

Year End Helpful Hints

W-2 Printing

- W-2s must be printed before the current processing year is closed. If you are unable to print the W-2 forms before the first pay period of the new year:
 1. Create a new company code in Company Maintenance. Use Copy Company to copy P/R and G/L (and Job Cost, if integrated).
 2. Run year-end for the original company.
 3. Install the updated tax tables.
 4. Process payroll for the original company for the current year.
 5. Before printing the W-2s, install last year's tax tables and access the Copy Company.
 6. Reinstall the updated tax tables when finished.
- W-2s do not print in alphabetical order by state. If you wish to print in this fashion, enter the state in the Sort field on the Employee Maintenance screen. On the W-2 Form Printing screen, choose to sort printing based on the Sort field.
- Subtotals are no longer required for the reporting of Federal W-2 information. Verify zero (0) is in the Sub-Total on Form field on the W-2 Form Printing screen.
- The last W-2 form printed is totals page. It is the total amount of the forms that have been printed during this print job.
- The 4 Per Page W-2 option does not provide a Copy A. If you purchase 4 Per Page W-2s you may also need to purchase a set of 2 Per Page to meet filing requirements.
- Always keep enough forms available so the print job does not have to be restarted.
- Always perform a direct print. DO NOT print from preview or to deferred printing.
- If your forms get jammed or you run out of paper when printing W-2 forms, stop the print job, then fix the paper jam or fill your paper supply. Set the same selection criteria as the original print run and enter the specific employee to restart printing.

Tax Table Maintenance

When you install the Payroll Tax Table Update for the new year, all the current State and Federal tax tables will be replaced with new tables supplied by Sage. All Federal and State tax tables for the new year will be updated automatically unless you have specifically excluded a tax table from the update by selecting the Exclude This Table From Tax Update check box in Tax Table Maintenance.

Local tax tables will not be updated. You must manually enter changes in local tax ranges using Tax Table Maintenance. For more information, refer to your Local Tax Agency.

Make sure you have printed tax tables for any special changes that were made to any State or Federal tax table so that you can reenter that information in Tax Table Maintenance after the new year Payroll Tax Table Update has been completed.

Important facts to remember

- There is no future period in Payroll. MAS 90 or MAS 200 Payroll reporting is based on the calendar year. Therefore, you cannot post January 2012 payroll checks until you process the year-end close for 2011
- Tax tables are system-wide files, therefore changes made to the tax tables affect all company codes
- Limits printed on W-2 forms come from the tax tables
- Do not perform Payroll Period End Processing until the W2's are printed and the Electronic Reporting file has been generated. Keep a backup of the data prior to closing for future use if needed.

Payroll Year-end Example 1

Completing Year-end Processing prior to running new year Payroll. This is the least common scenario:

1. Back up the Payroll data files after all past year payroll data have been entered and updated.
2. Print W-2 forms and all payroll reports.
3. Process W-2 Magnetic Media Reporting, if applicable, and verify that the file(s) were created.
4. Run Year-end Processing. When complete, verify that the P/R Options have incremented correctly to Quarter 1.
5. Install the new year Tax Tables.
6. Process new year Payroll checks.

Payroll Year-end Example 2

You must run Payroll for the new year before printing W-2s.

1. After all Payroll data has been entered and updated, back up the Payroll data files.
2. Create a new company code in Company Maintenance. Use Copy Company to copy files for P/R, G/L, and M/R from one company to another.
3. Perform Year-end Processing. When complete, verify that the P/R Options have incremented to Quarter 1.
4. Install the new year Tax Tables.
5. Process Payroll for the new year as usual in the live company.
6. When ready to print W-2 forms and year-end reports for past year Payroll, reinstall the past year Tax Tables. Access the company you created using Copy Company. Print W-2s and all reports.
7. Process W-2 Electronic Reporting, if applicable, and verify the file(s) were created.
8. Install the new year Tax Tables before processing another payroll.

Allocated Tips

W-2 Box 8

Definition: Calculated tip amount allocated to all employees if the tips reported are less than the specified percentage of the establishment's gross receipts for a given pay period. The specified percentage is entered in Payroll Options.

