Let's *Build*

SABILITY *IS NOW* armanino



Firm Overview

WHO WE ARE

armanino

Employees	Team Members in	Firm Ranking
3000+	42 States	18th Largest

- One of the nation's largest independent consulting, advisory and accounting firms
- Trusted advisor helping organizations drive growth, transformation, and operational excellence
- Leading provider of consulting, technology, tax, audit, and business strategy services
- Now, with the acquisition of Sability, Armanino is a premier UKG partner with deep expertise in Human Capital Management (HCM) and Workforce Management (WFM)
- Delivering innovative solutions that help organizations maximize their technology investments

Consulting | Audit & Attest | Risk Advisory | Nonprofit | Tax | Private Wealth | Family Office

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UKG Services

Our services are designed to fully prepare, implement, and optimize your success with UKG.



Strategy & Advisory

- Change Management
- Implementation Readiness
- Global Payroll Advisory
- Program Governance
- Organizational Assessments
- Merger & Acquisition Advisory
- Canadian Compliance
- Best Practices



Implementation

- Full System Implementations
- Project Management
- Client-side Support
- System Integrations
- Data Conversions
- Acceptance Testing
- Mergers & Acquisitions
- Analytical Reporting



Support & Optimization

- Signature Services
- Payroll Managed Services
- Staff Augmentation
- HRIS Support
- Technical Support
- Customized Training
- Data Analytics
- Process Improvements
- UKG Roadmap Development

Armanino
UKG User Group

WHAT YOU ONCE KNEW AS SABILITY IS NOW ARMANINO!

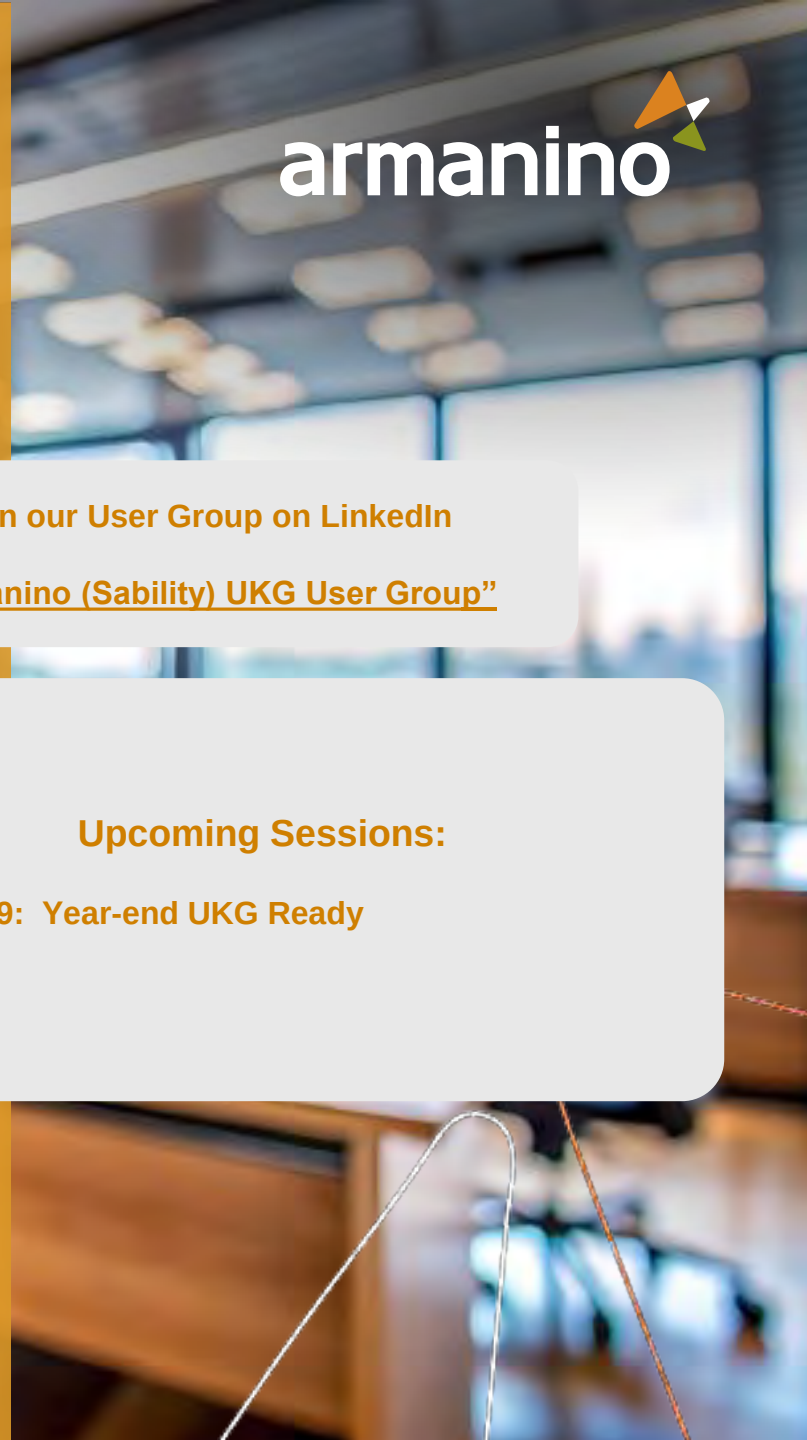
While our name has changed, our commitment to the UKG community remains the same. Because of the success and value of this group, we're proud to carry forward our UKG User Group under the Armanino brand. We're excited to begin this next chapter with you, backed by the same team and the same great content you've come to expect.

SAME USER GROUP, SAME GREAT CONTENT, NEW NAME.

Our User Group Story

Our mission is to enhance user knowledge through functional, technical and thought leadership sessions, while providing networking opportunities for our UKG user community.

- First and largest partner-led UKG User Group
- Functional, Technical and thought leadership topics
- Defined tracks to support all UKG Products
  - UKG Pro
  - UKG Pro WFM
  - UKG Ready
  - UKG Legacy Time Products (UTA, UTM, Central)
- Since our inception in 2021, we have welcomed over 500 unique companies and received over 8,000 registrations!



Join our User Group on LinkedIn

“Armanino (Sability) UKG User Group”

Upcoming Sessions:

November 19: Year-end UKG Ready

Armanino's UKG User Group Presents:

Year-End Activities for UKG Pro

NOVEMBER 12, 2026



Our Presenter



Anne Holly

Payroll Specialist, Armanino

Anne has over 19 years of payroll processing, bookkeeping and general ledger experience. She brings a wealth of knowledge to the Payroll Managed Services team and is known for her willingness to jump in to help in any situation, her attention to detail and her high level of client satisfaction.

