Payroll Reference Manual

Full Contact Accounting ™
Professional Business Manager ™

This Page Intentionally Left Blank.

Payroll Reference Manual

This reference manual is designed to help you set up special employees and payroll items for payroll. There are also instructions and suggestions for setting up payroll templates, making corrections and setting up report groups for tax forms. This reference manual is **not** intended to be a training manual or step by step processing manual.

Chapter 5 - Setting Up Tax Report Groups

Chapter 6 Printing Year End Payroll Forms

Chapter 1 - Setting Up Contacts

Setting up an employee that is exempt from FICA

"Payments for the services of a child under age 18 who works for his or her parent in a trade or business are not subject to social security and Medicare taxes if the trade or business is a sole proprietorship or a partnership in which each partner is a parent of the child." (IRS Publication 15, Page 8, Section 3. Family Employees)

To set up an employee that is exempt from FICA:

1. Select **Setup/Contacts.**
2. Select or set up the appropriate employee.
3. Select the **Employee** tab.
4. Check the **SS Emp**, **SS Co**, **Med Emp** and **Med Co** boxes.
5. Select **Save** (Ctrl + S) or **Save and Close** (Alt + X) to save.

Setting up an employee that is exempt from Unemployment

"Payments for the services of a child under age 21 who works for his or her parent whether or not in a trade or business are not subject to federal unemployment (FUTA) taxes. The wages for the services of an individual who works for his or her spouse in a trade or business are subject to income tax withholding and social security and Medicare taxes, but not to FUTA tax." (IRS Publication 15, Section 3, Family Employees) Check the client's state rules to determine if these individuals are exempt from state unemployment as well.

To set up an employee that is exempt from Unemployment:

1. Select **Setup/Contacts.**
2. Select or set up the appropriate employee.
3. Select the **Employee** tab.
4. Check the **FUTA** box and **SUI Emp** and **SUI Co** boxes, if appropriate.
5. Select **Save** (Ctrl + S) or **Save and Close** (Alt + X) to save.

Setting up an employee that is exempt from Federal or State Withholding Tax

Some employees will submit a W4 and claim to be exempt from Federal or State Withholding Tax because they had no tax liability in the previous year.

"A Form W-4 claiming exemption from withholding is valid for only one calendar year. To continue to be exempt from withholding in the next year, an employee must give you a new Form W-4 by February 15 of that year. If the employee does not give you a new Form W-4, withhold tax as if the employee is single with zero withholding allowances or withhold based on the last valid Form W-4 you have for the employee." (IRS Publication 15, Section 9)

To set up an employee that is exempt from Federal Withholding Tax:

1. Select **Setup/Contacts.**
2. Select or set up the appropriate employee.
3. Select the **Employee** tab.
4. Complete all necessary fields for Department, Rate, Withholding State, SUI State, etc.
5. **DO NOT CHECK** the FWH or SWH Exemptions boxes. If you check these boxes, you will have zero amounts for Federal Taxable Income or State Taxable Income on your 941s and W2s.

Setting up an employee that is exempt from Federal or State Withholding Tax (Cont'd)

6. Select the **Taxes** button.
7. Enter **M** in the **Federal Table** field.
8. Enter **9999** in the **Dependants** field.
9. If the employee is State Withholding exempt, do not enter anything in the state grid.

Setting up an employee for Direct Deposit

You will have to set up employee bank information and deduction rates or amounts in addition to the information you would normally set up for an employee with Direct Deposit.

To set up an employee with Direct Deposit:

