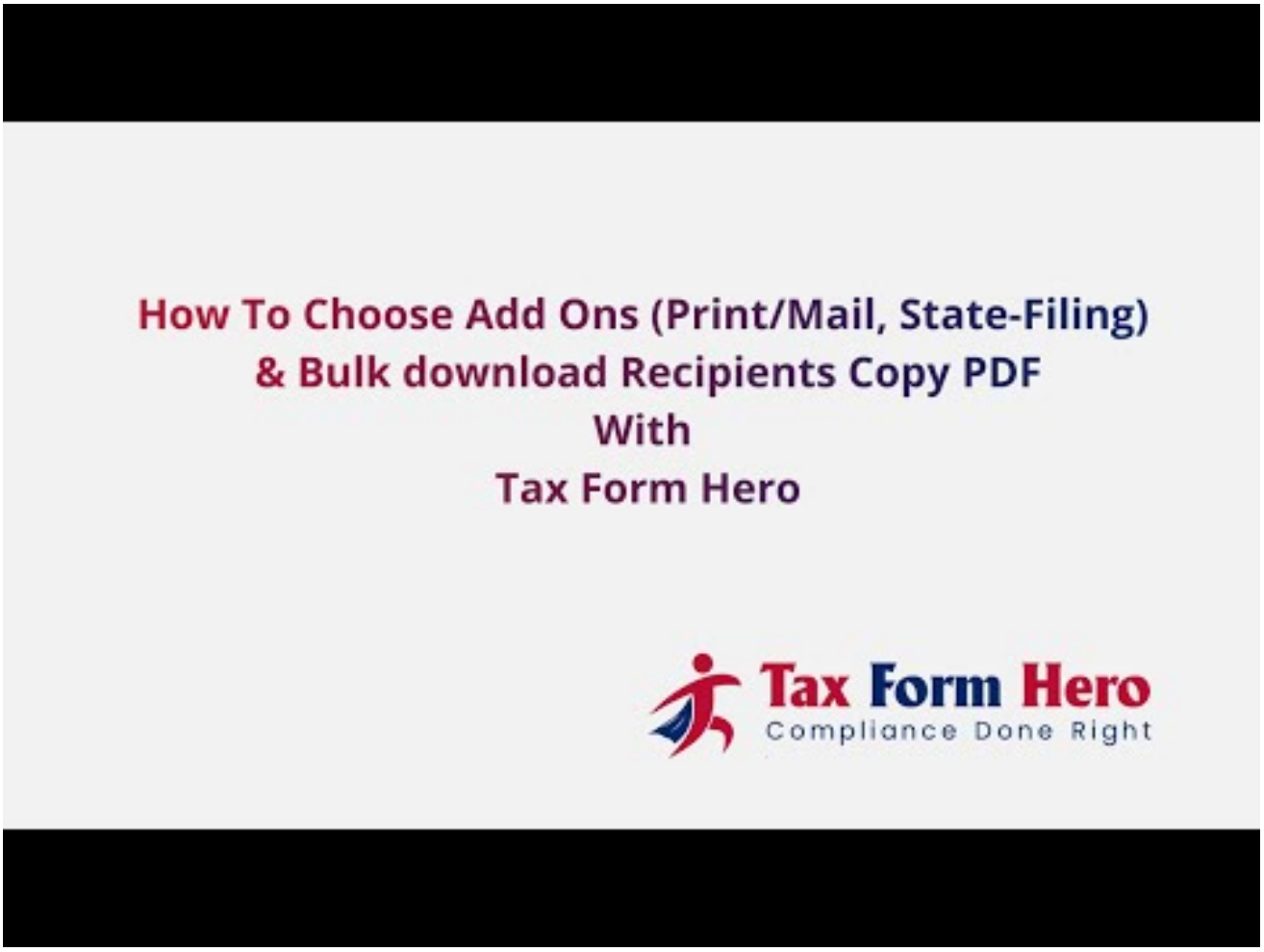
A year-end checklist for managing 1099, W-2, and ACA forms

Getting organized for year-end reporting

Year-end reporting can feel like a scramble if you leave it too late. Between Form W-2 for employees, Form 1099 for independent contractors, and ACA reporting for health coverage, the pile of paperwork grows fast. A little planning now saves you from missed deadlines, penalty notices, and last-minute corrections. This checklist walks you through the main points to check so your ACA form filing runs smoothly alongside your other year-end obligations.

1. Confirm which forms you need to file

Not every business files every form. Start by lining up your business structure and your workforce. If you have employees, you file Form W-2 for each one. If you paid a non-employee contractor $600 or more during the year, you file Form 1099-NEC. If you offered health coverage through a small business plan or an applicable large employer plan, ACA reporting kicks in. The key is to know which categories apply to you before you start gathering data.



Why this matters

Filing the wrong form or missing a required one can trigger IRS notices. The IRS cross-checks information returns against tax returns, so a mismatch on a single Form 1099 can delay processing. Taking ten minutes to list your form types now prevents that headache later.

2. Check your payroll records for accuracy

Payroll records are the backbone of W-2 and ACA reporting. Review employee wages, tips, and other compensation for the full calendar year. Make sure each worker's name, Social Security number, and address match what is on their Social Security card. A typo in a Social Security number can cause the entire return to be rejected.