Agenda

- UKG Community
- Preparing for Year-End
- Activities by Month
- Payroll & Tax Filing Dates
- Balancing Best Practices
- What's New This Year
- Summary



Preparing for Year-End – *start getting ready now!*

Assemble your internal year-end team with representatives from relevant departments. For example, Payroll, Tax/Finance, HR, Benefits, IT and/or any other departments that make sense for your company.

Sign up for year-end webinars/seminars.

If you're not using UKG Pro print services, order tax forms (W-2 and 1099).

Visit the UKG U.S. Year-End Resource Page and download the UKG Year-End checklist.

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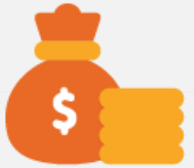
References, Guides, & Checklists



2026 Year-End Checklist



UKG Pro U.S. Year-End Resources Page



Payroll Balancing

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Resources

UKG Community

Year-End Checklists

Check out the 2026 year-end checklist for details on year-end actions and the companion worksheet to help you track your progress. There are dedicated versions for both UKG Pro Payment Services customers and customers who self-file their taxes or use a third-party tax filing service.

UKG Pro Payment Services Customers

- 2026 UKG Pro Pay U.S. Year-End Checklist: Payment Services
- 2026 UKG Pro Pay U.S. Year-End Checklist Companion Worksheet: Payment Services

Self-Filing and Third-Party Tax Filing Service Customers

- 2026 UKG Pro Pay U.S. Year-End Checklist: Self-Filing and Third-Party Tax Filing
- 2026 UKG Pro Pay U.S. Year-End Checklist Companion Worksheet: Self-Filing and Third-Party Tax Filing

Year-End Training

Register to attend in-depth instructor-led training in UKG Community University that helps you build your year-end skills and put them into practice. If you are already experienced with year-end, register for a Year-End Webinar event to refresh your knowledge.

Instructor-Led Training

- 310-01mm Pro Year-End Preparation - U.S.
- 310-02mm Pro Year-End Processing - U.S.
- Recorded 310-01mm Pro Year-End Preparation - U.S.
- Recorded 310-02mm Pro Year-End Preparation - U.S.

Looking for more courses? Review the year-end section of the Course Catalog for a full listing of available trainings to support your year-end success.

Frequently Asked Questions

Questions about year-end? Explore the most common questions and answers: Year-End: Most Popular Articles and Announcements.

UKG Community

Connect and collaborate with UKG experts and your peers in the UKG Pro Payroll Group to ask your year-end questions.

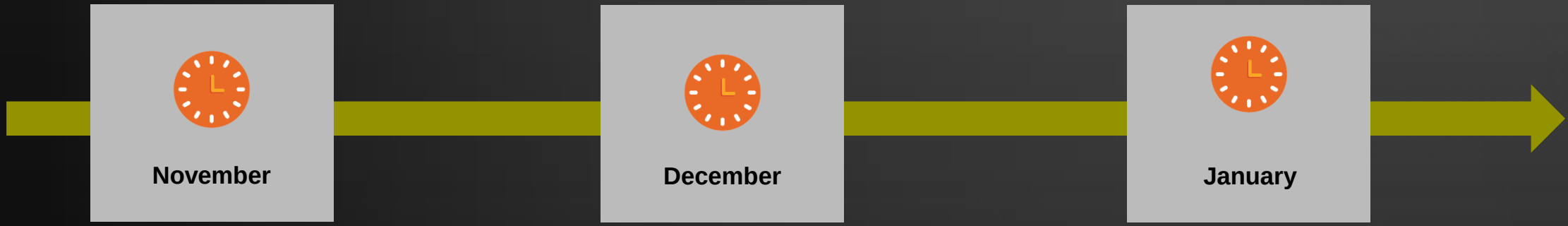
Year-End Readiness Workbook



Download the UKG 2026 Year-End Readiness Workbook that provides information that will help you every step of your year-end journey.

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Activities by Month



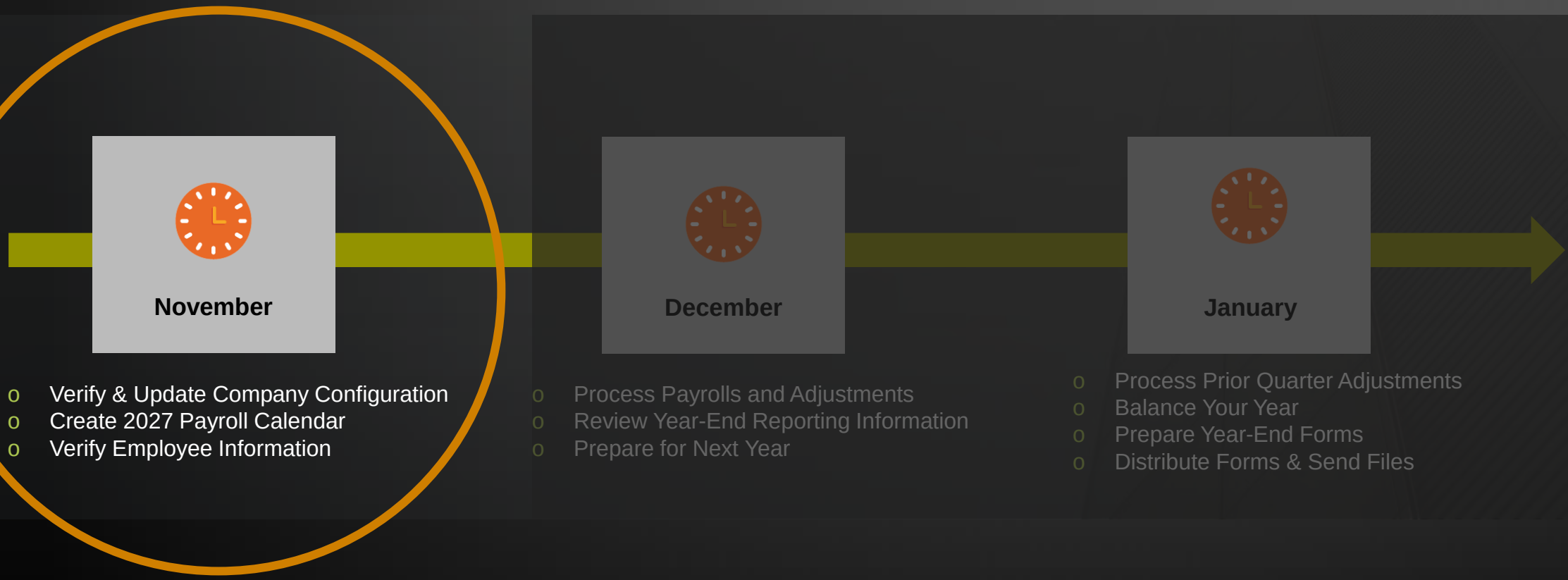
- Verify & Update Company Configuration
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November