1. Select **Setup/Contacts**.
2. Add the new employee or edit an existing employee.
3. Select the **Banking** tab.
4. Select **New** to add a new bank account or click on an account that you want to edit or delete and select **Edit** or **Delete**.
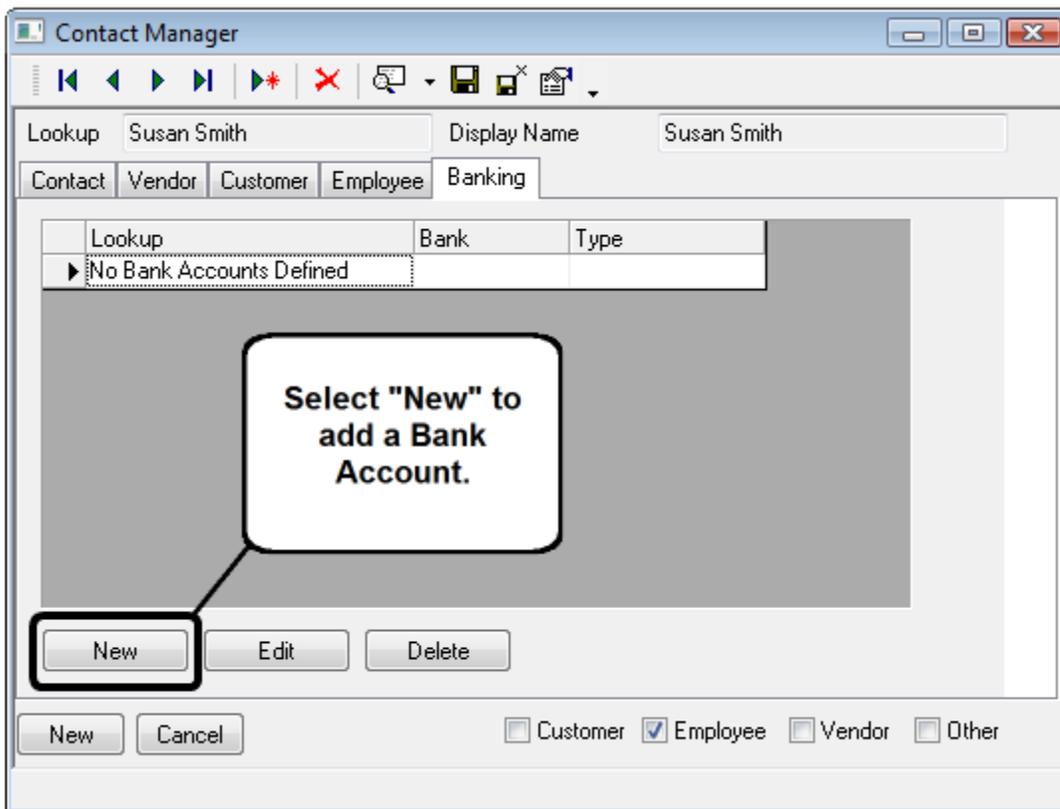
Setting up an employee for Direct Deposit (Cont'd)

5. Type **Ck** in the **Lookup** on the **Bank Account** Screen. **Important Note:** Use the same **Lookup** (**Ck**) for all employees who have only one Direct Deposit. This will allow you to use one common template. If an employee has a Direct Deposit posting to a Savings Account in addition to the checking, use **Svg** for the Lookup. If there are multiple checking or savings accounts that need to be set up, use **Ck1, Ck2, Svg1, Svg2,** etc.
6. Select **Checking** or **Savings** in the **Type** field, as appropriate.
7. Enter the Employee's **Account Number**, **Routing Number** and **ABA Number** in the appropriate fields.
8. Enter the **Bank Name, Address, City, State and Zip** in the appropriate fields.
9. Click **OK** to save and click the **Save** icon in the toolbar.
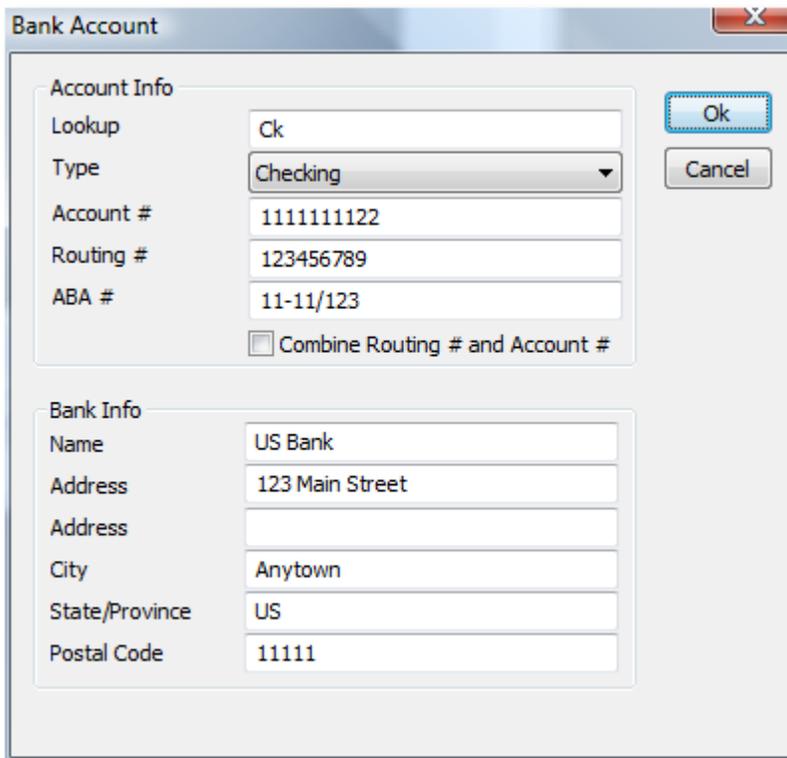
Bank Account