- Gross receipts for a given period are entered through Payroll Data Entry so the files are properly updated.
- Allocated tip amount is printed for informational purposes only.
- An earnings code is set up, flagged as not subject to any taxes by default.
- Not included in the wages, tips, and other compensation amount (Box 1).
- Not included in Social Security wages (Box 3), Social Security tips (Box 7), and Medicare wages & tips (Box 5)

Dependent Care Benefits

Qualified Plan

- A qualified plan allows the dependent care benefits to be set up as a cafeteria plan. The total amount of dependent care benefits is reported in Box 10. Any amounts over \$5,000.00 must be reported in Boxes 1, 3, 5, 16, and 18
- Two deduction codes may be needed. The first deduction code is set up as a cafeteria deduction to reduce the taxable wages until the \$5,000.00 maximum exclusion has been reached. This amount is not subject to federal withholding, unemployment, social security, or Medicare. After the \$5,000.00 maximum exclusion has been reached, a new cafeteria deduction code must be set up so that taxes are no longer reduced.
- The deductions must be taken out during Payroll data entry and updated to correctly to report all amounts over the \$5,000.00 exclusion limit in Boxes 1, 3, 5, 16, and 18.
- This amount must be entered manually in the Dependent Care field in Employee Maintenance to be reported in Box 10 of the W-2. Open the employee record in Employee Maintenance. Click the **Tax Summary** button. In the Tax Summary window type *FED* in the State field. Enter the amount in the Dependent Care field.
- This type of deduction is not reported on the W-2 in Box 12.

Nonqualified Plan

- A nonqualified plan does not meet the requirements for tax-favored status. Taxable wages are not reduced, therefore the deduction code cannot be set up as a cafeteria plan. The amount deducted must be reported on the W-2 in Box 11.
- This amount must be entered manually. In Employee Maintenance, click the **Tax Summary** button, type *FED* in the State field, and enter the amount in the Nonqualified field so it will be reported on the W-2 in Box 11.
- Do not assign a Box 12 label to the W-2 Box 12 Label field in Deduction Code Maintenance.

Fringe Benefits

- All taxable fringe benefits are reported in Box 1 and, if applicable, in Boxes 3, 5, 16, and 18.
- Set up an earnings code as a type "F".
- You can set up as many "Fringe" type earnings codes as you need but only one offsetting deduction code can be used. MAS 90 will automatically create an "FB" deduction code for the amount of the earnings.
- There is only one Fringe Benefits box, to which all fringe benefit earnings will update.
- If you have already processed the last check of the year, a manual check with zero taxes and a net amount of zero must be entered. MAS 90 will not allow a negative check.

NOTE

"Fringe benefit" is not a maintainable field on the Federal Tax Summary screen in Employee Maintenance. Use the correct procedural method to record this amount. The **Fix** button (available to users with Supervisor rights) will allow access to this field.

Group Term Life

Coverage over \$50,000.00

- If the employer paid for group-term life insurance in excess of \$50,000.00 for an employee, the employer must report the amount determined on the W-2 (refer to IRS publications 15 and 15-A as well as the applicable state publication). The amount must also be reported in Box 12 with a code of "C".
- Create a type "M" earnings code and flag the applicable taxes.
- Create a deduction code with the amount equal to the earnings code and a Box 12 label of "C".
- The label "C" must also be entered on the W-2 Form Printing screen.

Select **W-2 Form Printing** from the **Period End** menu. Click the **Form** button to open the Forms Customization screen, then click the **Details** tab. Scroll through the list and select BOX 12a, verify the Print check box on the Data line is selected.