Verify & Update Company Configuration

- Verify your company address, FEIN number, tax IDs, tax rates and deposit frequencies using the **Company Setup**, **Company Master Profile** and the **Company Tax Verification** standard reports
  - Review the Company Tax Standard Reports job aid for details on how to use those standard reports
  - Update the tax IDs for any tax jurisdictions with a status of “Applied For” from the Tax Setup business rule
- Verify multiple locations for each state using the **Worksite Reports** standard report and confirm all locations appear on the report
- Verify worker’s compensation company information from the **Workers’ Compensation Codes/Risk Rates** business rule
- Verify your Transmittal Control Code (TCC) for Form 1099 electronic filing or apply for an IRIS TCC from the IRS website

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November

Verify & Update Company Configuration

Verify that earnings codes are assigned to the correct earnings category. Review these standard reports:

- **Earnings Tax Category** – Provides information on how earnings tax categories are taxed and reported
- **Earnings Tax Category Exceptions** – Provides tax jurisdictions with imposed tax exceptions
- **Earnings Codes** – Provides the earnings tax category assigned to each earnings code

Verify that deduction/benefit codes are assigned to the correct deduction tax category. The deduction tax category determines whether the deduction is taken before or after taxes are collected. This category also determines how the amounts are reported. Review these standard reports:

- **Deduction Tax Categories** – Provides information on how each available deduction tax category is reported
- **Deduction Codes** – Provides the deduction tax category assigned to each deduction code

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November

Verify & Update Company Configuration

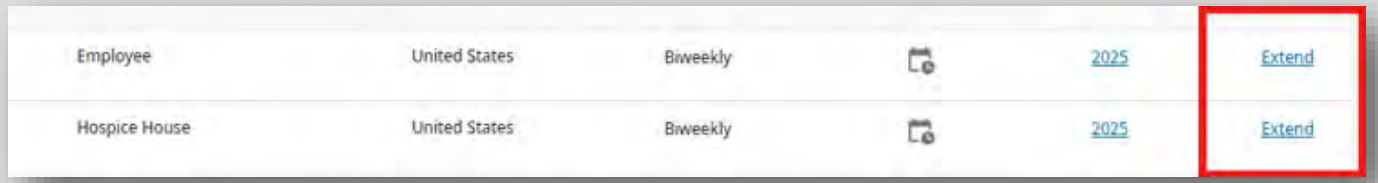
- Confirm if you or the vendor will be issuing W-2s for third party sick pay. If you are, enter any third-party sick pay adjustments in UKG
- Review Form W-2 Box 14 information using the **W-2 Box 14 Labels** and **W-2 Box 14 Label Detail** standard reports
  - Review the **W-2 Box 14** Labels job aid for details on how to configure and assign Box 14 labels
- Verify your shipping address, shipping method, contact information and form W-2 Copy D recipient for W-2 printing is correct
  - W-2 Print Approval Summary page, Administration → Reporting → Year-End Dashboard and W-2 Print Approval Summary
- Verify employees eligible for Form W-2 Box 13 (Statutory, Retirement Plan or Third-Party Sick Pay)
- Identify employees with outstanding deduction arrears amounts using the **Employees with Outstanding Arrears** People Analytics report

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November

Create a 2027 Payroll Calendar

- Create a 2027 payroll calendar and confirm company holidays for 2027
- Configure holiday schedule for the new year from the **Holidays** business rule
- Configure holidays in your UKG time system
- Extend pay calendars from the **Pay Groups** business rule
  - Review the Extend the Payroll Calendar section of the **Change Payroll Calendars** job aid for details



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November

Verify Employee Information

- Send communications to employees to:
  - Verify/update their name, address, and SSN
  - Update paperless delivery preferences to receive electronic W-2
  - Remind employees to submit a W-4 form for 2027 if their tax situations have changed
- Review the **Year-End Validations** standard report
- Review the **W-2 Negative Wage** and **Negative Wage Detail by Employees** standard reports
- Verify all employee reporting information is correct from **W-2 Detail** and **W-2 Summary** standard reports

Year-End forms cannot be printed until all W-2 negatives are resolved.

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November

Verify Healthcare Configuration

- Verify the appropriate healthcare benefit deductions are configured to report on the Forms W-2 from the **Deduction/Benefit Plans** in Business Rules. To update a deduction code, select the code and at the Payroll step in Deduction Setup, select or deselect the “Display on W-2 for healthcare reporting” checkbox, as necessary.
- Verify that the appropriate healthcare benefit deductions effective during the tax year are configured with employee and employer deduction amounts to be reported on Forms W-2 employer sponsored health coverage from the **Deduction/Benefit Plans** business rule.
- Verify employee and employer healthcare year-to-date amounts using the **W-2 Healthcare Reporting Employee Audit** People Analytics report.

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December

Process Payrolls and Adjustments

- Verify non-reconciled checks, including manual and voided checks
- Run **Check Reconciliation Excluding Void Payments** and **Check Reconciliation Including Void Payment** Reports
- Process all current quarter adjustments to any of the regular December payrolls or any supplemental/off-cycle payrolls you create, such as third-party sick pay or Group Term Life
- Process and close the last regular payroll of the year for each active pay group to close the quarter and year

