES	NO
<b>EMPLOYER USE ONLY</b>		
Have you, the employer, obtained adequate records or sufficient evidence to justify the business mileage claimed?	YES	NO
Is the evidence written?	YES	NO

I hereby attest that the information listed above is true and correct to the best of my knowledge.

Employee Signature X \_\_\_\_\_ Date \_\_\_\_\_

Reviewed by Officer X \_\_\_\_\_ Date \_\_\_\_\_

*The IRS allows the use of a fiscal year from November 1 to October 31 to ease year-end payroll processing.*

*\* If November and December 2024 mileage was included in the 2024 computation, do not use in 2025 computation.*

## Personal Use of Company-Provided Automobiles: A Step-By-Step Guide

- A. Provide drivers with Worksheet I, “2025 Vehicle Information Summary,” and have them fill it out.
- B. Determine fair market value (FMV) of auto or truck. The FMV of the auto when first provided to the employee is used to determine the annual lease value for each of the first four years of use by an employee. Use FMV (cost) as of purchase date if acquired in 2025. In the fifth year the auto is used, the FMV is redetermined and a new annual lease value is calculated from the table. That redetermined value is then used for the second four-year period and would reset again in the 9th year if still in service. FMV is also redetermined if the vehicle is transferred to another employee.
- C. Review employee-prepared summary for reasonableness and complete the “Employer Use Only” section.
- D. Refer to Annual Lease Value Table (Table 3.1 on page 28) to determine the annual lease value of the vehicle. This should be used on owned and leased cars.
- E. Calculate compensation to employee as follows:

<u>Personal Miles*</u>		<u>Annual</u>		<u># of Days Owned or Leased</u>				
Total Miles	X	Lease Value	X	11/01/24 to 10/31/25			=	<b>A</b>
				365 Days in a Year				

  

<b>Personal Miles** X 5.5 Cents/Mile (For Gas) = B</b>
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<b>A + B = Personal Compensation</b>
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\* Personal miles include commuting miles.

\*\* Applies only if company pays for gasoline

- A. Add personal compensation to gross pay, Social Security and Medicare wages.
- B. Withhold Social Security (up to \$176,100 limit) and Medicare taxes (including, if applicable, the 0.9 percent additional Medicare tax).
- C. Auto compensation is taxable wages for state and federal unemployment payroll taxes.
- D. A cents-per-mile rate may be used under certain circumstances (see page 26).
- E. A special rule applies for vehicles with no personal use other than commuting (see page 27).

## To Qualify for Cents-Per-Mile Method

1. Auto or truck's Fair Market Value, when placed in service, is less than the amount listed below.

Date Vehicle was Placed in Service	Fair Market Value of Passenger Automobile May Not Exceed	Fair Market Value of Truck or Van May Not Exceed
01-01-11 to 12-31-11	\$15,300	\$16,200
01-01-12 to 12-31-12	\$15,900	\$16,700
01-01-13 to 12-31-13	\$16,000	\$17,000
01-01-14 to 12-31-14	\$16,000	\$17,300
01-01-15 to 12-31-15	\$16,000	\$17,500
01-01-16 to 12-31-16	\$15,900	\$17,700
01-01-17 to 12-31-17	\$15,900	\$17,800
01-01-18 to 12-31-18	\$50,000	\$50,000
01-01-19 to 12-31-19	\$50,400	\$50,400
01-01-20 to 12-31-20	\$50,400	\$50,400
01-01-21 to 12-31-21	\$51,100	\$51,100
01-01-22 to 12-31-22	\$56,100	\$56,100
01-01-23 to 12-31-23	\$60,800	\$60,800
01-01-24 to 12-31-24	\$62,000	\$62,000
01-01-25 to 12-31-25	\$61,200	\$61,200

2. The employer reasonably expects the vehicle to be regularly used at least 50% of total annual mileage in its trade or business.
3. Vehicle is driven at least 10,000 miles during the year and is used primarily by employees.