Account Info

Lookup	Ck
Type	Checking
Account #	1111111122
Routing #	123456789
ABA #	11-11/123

☐ Combine Routing # and Account #

Ok
Cancel

Bank Info

Name	US Bank
Address	123 Main Street
Address	
City	Anytown
State/Province	US
Postal Code	11111

Setting up an employee for Direct Deposit (Cont'd)

10. Select the **Employee** tab.
11. Select the **Item Limits** button.
12. Enter any standard deductions or accruals (if applicable) for this employee before entering the Direct Deposit Item.
13. Enter the Payroll Item **DD%** in the **Item** field.
14. Enter **1.000** in the rate field if the Direct Deposit amount should be 100% of net pay. Enter a lower rate if necessary. (i.e., enter .5 to Direct Deposit 50% of the net pay.)
15. Click **OK.**
16. Click the **Save** icon in the toolbar to save all changes made to this employee.

Item Limits - Susan Smith
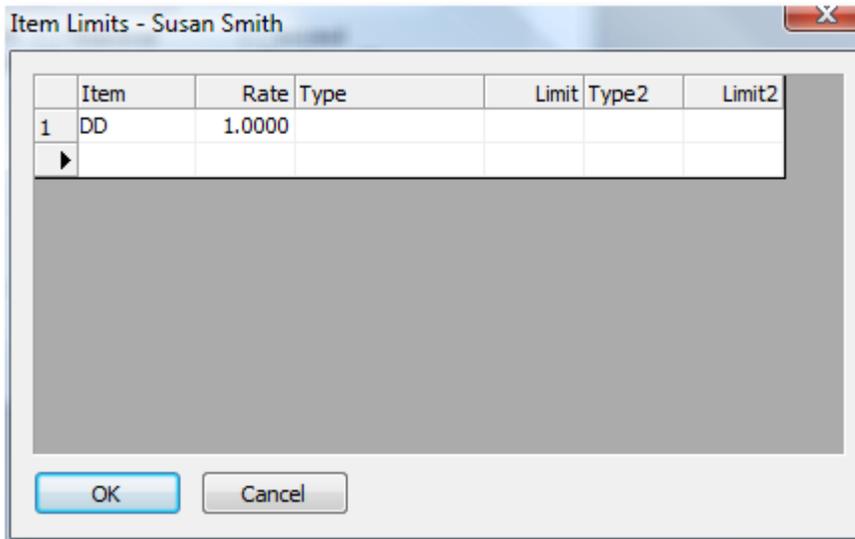
	Item	Rate	Type	Limit	Type2	Limit2
1	DD	1.0000				
▶						

OK   Cancel

Setting up an employee for Direct Deposit (Cont'd)

An employee may choose to have a flat amount or small percent deposited to one account with the remainder of the check deposited to another. If the employee wants to deposit $50.00 to savings and the balance to checking, the **Item Limits** screen would be set up as shown below.

	Item	Rate	Type	Limit	Type2	Limit2
1	DD$	50.0000				
2	DD	1.0000				
▶						

OK   Cancel

Setting up an employee with multiple pay rates

You can set up an employee with multiple pay rates. One use of this feature would be for an employee in a restaurant who works in multiple departments and receives a different hourly rate in each department. For example: Susan earns $2.00 per hour as a waitress, $5.00 per hour as a bus person, $7.00 per hour as a hostess and $6.00 per hour as a cook.