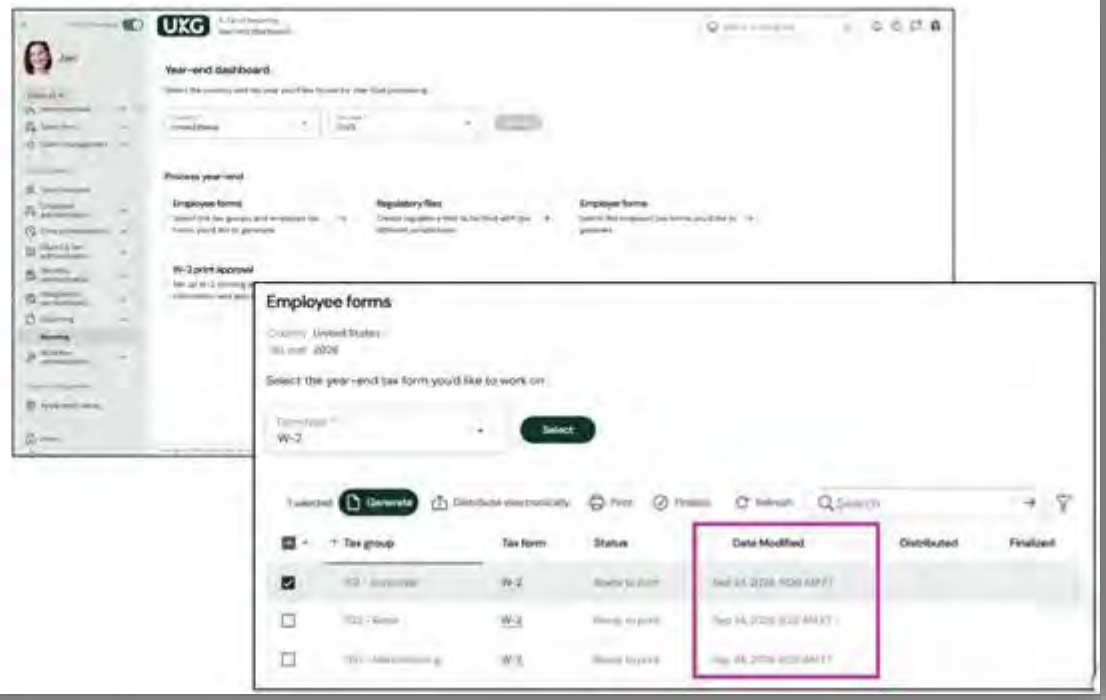
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December

Review Year-End Reporting Information

Automatic YE Table generation - coming in November for U.S. customers only

- With the November Release, UKG Pro will automatically refresh year-end data nightly.
- You can still select **Generate** to refresh year-end data on demand.
- On the **Employee forms** page, the new **Date Modified** column shows when year-end data was last generated for each tax group.



Year-End forms cannot be printed until all W-2 negatives are resolved.

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December

Prepare for Next Year

- Update goal amounts for deductions
- Note: UKG updates deduction tax categories annually according to the IRS limits. If your company's deduction plan uses a company wide goal amount that differs from the IRS limits, update the deduction goal amounts with the new year's goal limits
- The deduction goal update overrides any goal amount elections selected by employees during open enrollment or life events
- Only update those deduction plans containing the same goal amount across the entire company
- Menu > Administration > Payroll Admin > Deduction Goal Update

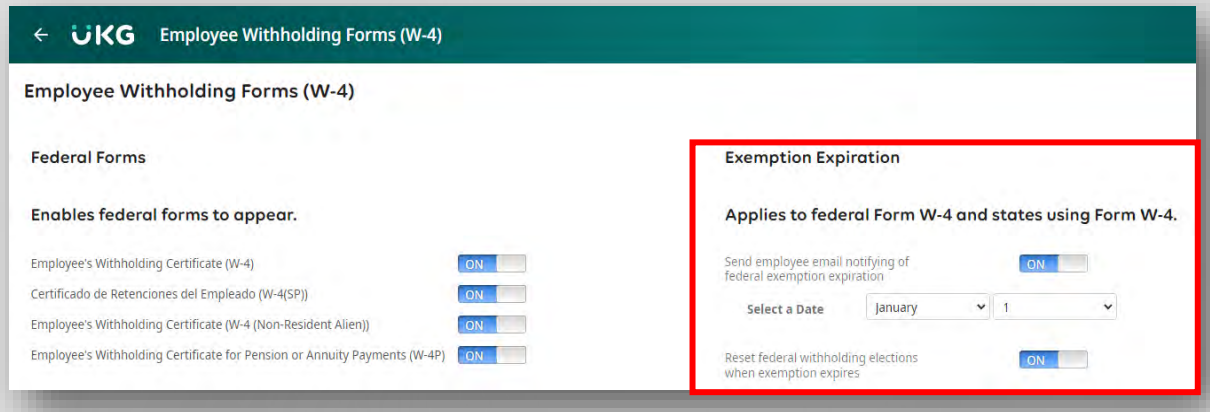
These steps should be completed after the last pay of 2026 and before the first pay of 2027.

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December

Submitting Form W-4

- A new W-4 is required to be completed by February 15th of each year if an employee claims “Exempt” on the federal W-4 and states using Form W-4 (CO, NM, ND, UT)
- Generate automatic exemption email notification to employees claiming exemption from withholding on federal/state form W-4 to remind them to complete a new W-4
- Enable automatic reset option to reset federal/state withholding elections to the default elections automatically if the employee does not submit a new W-4 by the deadline
- Navigation: Menu > System Configuration > Taxes > Employee Withholding Forms (W-4)



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January

Process Prior Quarter Adjustments

- Process any prior quarter adjustments that weren't included in December
- If you are a UKG Payment Services customer, Quarter 4 adjustments must be completed by January 6, 2027, at 5:00 p.m. ET. Any adjustments entered after this date will require an amended return and W-2c.

Balance Your Year

- After all your adjustments are in, generate your year-end reporting tables
- Complete the year-end balancing worksheet for the 4th quarter and year and balance your W-2 information. Use the Tax Liability Grand Total, Wage Summary/Detail, W-2 Summary/Detail reports and the Collection Details report (if you are a UKG Payment Services customer)
- Once your year is balanced, generate the year-end reporting tables one last time to make sure the most up to date information is available

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January

Preparing Year-End Forms

Approve Forms W-2 for printing by UKG from the W-2 Print Approval Summary page

- For print services customers, UKG will auto sweep W-2s on January 6th. They will be printed and delivered to the shipping address entered on the W-2 Print Approval Summary page

If you would like UKG to print your1099 forms, create PDF print files for Forms 1099-MISC, 1099-NEC, and 1099-R from the Employee forms page in the Year-End Dashboard. Submit the files in the UKG Community by **01/16/2027 11:59 p.m. local time.**

- Include your preferred shipping method, whether direct mail to employees, boxed with shipping billed to your company, or boxed and shipped using your company's FedEx or UPS account
- Also provide a shipping address, contact person, phone number, and email address

Review the Quarter-to-Date (QTD) Analysis Report. UKG Pro Payment Services uploads the report to the File Transfers page as early as January 7, 2027.