Forms Code: 3 Laser 2/Page

1. Header | 2. Detail

BOX 12a CODE

Data Print Line 013 Tab 063

Description Print Line Tab Description

| Field Description | Print? | Line | Tab | Print? | Line | Tab | Description | Misc |
|-------------------------|----------|------------|------------|----------|------|-----|-------------|------|
| STATE SDI WAGES | N | 024 | 024 | N | 024 | 002 | SDI | |
| LOCAL LDI WAGES | N | 024 | 047 | N | | | | |
| STATUTORY EMPLOYEE BX | Y | 015 | 045 | N | | | | |
| ALLOCATED TIPS | Y | 009 | 064 | N | | | | |
| BOX 12a CODE | Y | 013 | 063 | N | | | | |
| BOX 12a AMOUNT | Y | 013 | 067 | N | | | | |
| MISC. EARNINGS CODE 1 | N | | | N | | | | |
| MISC. EARNINGS GROSS 1 | N | | | N | | | | |
| MISC. EARNINGS AMOUNT 1 | N | | | N | | | | |
| MISC. DEDUCTION CODE 1 | N | | | N | | | | |
| MISC. DEDUCTION GROSS 1 | N | | | N | | | | |

Accept Cancel Delete [Print] [Help]

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Coverage under \$50,000.00

- Create an earnings code with type "M" and flag the applicable taxes.
- Create a deduction code with the amount equal to the earnings code.
- On the W-2 Form Printing screen, enter the appropriate Misc. Earnings code to print.
- Select **W-2 Form Printing** from the **Period End** menu. Click the **Form** button to open the Forms Customization screen, then click the **Details** tab. Scroll through the list and select the Misc. Code 1 and Misc. Deduction Amount 1 list options, then select the Print check box in the Data line.
- The deduction code and amount will print in Box 14 of the W-2.

Moving Expenses

- Qualified moving expense reimbursements are excluded from wages and reported in Box 12 of the W-2.
- Create a deduction code with the Deduction Type set to *Standard Deduction* and a W2-Box 12 Label of "P".
- In Payroll Data Entry enter the deduction code with a negative amount.
- After the last Payroll of the year, go to Employee Voluntary Deduction Maintenance and change the YTD amount to a positive amount (see screenshot below).
- In the W-2 Form Printing screen type *P* in one of the Box 12 Label boxes.
- Make sure that the Print check box on the Data line for Box 12 is selected.

The screenshot shows the 'Voluntary Deduction Maintenance' window. At the top, there are fields for Ded. Code (12), Description (Moving Exp), Ded. Rate (.00), Ded. Goal (.00), Deduction Type (Standard Deduction), and an Automatic checkbox (checked). Below these are fields for Ded. Month 1 (.00), Ded. Month 2 (.00), Ded. Month 3 (-1000.00), Ded. Q-T-D (-1000.00), Ded. Y-T-D (1000.00), and Ded. Balance (.00). A green circle highlights the Ded. Y-T-D field. At the bottom right, there are buttons for 'Accept' and a help icon.

| CD | Description | Type | Calc. Method | Auto | QTD | YTD | Goal | Balance |
|----|--------------|--------------|----------------------|------|----------|---------|------|---------|
| 03 | Health Insur | Deductions | Fixed Amount | Y | 420.00 | 480.00 | .00 | .00 |
| 04 | Credit Union | Deductions | Fixed Amount | Y | 1100.00 | 1500.00 | .00 | .00 |
| 06 | 401k Plan | Pension Plan | Perc. of gross wages | Y | 27.70 | 27.70 | .00 | .00 |
| 12 | Moving Exp | Deductions | Fixed Amount | Y | -1000.00 | 1000.00 | .00 | .00 |

Reimbursements

The MAS 90 system is designed to handle reimbursements in Accounts Payable. You can set up a negative deduction code as a workaround to provide a reimbursement to the employee in Payroll. Using a negative deduction will increase the net amount of the check without affecting gross wages.

401(k) Plans

Qualified Plan

- To print an "X" in the Retirement Plan field for Box 13, select the Pension/Profit Sharing check box on the **Main** tab in P/R Employee Maintenance.
- To disable printing an "X" in the Retirement Plan field of Box 13 for all employees, clear the Print check box on the Data line for the Retirement Plan Box list option on the **Detail** tab.