To set up an employee with multiple pay rates:

1. Select **Setup/Contacts**.
2. Add the new employee or edit an existing employee.
3. Select the **Employee** tab.
4. Enter the rate for the default department in the **Pay Rate** field.
5. Select the **Dept. Pay Rates** button.
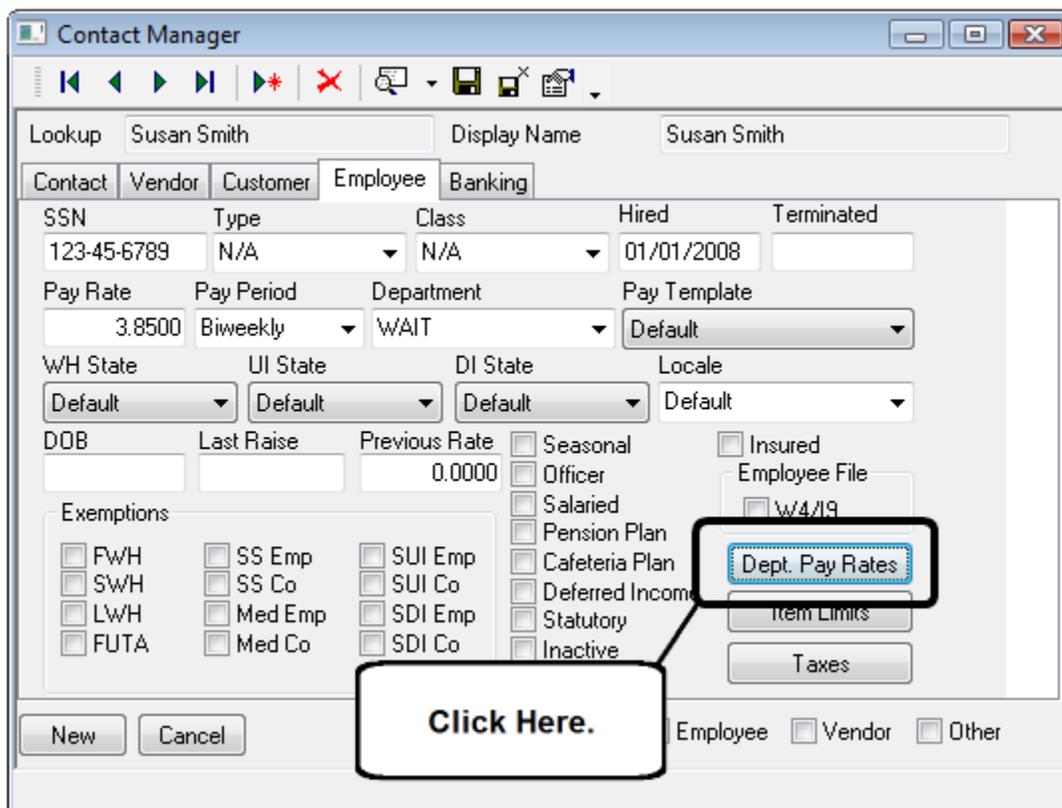
Setting up an employee with multiple pay rates (Cont'd)

6. Enter the appropriate **Departments** and **Rates** as shown below. **Do Not** enter the rate for the default department shown on the employee tab again.

Departmental Rates - Susan Smith

	Department	Rate
1	HOST	8.2500
2	BUS	6.5000
3	COOKS	7.5000
▶		

OK   Cancel

The **Quick Check** will look similar to the example shown below.

Quick Check

Bank Account 102   Cash In Bank   Balance   -14364.93
Check Type   Pay Period   Number Print
Payroll   Date   08/01/2008
Pay to the order of   Memo
Susan Smith

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH State	/	UI State	DI State
1	RP	WAIT	515	12.0000	3.8500	1.00	46.20	IL - Illinois		IL - Illinois	IL - Illinois
2	RP	BUS	515	3.0000	6.5000	1.00	19.50	IL - Illinois		IL - Illinois	IL - Illinois
3	RP	HOST	515	5.0000	8.2500	1.00	41.25	IL - Illinois		IL - Illinois	IL - Illinois
4	RP	COOKS	515	20.0000	7.5000	1.00	150.00	IL - Illinois		IL - Illinois	IL - Illinois
▶											

Setting up a contact as a 1099 Recipient

To make a contact a 1099 recipient:

1. Select **Setup/Contacts**.
2. Enter the contact information on the **Contact** tab. Information entered in the **Display Name**, **Business Name**, **Address**, **City**, **State** and **Postal** fields will print on the 1099.
3. Select the **Vendor** tab.
4. Enter the Social Security Number or EIN Number in the **EIN/SSN** box.
5. In the **1099 Settings** grid, enter the account code for 1099 activity in the **Account** field.
6. Enter the 1099 type in the **Type** field. You may use any description you like for the 1099 type. For example Misc, Sub, or NEC may be used to describe 1099 Non Employee Compensation. Rent may be used to describe rent, Int for Interest, Div for Dividends, etc. You will map these descriptions to the appropriate boxes of the 1099 forms at the time of printing.
7. If you have not posted checks this year for this recipient, enter the appropriate year in the **Start Year** field.
8. If you have not posted checks this year for this recipient, enter the amount for the 1099 in the **Start Balance** field. If you need to adjust a 1099 amount, enter the amount of the adjustment in the **Start Balance** field.
9. If you have a contact that needs multiple 1099s or has 1099 payments posted to multiple accounts, set these up on additional lines as needed.

Setting up a contact as a 1099 Recipient (Cont'd)

Notes:

If you were processing checks in FCAS in this year and did not set the contact up as a 1099 recipient, entering the accounts and 1099 types will make all checks posted to those accounts 1099 amounts.

You may use **Utilities/Search Transactions** to search for amounts posted to accounts such as Outside Services, Rent, Repairs, etc. to find contacts that need 1099s.

1. Change the date range to: **From** 01/01/20xx **To** 12/31/20xx.
2. Select the accounts you wish to filter for in the **Account** section.
3. Click **Search**.

Setting up a contact as a 1099 Recipient (Cont'd)

You may use **Utilities/Search Contacts** to verify that addresses and social security numbers have been entered for 1099 recipients. The 1099 type will also appear in the **Contact Search**. Refer to the help screens for further instructions on using the **Contact Search**.

This Page Intentionally Left Blank.

Chapter 2 - Setting Up Payroll Items

Setting up Medical Insurance Premiums for Shareholders of a Subchapter S Corporation

Include the total annual premiums for the employees indicated as an Other Pay for inclusion in the employee's W2. You will need to set up a general ledger account for 'Benefits In and Out' and an 'Other Income' payroll item for the insurance premiums.

To set up a Medical Insurance Premium:

1. Select **Setup/Accounts**.
2. Set up an account for **Benefits In and Out**. Select **Statistic** in the **Classification** field.
3. Select **Save** (Ctrl + S) or **Save and Close** (Alt + X) to save.

Setting up Medical Insurance Premiums for Shareholders of a Subchapter S Corporation (Cont'd)

4. Select **Setup/Payroll Items**.
5. Set up an **Other Income** item for Shareholder Insurance Premiums.
6. Check the appropriate **Exempt From** boxes.
7. Select the **Benefits In and Out** account in the **Expense Account** field.

Setting up Medical Insurance Premiums for Shareholders of a Subchapter S Corporation (Cont'd)

To enter the amounts for Medical Insurance Premiums for a shareholder:

1. Select **Write Up/Checks** or **Activities/Quick Check**.
2. Change the **Type** to **Payroll (ATF)**.
3. Select **S/H INS** in the **Item** field and enter the amount in the **Amount** field.

Setting up Personal Use of a Company Automobile

Include the amount for Personal Use of a Company Automobile for the employees indicated as an Other Pay for inclusion in the employee's W2.

To set up a Personal Use of a Company Automobile:

If you have already set up a 'Benefits In and Out' account, skip to step 4.

1. Select **Setup/Accounts**.
2. Set up an account for **Benefits In and Out**. Select **Statistic** in the **Classification** field.
3. Select **Save** (Ctrl + S) or **Save and Close** (Alt + X) to save.

Setting up Personal Use of a Company Automobile (Cont'd)

4. Select **Setup/Payroll Items**.
5. Set up an **Other Income** item for Personal Use of a Company Automobile.
6. Select the **Benefits In and Out** account in the **Expense Account** field.

To enter the amounts for personal use of an automobile for an employee:

1. Select **Write Up/Checks** or **Activities/Quick Check**.
2. Change the **Check type** to **Payroll (ATF).**
3. Select **PERS USE AUTO** in the **Item** field and enter the amount in the **Amount** field.

Setting up a Section 125 (Cafeteria) Plan

The amount that is contributed to a Section 125 Cafeteria Plan may be excluded from the W2 or be reported in Box 14 of the W2, unless the amount contributed was for dependent care benefits. If the amount contributed was for dependent care benefits, this amount will need to be printed in Box 10 (Dependent Care Benefits) on the W2.