- UKG Pro Payment Services begins cash collection as early as January 11, 2027

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January

Distribute Forms and Send Files

If you are not a UKG Pro Payment Services customer, print all your quarter-end and year-end forms, complete and send as applicable



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Payroll and Tax Filing Dates

Subject	Deadline	Notes
Last day to process payroll on time for 2026 tax filing	December 29, 2026	This is the standard payroll deadline date for December 31.
Last pay date eligible for 2026 tax forms	December 31, 2026	A 2026 pay date is required for 2026 tax forms.
Last day to process a 2026 off-cycle payroll or process adjustments for W-2s	January 6, 2027	Corrections can be processed after the December 29th date, up to January 6th, but may be subject to penalties and interest from tax agencies for late deposits. Any corrections after this date will result in a W-2c.
W-2 Finalization Deadline	January 6, 2027	W-2 data will lock at 5 p.m. ET. Anything after will results in W-2Cs.
W-2C Deadline	N/A	Any corrections made after the W-2 deadline will need a W-2c. There is no UKG deadline for W-2cs.
Year-End Print Deadline	January 15, 2027	This is to guarantee a postmarked tax form by February 1st. Anything after can still be submitted for printing, but it will not be guaranteed by that date.
IRS Deadline	February 1, 2027	IRS requires W-2s to be filed and postmarked or available to your employees by this date.

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Balancing

Balancing is a Best Practice

- It is best to balance your payroll monthly.
- Identify issues before year-end and correct before it is too late.
- Implement new or change existing processes, procedures, or policies to ensure future and ongoing compliance.
- Be proactive and reduce last minute scrambling to set something up and/or correct.



Balancing Your Payroll

Use the “Tax Liability Grand Total” and “Collection Details” standard reports

Compare the “Total Tax (All) Deposit Due:” line on your “Tax Liability Grand Total” report to the “Report Total Amount:” line on the “Collection Details” report

Tax Liability Grand Total

Summary for Report

						Total of EE and ER amounts	
USFIT	Federal Income Tax	30,288.11					
USSOCEE	Social Security Tax	15,585.32	USSOCER	Social Security Tax	15,585.32	USSOC	31,170.64
USMEDEE *	Medicare Tax	3,789.90	USMEDER	Medicare Tax	3,789.90	USMED	7,579.80
Total Employee Tax (Fed):		49,663.33	Total Employer Tax (Fed):		19,375.22		
Total Federal Tax Deposit Due:		**69,038.55**			**Total Tax (All) Deposit Due:**		**81,834.40**

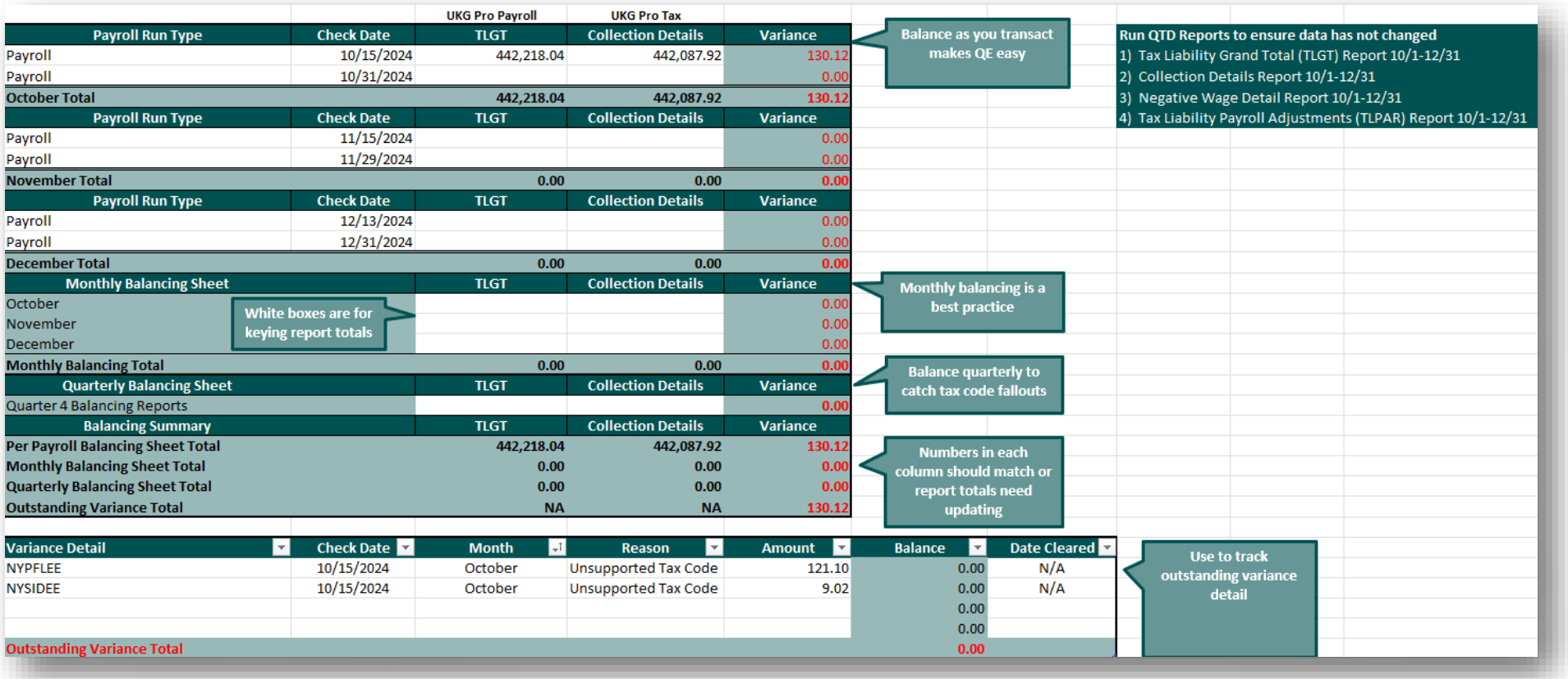
Collection Details

Check Date Total:	81,834.40
Company Total:	81,834.40
Report Total Amount:	81,834.40

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Payroll Balancing

If you are a Payment Services client, use the Payment Services Balancing Worksheet available on the Community to balance each quarter and year-end. There is a list of tax codes that UKG Payment Services does not remit on the employer's behalf. You can get your organization's list of unsupported tax codes by running the **Unsupported CTS Tax Codes** report in People Analytics.