Other Pension Plans

- If pension plans other than 401(k) are used, Box 12 labels must be set in Deduction Code Maintenance.
- In W-2 Forms Customization on the **Detail** tab, the Print check box on the Data line for Box 12 list option must be selected in order to print on the W-2 form. The Box 12 label must be entered manually on the W-2 Form Printing screen.

Box 12

- To print information in Box 12 of the W-2, set up a deduction code with a Box 12 label in Deduction Code Maintenance.
- When printing W-2 forms, enter the label in one of the boxes for the Box 12 Label field in the W-2 Form Printing screen.
- In W-2 Forms Customization on the **Detail** tab, the Print checkbox on the Data line for the Box 12 list option must be selected.
- In Federal eFiling & Reporting, the Box 12 codes will automatically populate in the W2 Preparer for any employees that have positive amounts for the applicable Deduction Codes with a Box 12 label.

3rd Party Sick Pay Reporting

- MAS 90 does not support 3rd party sick pay.
- An insurance company is usually responsible for making this payment to the employee. Depending upon the sick pay plan, it may be required that this information is reported on the W-2. Refer to the IRS publication 15-A. If you determine that this information is to be reported, you must identify which boxes need to contain this information. In most instances you will be able to use the following resolution.
- Create an Earnings Code with the Type of Earnings field set to *Miscellaneous* and flag all applicable taxes.
- Create a Deduction Code with the Calculation Method field set to *Equal to Earnings Code(s)*.
- If you have Supervisor rights, click the **Fix** button in the Tax Summary window in Employee Maintenance to make corrections in the Federal and State screens and increase the FED W/H, Employee FICA, Employee Medicare, and State W/H taxes.
- The user must manually check the Third-Party Sick Pay box (Box 13) on the W2 form itself.
- For Federal eFiling & Reporting, the Third-Party Sick Pay check box will need to be selected and taxes will need to be increased in the W2 Preparer grid

PRINT QUARTERLY AND YEAR-END REPORTS

We recommend that you print the following reports to verify that quarter-to-date and year-to-date totals are correct.

| Quarterly Report | Purpose |
|----------------------------|---|
| Quarterly Tax Report | Produces a summary of each employee's wage and tax information for the current quarter and year for each tax jurisdiction. When printed for the fourth quarter, all employees with any earnings for the year are included on the report. An Asterisk is printed in the VAR column when there is a variance between the tax withheld and calculated tax |
| Quarterly Pay Period Recap | Provides a recap by pay period of wage and tax information for all pay periods processed during the quarter. |
| Quarterly 941 Form | Lists total wages, tips, income tax withheld, adjustments, social security wages paid, social security taxes, Earned Income Credit (EIC) payments, and total deposits made for the quarter. |

| | |
|-------------------------------|---|
| Quarterly Governmental Report | Reads information from the PR3 file based on the record type (Federal, State, and Local).Fields can be changed in Forms Customization to display wage information like gross wages, withholding wages, or FICA wages. |
| Quarterly 941 Report | You can print the Quarterly 941 Report using plain paper or a preprinted form.This report cannot be modified in Forms Customization.You can modify the data within the report by using PRZDRR. Select Run from the File menu, then type <i>PRZDRR</i> and click OK . |
| Year-End Report | |
| Check History Report | Lists all checks written for a specified period by employee. |
| Earnings Report | Provides a month-to-date, quarter-to-date, and year-to-date summary of employee earnings information detailed by hours and amounts. |
| Deduction Report | Provides a month-to-date, quarter-to-date, and year-to-date summary of employee deduction information for up to six deduction codes. |
| Benefit Accrual Report | Provides a year-to-date summary of accrued benefit hours and amounts, by employee, for the three types of benefits (vacation, sick pay, and the third benefit type defined in Payroll Options). |
| Perpetual History Report | Lists payroll check detail retained by employee/check number. |
| Worker's Compensation Report | Provides a recap of workers' compensation tax calculations. |
| Pay Rate Change Report | Tracks changes to the Pay Rate 1 field on the Employee Maintenance Wages tab. |