To set up a Section 125 Cafeteria Plan:

1. Select **Setup/Payroll Items**.
2. Set up a **Deduction** item for Section 125.
3. Check the appropriate **Deduct Prior To Calculating** boxes.
4. Check with your local tax authorities to determine if local withholding is exempt or not and mark the **LWH** box appropriately.
5. If you wish to report Section 125 Insurance deductions on the W2, select **Box 14** in the **W2 Tracking** field. If the deduction is for Dependent Care Benefits, select **Box 10 Dependent Care** in the **W2 Tracking** field. If you select **Box 14** in the **W2 Tracking** field, enter a description in the **W2 Code** field. You may enter any description you wish here.

Setting up Tips, Meals and Allocated Tips

Review the following for proper set up of tips and meals.

To set up Tips and Meals:

1. Select **Setup/Accounts.**
2. Set up an account for **Tips and Meals**. Select **Statistic** in the **Classification** field. Using an account with a **Classification** of **Statistic** in a payroll item will cause the payroll item to be treated as an 'In and Out'.

Setting up Tips, Meals and Allocated Tips (Cont'd)

3. Select **Setup/Payroll Items.**
4. Set up an **Other Income** item for Tips or Meals.
5. Select the **Tips and Meals** General Ledger account in the **Expense Account** field.
6. Select **Box 7** or **Box 8** as appropriate in the **W2 Tracking** box.

Setting up an Advanced Earned Income Credit

An employee may request payment in advance of the earned income credit. This amount needs to be reported in Box 9 on the W2.

To set up an Advanced Earned Income Credit:

1. Select **Setup/Payroll Items.**
2. Set up an **Other Income** item for EIC.
3. Check all **Exempt From** boxes.
4. Select **Box 9** in the **W2 Tracking** box.

Setting up 401(K) or Simple Deductions

Contributions made to 401K and Simple plans are exempt from Federal Withholding and in many cases State Withholding. Check with your state before marking the payroll item as SWH exempt.

Limits:

2008 Simple - $10,500, ($13,000 if employee is age 50 or over on December 31, 2008).
2008 401(K) - $15,500, ($20,500 if employee is age 50 or over on December 31, 2008).
2009 Simple - $11,500, ($14,000 if employee is age 50 or over on December 31, 2009).
2009 401(K) - $16,500, ($22,000 if employee is age 50 or over on December 31, 2009).

You will need to enter a **W2 Code** in the **W2 Tracking** field for all amounts reported in Box 12 of the W2. The following is a Reference Guide for W2 Codes.

Form W-2 Reference Guide for Box 12 Codes (See the box 12 instructions.)

A	Uncollected social security or RRTA tax on tips	H	Elective deferrals under a section 501(c)(18)(D) tax-exempt organization plan	R	Employer contributions to an Archer MSA
B	Uncollected Medicare tax on tips	J	Nontaxable sick pay	S	Employee salary reduction contributions under a section 408(p) SIMPLE
C	Taxable cost of group-term life insurance over $50,000	K	20% excise tax on excess golden parachute payments	T	Adoption benefits
D	Elective deferrals under a section 401(k) cash or deferred arrangement (including a SIMPLE 401(k) arrangement)	L	Substantiated employee business expense reimbursements (federal rate)	V	Income from exercise of nonstatutory stock option(s)
E	Elective deferrals under a section 403(b) salary reduction agreement	M	Uncollected social security or RRTA tax on taxable cost of group-term life (for former employees)	W	Employer contributions (including employee contributions through a cafeteria plan) to an employee's Health Savings Account (HSA)
				Y	Deferrals under a section 409A nonqualified deferred compensation plan
F	Elective deferrals under a section 408(k)(6) salary reduction SEP	N	Uncollected Medicare tax on taxable cost of group-term life insurance over $50,000 (for former employees)	Z	Income under section 409A on a nonqualified deferred compensation plan
G	Elective deferrals and employer contributions (including nonelective deferrals) under a section 457(b) deferred compensation plan (state and local government and tax-exempt employers)	P	Excludable moving expense reimbursements paid directly to employee	AA	Designated Roth contributions under a section 401(k) plan
		Q	Nontaxable combat pay	BB	Designated Roth contributions under a section 403(b) plan

Note: When processing live payroll, some employees may elect to have a flat amount withheld for 401(K) or Simple while others may elect to have a percentage of their gross pay deducted. If this is the case, you will need to set up two payroll items for the different types of deductions.