		UKG Pro Payroll	UKG Pro Tax	
Payroll Run Type	**Check Date**	**TLGT**	**Collection Details**	**Variance**
Payroll	10/15/2024	442,218.04	442,087.92	130.12
Payroll	10/31/2024			0.00
October Total		**442,218.04**	**442,087.92**	**130.12**
Payroll Run Type	**Check Date**	**TLGT**	**Collection Details**	**Variance**
Payroll	11/15/2024			0.00
Payroll	11/29/2024			0.00
November Total		**0.00**	**0.00**	**0.00**
Payroll Run Type	**Check Date**	**TLGT**	**Collection Details**	**Variance**
Payroll	12/13/2024			0.00
Payroll	12/31/2024			0.00
December Total		**0.00**	**0.00**	**0.00**
Monthly Balancing Sheet		**TLGT**	**Collection Details**	**Variance**
October				0.00
November				0.00
December				0.00
Monthly Balancing Total		**0.00**	**0.00**	**0.00**
Quarterly Balancing Sheet		**TLGT**	**Collection Details**	**Variance**
Quarter 4 Balancing Reports				0.00
Balancing Summary		**TLGT**	**Collection Details**	**Variance**
Per Payroll Balancing Sheet Total		**442,218.04**	**442,087.92**	**130.12**
Monthly Balancing Sheet Total		**0.00**	**0.00**	**0.00**
Quarterly Balancing Sheet Total		**0.00**	**0.00**	**0.00**
Outstanding Variance Total		**NA**	**NA**	**130.12**

Variance Detail	Check Date	Month	Reason	Amount	Balance	Date Cleared
NYPFLEE	10/15/2024	October	Unsupported Tax Code	121.10	0.00	N/A
NYSIDEE	10/15/2024	October	Unsupported Tax Code	9.02	0.00	N/A
					0.00	
					0.00	
Outstanding Variance Total					**0.00**	

Tax Balancing

It is best practice balance your payroll taxes at least quarterly. “Payroll History Balancing Worksheets USA” is available on the UKG Community to help you balance. It has areas to balance FIT, Social Security, Medicare, FUTA, SIT, SUI, State Disability (SDI) and Local Income Taxes. The worksheet indicates where to pull the information from and what cells to enter the information on the spreadsheet.

Federal Income Tax (FIT) Worksheet

FEIN =

ENTER AMOUNTS IN PURPLE SHADED BOXES ONLY

FIT Recon	Taxable Wages (Form 941, Box 2)	Taxable Wages (Wage Summary)	Difference	W2 FED Wage (W2 Summary)	Tax Amount (Form 941, Box 3)	Tax Amount (Wage Summary)	Difference	W2 FED Tax (W2 Summary)
QTR 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
QTR 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Medicare (MED) Worksheet

FEIN =

ENTER AMOUNTS IN PURPLE SHADED BOXES ONLY

MED Recon	Taxable Wages (Form 941, Line 5c - Col 1)	Taxable Wages >$200,000 (Form 941, Line 5d - Col 1)	Taxable Wages (Wage Summary)	Difference	W2 MED Wage (W2 Summary)	MED Tax Amount (Form 941,Line 5c - Col 2)	MED Tax Amount (Form 941, Line 5d- Col 2)	MED Tax Amount (Wage Summary)	Difference	W2 MED Tax (W2 Summary)
QTR 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
QTR 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

State Income Tax (SIT) Worksheet

Make a copy of the worksheet for each state for which you report state income tax.

SIT Tax Code= SIT ID# =

SIT Recon	Taxable Wages	Taxable Wages (Wage Summary)	Difference		Tax Amount	Tax Amount (Wage Summary)	Difference
QTR 1	$ -	$ -	$ -		$ -	$ -	$ -
QTR 2	$ -	$ -	$ -		$ -	$ -	$ -

Social Security (SOC) Worksheet

FEIN =

ENTER AMOUNTS IN PURPLE SHADED BOXES ONLY

SOC Recon	Taxable Wages (Form 941, Box 5a - Col 1)	Taxable Wages (Wage Summary)	Difference	W2 SOC Wage Total	Tax Amount (Form 941, Line 5a- Col 2)	Tax Amount (Wage Summary)	Difference	W2 SOC Tax (W2 Summary)
QTR 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
QTR 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Federal Unemployment Tax (FUTA) Worksheet

FEIN =

ENTER AMOUNTS IN PURPLE SHADED BOXES ONLY

FUTA Recon	Taxable Wages	Taxable Wages (Wage Summary)	Difference		Tax Amount	Tax Amount (Wage Summary)	Difference
QTR 1	$ -	$ -	$ -		$ -	$ -	$ -
QTR 2	$ -	$ -	$ -		$ -	$ -	$ -

State Unemployment Insurance (SUI) Worksheet

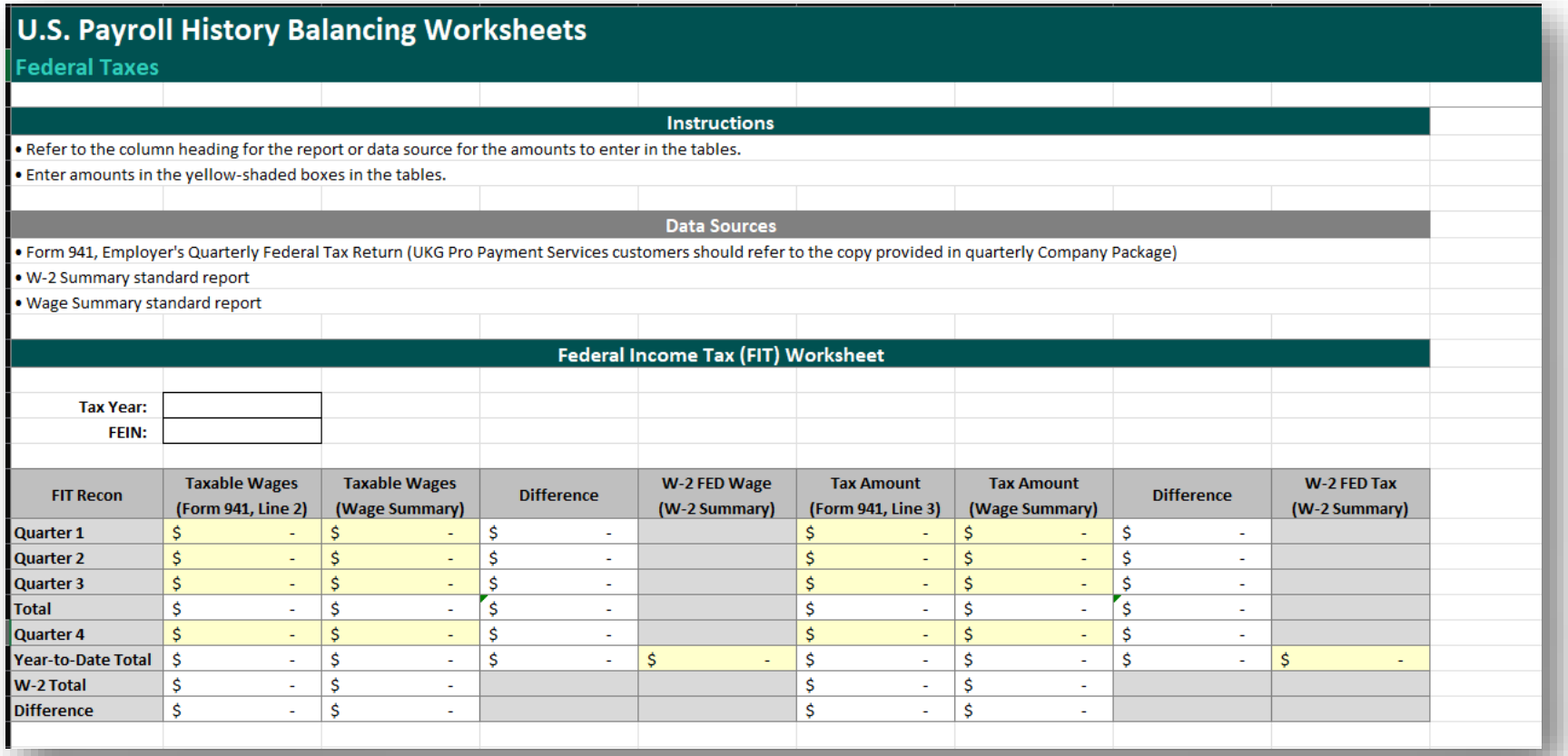
Make a copy of the worksheet for each state for which you report state unemployment tax.