For ACA, you need to track months of health coverage offered to each full-time employee. Pull your enrollment records and compare them to payroll. If someone left mid-year, you still report their coverage through their last month of employment. Any gap between what your payroll shows and what your insurer reports can create a discrepancy that the IRS flags.

3. Verify contractor and payee information

Form 1099 recipients are just as important. Collect W-9 forms from every contractor before you issue a 1099. The W-9 gives you their legal name, business entity type, and Taxpayer Identification Number. Use the IRS TIN matching tool to verify the number before you file. If the TIN does not match, the form may be rejected, and you could face backup withholding requirements.

Double-check that you have correct addresses. Many 1099 corrections stem from old or incomplete addresses. Send a quick email to contractors in November asking them to confirm their details. Most will appreciate the reminder, and you save time hunting for correct information in January.

4. Review health coverage data for ACA reporting

ACA reporting comes in two main flavors: Form 1095-C for applicable large employers (50 or more full-time employees) and Form 1095-B for small businesses that self-insure or offer coverage through a small business health options program. The data you need includes the employee's name, SSN, months of coverage offered, and the lowest-cost monthly premium for self-only coverage.

Check that your health plan records include all eligible employees, including those who waived coverage. Even if an employee declined coverage, you still report that they were offered it and the month they declined. Missing zeros or blank fields can look like incomplete reporting to the IRS.

What to watch for

Common mistakes in ACA data include missing coverage months for new hires, incorrect affordability percentages, and missing employee SSNs. If you use a payroll or benefits provider, ask them to run a pre-validation report before you transmit. Catching errors now is easier than amending forms later.

5. Prepare your W-2 data

Form W-2 reports employee wages, tips, and withheld taxes. The boxes on the form are straightforward, but the annual totals must match your payroll summary. Reconcile the amounts in Box 1 (wages) with the total in Box 3 (Social Security wages) and Box 5 (Medicare wages). If your payroll system handles this automatically, still run a manual check on a few sample employees. A single off-by-one error in a wage figure can affect the employee's personal tax return.

For businesses that handle both W-2 and ACA data, remember that the health coverage information on Form W-2 (Box 12, code DD) is informational for larger employers. This is

separate from the ACA-specific forms, but it must match the coverage months you report on Form 1095-C. Consistency across forms is your friend.

6. Line up your filing method

The IRS requires electronic filing for most businesses that file 250 or more information returns in a calendar year. Even if you are below that threshold, e-filing reduces errors and speeds up processing. You have a few options: use your payroll software's built-in e-file feature, work with a third-party transmitter, or file directly through the IRS FIRE system.

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For W-2 forms, many businesses now use online W-2 filing through their payroll provider. This method lets you upload a CSV or XML file and receive instant confirmation that the IRS accepted your submission. If you handle ACA forms, check that your e-file provider supports the ACA XML schema, which has different formatting requirements than W-2s and 1099s.

7. Set a timeline for each form

Deadlines vary by form. W-2s go to employees by January 31 and to the Social Security Administration by January 31 (if filing electronically, the deadline is also January 31 for online W-2 filing). Form 1099-NEC goes to recipients by January 31, and the IRS deadline is also January 31. ACA forms have a slightly later deadline: February 28 for paper filers or March 31 for electronic filers.

Build your calendar around these dates. Work backward from January 31 to schedule data gathering, testing, and submission. Leave a buffer week in case a batch of forms gets rejected.

The IRS offers a penalty waiver for first-time errors, but it is better not to rely on that.

8. Run a test submission

Before you transmit your final batch, send a test file to your e-filing provider or test with the IRS's acceptance testing system. Most providers offer a way to validate your data format and check for common errors like missing SSNs or invalid state codes. A test file catches formatting issues that could delay your entire submission.

For ACA forms, pay special attention to the coverage month indicators. The IRS expects a specific code for each month: 1A for qualifying offer, 1B for minimum essential coverage, and so on. Mixing up codes is a frequent reason for ACA form rejection. Test with a small sample first, then review the output carefully.

9. Prepare recipient copies

Once you file with the IRS, you must provide copies to each recipient. For W-2s, give employees Copy B, Copy C, and Copy 2. For 1099s, provide Copy B. For ACA forms, give employees a copy of Form 1095-C or 1095-B. The deadline for providing these copies is the same as the IRS filing deadline for W-2s and 1099s (January 31), but for ACA forms you have until March 2 if you file electronically.

Make sure the recipient copies are clearly labeled and include all required information. Many employers now deliver these digitally through a secure employee portal, which is fine as long as employees can access and print them. Keep a record of when and how you distributed copies in case an employee claims they never received one.

10. Review and archive your records

After you file, keep a copy of every form you submitted, along with the IRS acknowledgement or acceptance report. Store these records for at least four years, since that is the typical statute of limitations for information returns. Organize them by tax year and form type so you can quickly retrieve them if the IRS sends a notice or if an employee requests a corrected form.

A good filing system also helps you prepare for next year. Note any recurring issues you encountered - for example, a contractor who always provides a wrong address, or a payroll system that consistently miscalculates a certain box. Addressing those problems now makes next year's reporting faster and more accurate.