### Calculate compensation to employee as follows:

1. For personal miles driven from January 1 to December 31, 2025 use 70 cents/mile.
2. If fuel is not provided by the employer, the cents-per-mile rate may be reduced by no more than 5.5 cents/mile.

### To Qualify for Commuting Rules

Under this rule, determine the value of a vehicle provided to an employee for commuting use by multiplying each one-way commute (home to work or work to home) by \$1.50. If more than one employee commutes in the vehicle, this value applies to each employee and this amount must be included in the employee's wages or be reimbursed by the employee.

You can use the commuting rule if all of the following requirements are met.

1. There must be a written policy prohibiting personal use of vehicles (other than commuting and de minimus personal use such as a stop for a personal errand between business meetings).
2. For business purposes, the employer must require the employee to commute in the vehicle; it cannot be voluntary on the employee's part.
3. The vehicle must be owned or leased by the employer.
4. The vehicle may not be used by a control employee (this restriction does not apply if the vehicle in which the employee is required to commute is not an automobile). A control employee of a nongovernment employer for 2025 is defined as:
  - a. A board or shareholder-appointed, confirmed or elected officer whose pay is \$140,000 or more.
  - b. An employee whose pay is \$285,000 or more.
  - c. A director of the company, or
  - d. An employee who owns a 1 percent or more equity, capital or profits interest in the company.

A control employee of a government employer for 2025 is either of the following:

- a. A government employee whose compensation is equal to or exceeds Federal Government Executive Level V (\$183,100 for 2025).
- b. An elected official.

Note: Alternatively, you can choose to define a control employee as any highly compensated employee. A highly compensated employee for 2025 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$155,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

## Lease Value Rule

Determine the value of an automobile you provide to an employee. Generally, you reduce the lease value by the amount that is excluded from the employee's wages as a working condition benefit. To do this, the employee must account to the employer for the business use. Written records made at the time of each business use are the best evidence. Any use of a company provided vehicle that isn't substantiated as business use should be included in income.

Table 3.1 – Annual Lease Value Table*			
Automobile Fair Market Value	Annual Lease Value	Automobile Fair Market Value	Annual Lease Value
\$ 0 - 999	\$ 600	\$22,000 - 22,999	\$ 6,100
\$ 1,000 - 1,999	\$ 850	\$23,000 - 23,999	\$ 6,350
\$ 2,000 - 2,999	\$ 1,100	\$24,000 - 24,999	\$ 6,600
\$ 3,000 - 3,999	\$ 1,350	\$ 25,000 - 25,999	\$ 6,850
\$ 4,000 - 4,999	\$ 1,600	\$ 26,000 - 27,999	\$ 7,250
\$ 5,000 - 5,999	\$ 1,850	\$ 28,000 - 29,999	\$ 7,750
\$ 6,000 - 6,999	\$ 2,100	\$ 30,000 - 31,999	\$ 8,250
\$ 7,000 - 7,999	\$ 2,350	\$ 32,000 - 33,999	\$ 8,750
\$ 8,000 - 8,999	\$ 2,600	\$ 34,000 - 35,999	\$ 9,250
\$ 9,000 - 9,999	\$ 2,850	\$ 36,000 - 37,999	\$ 9,750
\$ 10,000 - 10,999	\$ 3,100	\$ 38,000 - 39,999	\$10,250
\$ 11,000 - 11,999	\$ 3,350	\$ 40,000 - 41,999	\$10,750
\$ 12,000 - 12,999	\$ 3,600	\$ 42,000 - 43,999	\$11,250
\$ 13,000 - 13,999	\$ 3,850	\$ 44,000 - 45,999	\$11,750
\$ 14,000 - 14,999	\$ 4,100	\$ 46,000 - 47,999	\$12,250
\$ 15,000 - 15,999	\$ 4,350	\$ 48,000 - 49,999	\$12,750
\$ 16,000 - 16,999	\$ 4,600	\$ 50,000 - 51,999	\$13,250
\$ 17,000 - 17,999	\$ 4,850	\$ 52,000 - 53,999	\$13,750
\$ 18,000 - 18,999	\$ 5,100	\$ 54,000 - 55,999	\$14,250
\$ 19,000 - 19,999	\$ 5,350	\$ 56,000 - 57,999	\$14,750
\$ 20,000 - 20,999	\$ 5,600	\$ 58,000 - 59,999**	\$15,250
\$ 21,000 - 21,999	\$ 5,850		