SUI Tax Code= SUI ID# =

SUI Recon	Taxable Wages	Taxable Wages (Wage Summary)	Difference		Tax Amount	Tax Amount (Wage Summary)	Difference
QTR 1	$ -	$ -	$ -		$ -	$ -	$ -
QTR 2	$ -	$ -	$ -		$ -	$ -	$ -

U.S. Year-End Payroll History Balancing Worksheets

Balance Form W-2 totals to the year-to-date (YTD) grand totals using the U.S. Year-End Payroll History Balancing Worksheets for the fourth quarter and the year.



U.S. Payroll History Balancing Worksheets

Federal Taxes

Instructions

- Refer to the column heading for the report or data source for the amounts to enter in the tables.
- Enter amounts in the yellow-shaded boxes in the tables.

Data Sources

- Form 941, Employer's Quarterly Federal Tax Return (UKG Pro Payment Services customers should refer to the copy provided in quarterly Company Package)
- W-2 Summary standard report
- Wage Summary standard report

Federal Income Tax (FIT) Worksheet

Tax Year:
FEIN:

FIT Recon	Taxable Wages (Form 941, Line 2)	Taxable Wages (Wage Summary)	Difference	W-2 FED Wage (W-2 Summary)	Tax Amount (Form 941, Line 3)	Tax Amount (Wage Summary)	Difference	W-2 FED Tax (W-2 Summary)
Quarter 1	$ -	$ -	$ -		$ -	$ -	$ -	
Quarter 2	$ -	$ -	$ -		$ -	$ -	$ -	
Quarter 3	$ -	$ -	$ -		$ -	$ -	$ -	
Total	$ -	$ -	$ -		$ -	$ -	$ -	
Quarter 4	$ -	$ -	$ -		$ -	$ -	$ -	
Year-to-Date Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
W-2 Total	$ -	$ -			$ -	$ -		
Difference	$ -	$ -			$ -	$ -		

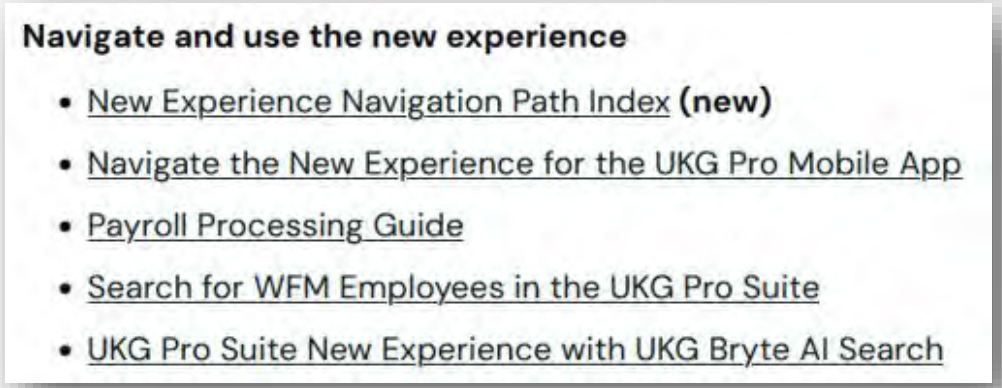
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What is new this year?

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New Experience

- The toggle will be removed entirely in February 2027, and the New Experience will become the default for all UKG Pro Suite customers.
- The navigation path to the year-end dashboard has been updated.
- Navigation: Menu > Administration > Reporting > Reporting > Year-End Dashboard
- Refer to the New Experience Adoption Guide in UKG Community for a summary of the enhancements.

