PAYROLL GUIDE

The Year-End Payroll Checklist Every Employer Needs

Everything to confirm before your last payroll of the year, in the order it actually needs to happen. Print this and work through it with your team.

TIMELINE	ACTION ITEMS	COMMON MISTAKES
Oct–Jan	25+	6

The last payroll of the year isn't just another pay run — it's the one where every small error from the past twelve months shows up at once, in a W-2 an employee is going to look at closely. This checklist breaks the whole stretch into pieces you can plan for.

BEFORE YOU START • WHO OWNS WHAT

Payroll
Employee data accuracy, tax elections, the pre-close audit, and the final pay run itself.

HR
Benefits deduction reconciliation, open enrollment overlap, and employee communication.

Finance
Bonus approval and funding, GL reconciliation, and sign-off on entity changes.

THE CHECKLIST • WEEK BY WEEK

8–10 WEEKS OUT — OCTOBER

- [ ] Confirm employee data is current: legal names, addresses, and SSNs match what's on file
- [ ] Reconcile benefits deductions against actual enrollment
- [ ] Review time and attendance records for unresolved discrepancies
- [ ] Confirm mid-year entity changes (mergers, name changes, new EINs) are reflected in payroll setup
- [ ] Pull terminated employees and confirm mailing addresses are current, not stale
- [ ] For remote/multi-state employees, confirm work-location tax setup matches where they actually worked

4–6 WEEKS OUT — NOVEMBER

- [ ] Verify employee tax elections (W-4s) are current, especially for anyone with a life change this year
- [ ] Confirm year-end bonus amounts, payment timing, and supplemental-wage tax treatment
- [ ] Review taxable fringe benefits for correct W-2 treatment
- [ ] Reconcile 401(k) and retirement contributions against IRS limits for the year
- [ ] Confirm state and local tax registrations are current for every location you operate in

2–3 WEEKS OUT — EARLY-TO-MID DECEMBER

- [ ] Run a full pre-close payroll audit across every pay group
- [ ] Confirm independent contractors are correctly classified and 1099 information is complete
- [ ] Verify company information (legal name, EIN, addresses) is correct on all filings
- [ ] Set your final off-cycle correction deadline and communicate it internally, in writing

LAST PAYROLL OF THE YEAR

- [ ] Process the final pay run and confirm all totals reconcile
- [ ] Lock the year in your payroll system
- [ ] Prepare W-2 and 1099 distribution timeline for January

JANUARY

- [ ] Distribute W-2s and 1099s by the IRS deadline (January 31)
- [ ] File year-end tax returns and reconciliations
- [ ] Archive the year's payroll records per your state's retention requirements

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WHAT TRIPS PEOPLE UP

Mistakes that cause the most rework

Treating bonuses like regular wages.
Bonuses are supplemental wages, generally withheld at a flat 22% federally — not at an employee's regular W-4 rate.

Waiting until the last run to reconcile benefits.
A mismatch caught in October is a five-minute fix. Caught in December, it's a retroactive multi-period correction.

Assuming a departed employee's address is current.
Returned W-2s are disproportionately common among employees who've already left.

Tracking only the federal correction deadline.
Many states run their own, earlier W-2 correction cutoffs.

Skipping a documented cutoff for last-minute changes.
Without one, late requests get handled ad hoc — exactly how small errors slip through.

46%
Improvement in payroll accuracy

Days→Min
Cuts audit time across multiple locations

90%
Of service calls answered in under 1 minute

READY TO GET IT BACK?

Make year-end the easy part.
See how Netchex keeps payroll, benefits, and tax filing on one system.

Request a Demo →

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