\* IRS Publication 15-B (2024) Page 28

\*\* For vehicles having a fair market value in excess of \$59,999, the annual lease value is equal to  $(0.25 \times \text{FMV of the automobile}) + \$500$ .

## Worksheet II – Taxable Cost of Group-Term Life Insurance

IRS provides exclusion for the first \$50,000 of group-term life insurance. There are no tax consequences if the total amount of such policies does not exceed \$50,000. The imputed cost of coverage in excess of \$50,000 must be included in income using the IRS Premium Table and are subject to social security and Medicare taxes.

Employee's Name	
Age as of 12/31/25	
1. Amount of coverage	\$
2. Less nontaxable coverage	( 50,000 )
3. "Excess" (taxable) coverage (line 1 - line 2)	\$
4. Line 3 ÷ \$1,000 rounded to the nearest tenth (e.g., \$75,250 rounds to 75.3)	
5. Cost per \$1,000 of coverage for one month (see chart below)	
6. Monthly cost of excess coverage (line 4 x line 5)	
7. Number of months the employee had this coverage during the year	
8. Total cost of excess coverage (line 6 x line 7)	
9. Less after-tax amount employee paid for coverage	( )
10. Taxable cost of excess group-term coverage to include in employee's W-2 boxes 1, 3 and 5 and box 12 with code "C". (line 8 - line 9, but not less than zero)	\$

\* Table 2-2.

Age of Coverage	Cost Per \$1,000 of Protection for 1 Month	Age of Coverage	Monthly cost per \$1,000
Under 25	\$0.05	50 to 54	\$0.23
25 to 29	\$0.06	55 to 59	\$0.43
30 to 34	\$0.08	60 to 64	\$0.66
35 to 39	\$0.09	65 to 69	\$1.27
40 to 44	\$0.10	70 and above	\$2.06
45 to 49	\$0.15		

\* Publication 15-B (2025) Page 14

## 2026 Due Date Calendar

### January

- 1/16/2026 Submit information to your Rehmann advisor for preparation of Forms W-2 and/or Forms 1099.
- 1/15/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of December 2025 (monthly filers only).

### February

- 2/2/2026 Provide 2025 Form W-2 to employees. File 2025 W-2s and their W-3 transmittal with the SSA and Ohio Department of Taxation. A 30-day extension to file with SSA may be granted for extraordinary circumstances. File Form 8809 to request an extension.
- 2/2/2026 Provide all 2025 Forms 1099 to recipients. A 30-day extension to furnish copies of information returns to recipients may be granted for extraordinary circumstances. File Form 15397 to request an extension.
- 2/2/2026 File Forms 1099 -NEC with the IRS. A 30-day extension to file with IRS may be granted for extraordinary circumstances. File Form 8809 to request an extension.
- 2/2/2026 File Form 941, Employer's Quarterly Federal Tax Return, for the fourth quarter of 2025 and Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, for the 2025 tax year.
- 2/2/2026 File Ohio IT 941 and SD 141, Employer's Annual Reconciliation of Income Tax Withheld, for the 2025 tax year.
- 2/2/2026 File Ohio IT 3, Transmittal of Wage and Tax Statements, for the 2025 tax year.
- 2/2/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the fourth quarter of 2025 (quarterly filers only).
- 2/10/2026 Deferred due date for fourth quarter 2025 Form 941, if timely deposits were made.
- 2/10/2026 Deferred due date for 2025 Form 940, if timely deposits were made.
- 2/17/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of January 2026 (monthly filers only).