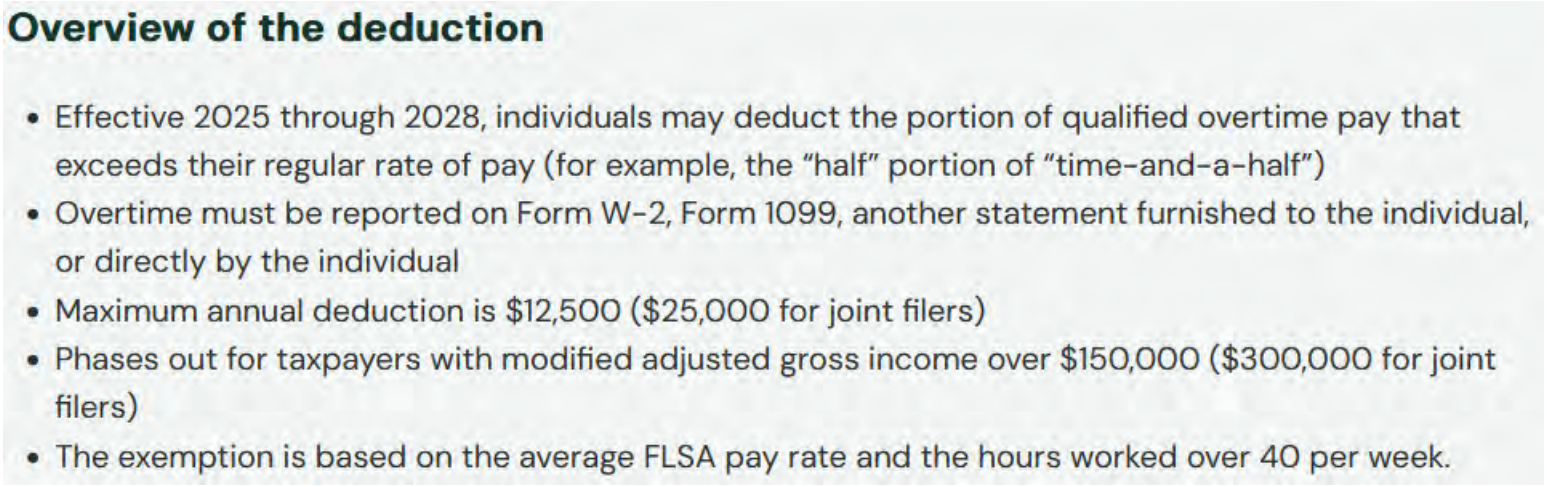


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One Big Beautiful Bill Act

Starting in 2026, UKG Pro will support new W-2 reporting requirements under the One Big Beautiful Bill (OBBB), helping employers identify and report qualified overtime and tip income.

For complete details about the 2026 changes, see One Big Beautiful Bill Act (OBBB): Quick Guide (2026–2028) for UKG Pro.



Overview of the deduction

- Effective 2025 through 2028, individuals may deduct the portion of qualified overtime pay that exceeds their regular rate of pay (for example, the "half" portion of "time-and-a-half")
- Overtime must be reported on Form W-2, Form 1099, another statement furnished to the individual, or directly by the individual
- Maximum annual deduction is $12,500 ($25,000 for joint filers)
- Phases out for taxpayers with modified adjusted gross income over $150,000 ($300,000 for joint filers)
- The exemption is based on the average FLSA pay rate and the hours worked over 40 per week.

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Updates to Form W-2

Box 12 New Codes

Code TA: Employer contributions to Trump accounts

Code TT: Qualified overtime under the One Big Beautiful Bill Act

Code TP: Qualified tips under the One Big Beautiful Bill Act

Box 14 New Codes

Box 14a — Other: Reports previous Box 14 codes as usual.

Box 14b — Treasury Tipped Occupation Code: Reports the U.S. Treasury-issued Tipped Occupation Code that identifies the employee's qualifying occupation. Employers must assign the correct tipped occupation code from the IRS list to each job in the Jobs business rule on the Job Details page.

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Eligibility Criteria for OBBB Overtime Premium Calculation

The system calculates OBBB qualified overtime premium earnings only on paychecks meeting these criteria:

- The paycheck's pay date is greater than or equal to 1/1/2026 and less than 1/1/2029, and
- The employee is subject to and not exempt from USFIT, and
- The employee works in the U.S., and earnings paid to the employee are taxable for USFIT (i.e. not exempt from USFIT), and
- The job allocated to at least one line of earnings on the paycheck is configured with an FLSA type of Non-Exempt in the Jobs business rule, and
- Charge dates assigned to the earnings records on the paycheck span one or two full 7-day work weeks, depending on whether the employee's pay frequency is weekly or biweekly, and
- Total hours worked for the 7-day work week(s) on the paycheck are greater than 40
- In Pro Pay, worked hours are those recorded with earning codes configured with both FLSA average pay rate hours and FLSA average pay rate dollars enabled (checked)
- Earning codes such as sick time and vacation time that have both FLSA average pay rate hours and FLSA average pay rate dollars disabled (unchecked) are not considered hours worked
- For non-qualified bonuses paid in 2026 through 2028 with a lookback period in 2025, the calculated overtime lookback amount is included in evaluation for OBBB qualified overtime premium for the year in which the bonus is paid.

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Logic UKG Pro uses to determine the amount of OBBB "exempt" overtime premium earnings for semi-monthly and monthly pay frequencies

UKG Pro will not automatically determine the premium portion of overtime pay for W-2 reporting purposes for hourly employees paid on a semi-monthly and monthly pay frequencies. This is because accurate determination of overtime premium requires that the pay period be comprised of only full 7-day work weeks. Semi-monthly and monthly pay frequencies often have partial work weeks as part of the pay period and therefore do not conform to Pro's requirements for an accurate overtime premium calculation.

You will need to configure a new earning code using the new OBBBA Sec 225 Qualified OT Premium Comp tax category discussed above to correctly report YTD qualified overtime premium on the W-2 under OBBB. Use a calculation rule that is appropriate for your situation, understanding that this new earning code should only pay the premium portion of overtime, not the base plus the premium.

Note: Although payroll calculations for overtime and tips are included for 2026, you can use the Web Import Tool when you need to manually update Codes TT and TP for Forms W-2.

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Tip Earnings Information

- Box 12 Code TP for Qualified Tips: Reports total qualified tips received by the employee
- Box 14 of the W-2 includes the following codes relevant to OBBB tip earnings:
- Box 14b reports the U.S. Treasury-issued Tipped Occupation Code that identifies the employee’s qualifying occupation. Employers must assign the correct tipped occupation code from the IRS' list to each job in the Jobs business rule on the Job Details page.
- Year-to-date (YTD) values for qualified tips will display in Pro for each employee on their YTD summary page.
- UKG Pro determines whether tip earnings are classified as qualified based on the tax category assigned to the payroll earning code that pays them.

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Web Import Tool: Updating OBBB Qualified Tip Wages and Qualified Overtime Premium Earnings for the 2026-2028 W-2s

The Web Import Tool can be utilized to mass import reportable qualified overtime premium exempt wages and tip-exempt wages for Forms W-2.

The Change Multi-Location Settings business process in the Web Import Tool also allow you to import reportable OBBB qualified overtime premium earnings and qualified tip earnings for 2026 Form W-2 using these target fields:

OBBB - Tax Year

OBBB - OT Premium Exempt Wages

OBBB - Tip Exempt Wages

Required fields in the import file are:

- Column A: Company Code
- Column B: Employee Number
- Column C: Tax Year
- Column D: OT Premium Exempt Wages (both positive and negative values can be imported)
- Column E: Tip Exempt Wages (both positive and negative values can be imported)

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Summary

Be proactive:

- Balance your payrolls often
- Identify and mitigate any risks as soon as possible
- Review your set-up/configuration at least annually
- Stay up to date with legislative changes and keep others informed

Be predictive:

- Schedule regular meetings with HR and Finance
- Find out if there are any new compensation or benefit programs in the works
- Do your research and come prepared

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Thank you for joining us!

Questions, comments or suggestions? We'd love to hear them!



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