### March

- 3/2/2026 Deadline for paper filing of all 2025 1095-B and 1095-C forms, along with transmittal form 1094-B or 1094-C. See 3/31/2026 if filing these forms electronically. A 30-day extension to file with IRS may be granted for extraordinary circumstances. File Form 8809 to request an extension.
- 3/2/2026 Due date for filing 2025 Forms 1097, 1098, 1099, 3921, 3922, and W-2G if not filing electronically. See 3/31/2026 if filing these forms electronically. The due date for providing the recipient these forms remains 2/2/2026. A 30-day extension to file with IRS may be granted for extraordinary circumstances. File Form 8809 to request an extension.
- 3/2/2026 Provide all 2025 Forms 1095-B or 1095-C, whichever is applicable, to employees. A 30-day extension to furnish copies of information returns to recipients may be granted for extraordinary circumstances. File Form 15397 to request an extension.

- 3/16/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of February 2026 (monthly filers only).
- 3/31/2026 Electronically file 2025 Forms 1097, 1098, 1099, 3921, 3922, and W-2G due. This due date applies only if you file electronically. Otherwise, see 3/2/2026. The due date for giving the recipient these forms generally remains 2/2/2026. A 30-day extension to file with IRS may be granted for extraordinary circumstances. File Form 8809 to request an extension.
- 3/31/2026 Deadline for electronic filing of 2025 1095-B and 1095-C forms, along with transmittal form 1094-B or 1094-C. This due date applies if you file electronically. Otherwise, see 3/2/2026. The due date for providing these to employees generally remains 3/2/2026. A 30-day extension to file with IRS may be granted for extraordinary circumstances. File Form 8809 to request an extension.

## April

- 4/15/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of March 2026 (monthly filers only).
- 4/30/2026 File Form 941, Employer's Quarterly Federal Tax Return, for the first quarter of 2026.
- 4/30/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the first quarter of 2026 (quarterly filers only).
- 4/30/2026 If your FUTA tax is more than \$500 for the calendar year, you must deposit at least one quarterly payment; you must determine when to deposit your tax based on the amount of your quarterly tax liability. If your FUTA tax is \$500 or less in a quarter, carry it over to the next quarter. Continue carrying your tax liability over until your cumulative tax is more than \$500. At that point, you must deposit your tax for the quarter.

## May

- 5/11/2026 Deferred due date for first quarter 2026 Form 941, if timely deposits were made.
- 5/15/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of April 2026 (monthly filers only).

## June

- 6/15/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of May 2026 (monthly filers only).

## July

- 7/15/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of June 2026 (monthly filers only).
- 7/31/2026 File Form 941, Employer's Quarterly Federal Tax Return, for the second quarter of 2026.
- 7/31/2026 FUTA tax deposit due, if applicable. See 4/30/2026 for details.
- 7/31/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the second quarter of 2026 (quarterly filers only).

## August

- 8/10/2026 Deferred due date for second quarter 2026 Form 941, if timely deposits were made.

8/17/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of July 2026 (monthly filers only).

## **September**

9/15/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of August 2026 (monthly filers only).

## **October**

10/15/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of September 2026 (monthly filers only).

## **November**

11/2/2026 File Form 941, Employer's Quarterly Federal Tax Return, for the third quarter of 2026.

11/2/2026 FUTA tax deposit due, if applicable. See 4/30/2026 for details.

11/2/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the third quarter of 2026 (quarterly filers only).

11/10/2026 Deferred due date for third quarter 2026 Form 941, if timely deposits were made.

11/16/2025 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of October 2026 (monthly filers only).

## **December**

12/15/2026 File Form Ohio IT 501 and SD 101, Ohio and School District Withholding Tax Returns, for the month of November 2026 (monthly filers only).

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