Setting up 401(K) or Simple Deductions (Cont'd)

To set up a 401(K) or Simple Deduction for After-the-Fact Payroll or as a **flat amount** for Payroll Checkwriting:

1. Select **Setup/Payroll Items**.
2. Set up a **Deduction** type item for 401K or Simple.
3. Leave the **Amount or %** field zero as this will vary by employee.
4. Leave **Quantity** in the **Based On** field. (This will allow for a flat amount).
5. Enter the appropriate limit amount in the **Limit** field.
6. Select **Annual Calendar** in the **Limit Type** field.
7. Check the **FWH** box in the **Deduct Prior to Calculating** section and check the **SWH** box, if appropriate.
8. Select the appropriate **Liability Account**.
9. Select the appropriate **Payee** in the **Payable To** field if you are writing checks to the pension plan administrator.
10. Select **Box 12** in the **W2 Tracking** field to print deducted amounts in Box 12 of the W2.
11. Enter the appropriate **Code** in the **W2 Code** field.

Lookup	New
401K$	Cancel

Description
401K$ Employee Contribution

Type
Deduction

Amount or %	Based On
0.0000	Qty

Selected Item(s)
| | Items |

Limit or %	Limit Type
16500.0000	Annual Calendar

Limit	Limit Type
0.0000	Monthly

Deduct Prior To Calculating
☑ FWH	☐ SS Emp	☐ SUI Emp
☑ SWH	☐ SS Co	☐ SUI Co
☐ LWH	☐ Med Emp	☐ SDI Emp
☐ FUTA	☐ Med Co	☐ SDI Co

Liability Account
237   401K Payable

Payable To
N/A

W2 Tracking	W2 Code
Box 12	D

☑ Include in Disposable Net

Setting up 401(K) or Simple Deductions (Cont'd)

To set up a 401(K) or Simple Deduction as a **Percent of Gross Pay** for Payroll Checkwriting:

1. Select **Setup/Payroll Items**.
2. Set up a **Deduction** type item for 401K or Simple.
3. Leave the **Amount or %** field zero as this will vary by employee.
4. Select **Gross Pay** in the **Based On** field. (This will allow for a flat amount).
5. Enter the appropriate limit amount in the **Limit** field.
6. Select **Annual Calendar** in the **Limit Type** field.
7. Check the **FWH** box in the **Deduct Prior to Calculating** section and check the **SWH** box, if appropriate.
8. Select the appropriate **Liability Account**.
9. Select the appropriate payee in the **Payable To** field if you are writing checks to the pension plan administrator.
10. Select **Box 12** in the **W2 Tracking Field** to print deducted amounts in Box 12 of the W2.
11. Enter the appropriate code in the **W2 Code** field.

Lookup	New
401K%	Cancel

Description

401K% Employee Contribution

Type

Deduction

Amount or %	Based On
0.0000	Gross Pay

Selected Item(s)

	Items

Limit or %	Limit Type
16500.0000	Annual Calendar

Limit	Limit Type
0.0000	Monthly

Deduct Prior To Calculating

✔ FWH	☐ SS Emp	☐ SUI Emp
✔ SWH	☐ SS Co	☐ SUI Co
☐ LWH	☐ Med Emp	☐ SDI Emp
☐ FUTA	☐ Med Co	☐ SDI Co

Liability Account

237   401K Payable

Payable To

N/A

W2 Tracking	W2 Code
Box 12	

✔ Include in Disposable Net

Setting up 401(K) or Simple Employer Contributions

Note: When processing live payroll, some employers may elect to match an employee's contribution dollar for dollar or fifty cents on the dollar. Some employees may elect to have a flat amount withheld for 401(K) or Simple while others may elect to have a percentage of their gross pay deducted, but you can set up one payroll item for the company match by linking this payroll item to the deduction items you have already set up.

To set up a 401K or Simple Employer Contribution as a **Percent of Gross Pay**:

1. Select **Setup/Payroll Items**.
2. Select **Employer Accrual** in the **Type** field.
3. Enter the percent of the employer match in the **Amount or %** field because this item will be calculated as a percent of the employee's contribution. For example, if the company is matching the employee contribution dollar for dollar, enter 100.00%. If the company is matching fifty cents on the dollar, enter 50.00%.
4. Select **Item(s) Amount Limit On Gross** in the **Based On** field.
5. Click on the **Items** button and select the **401K or Simple** item(s) in the table.
6. Leave the **Department** field blank.
7. Click **OK** to save.
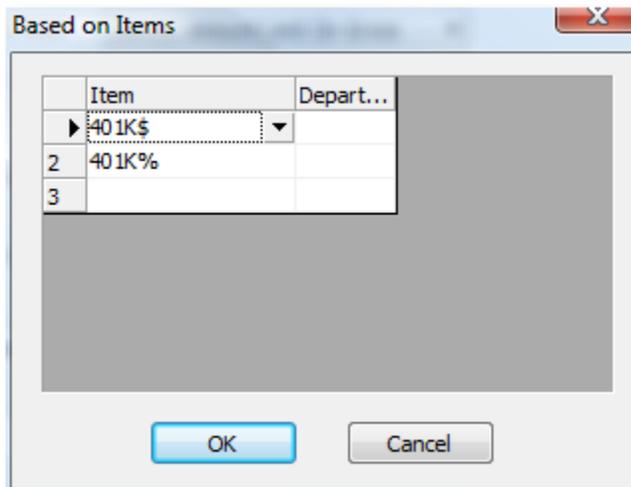
8. Enter the maximum employer contribution percent of gross in the **Limit** field.
9. Select **Monthly** in the **Limit Type** field.
10. Select the appropriate **Expense** and **Liability Accounts**.
11. Select the appropriate **Payee** in the **Payable To** field if you are writing checks to the pension plan administrator.
12. Leave **None** in the **W2 Tracking** field and leave the **W2 Code** field **Blank** as employer contributions are not reported on the W2.

Setting up 401(K) or Simple Employer Contributions (Cont'd)

Payroll Item window:

Lookup
401K CO

Description
401K Company Contribution

Type
Employer Accrual

Amount or %   Based On
0.5000   Item(s) Amount Limit On Gross

Selected Item(s)
[401K$] [401K%]   Items

Limit or %   Limit Type
0.0300   Annual Calendar

Limit   Limit Type
0.0000   Annual Calendar

Expense Account
519   Pension and Benefits

Liability Account
237   401K Payable

Payable To
N/A

W2 Tracking   W2 Code
None

Class   Sub   Nature of Work

Setting up Direct Deposit Items

Note: Most employees elect to deposit 100% of their net pay, but a direct deposit can be a portion of the net. You can have two Direct Deposit amounts on a check with one depositing to the employee's checking account and the other to their savings account. If all employees are depositing all or a percentage of their net pay, then you only need one Direct Deposit payroll item. If some employees are depositing a flat dollar amount, you will need two.

To set up a **Direct Deposit** as a percent of Net Pay:

1. Select **Setup/Payroll Items**.
2. Set up a **Deduction** item for Direct Deposit.
3. Leave the **Amount or %** field zero as this may vary by employee.
4. Select **Net Check** in the **Based On** field.
5. Select a **Liability Account** in the **Liability Account** field. This can be any liability account that you want to use to pass the deposit amount through. When the check is created, the deposit amount is credited to the Liability Account. When the NACHA file is created, the liability account is debited and the checking account is credited. This account **must** have a **Classification** of **Liability.**
6. Select **Employee (EFT)** in the **Payable To** field. The system automatically creates the Employee (EFT) payee.

Setting up Direct Deposit Items (Cont'd)

To set up a **Direct Deposit** as a flat amount:

1. Select **Setup/Payroll Items**.
2. Set up a **Deduction** item for Direct Deposit.
3. Leave the **Amount or %** field zero as this may vary by employee.
4. Select **Quantity** in the **Based On** field. (This will allow for a flat amount.)
5. Select a Liability Account in the **Liability Account** field. This can be any account that you want to use to pass the deposit amount through. When the check is created, the deposit amount is credited to the Liability Account. When the NACHA file is created, the liability account is debited and the checking account is credited. This account **must** have a **Classification** of **Liability.**
6. Select **Employee (EFT)** in the **Payable To** field. The system automatically creates the Employee (EFT) payee.

FCAS and PBM will calculate payroll deductions that are a percent of net pay in the order that you enter them in the Payroll Template. (See Chapter 3)

Setting up and entering 3rd Party Sick Pay

Third party sick pay is reported to the company by the insurance company that made the payment to the employee. In most cases, the insurance company has withheld Federal Income Tax, Social Security Tax and Medicare Tax and has made the necessary payments to the IRS. The company is liable for FICA Tax, FUTA Tax and State Unemployment. Payments made to an employee by a third party must be included on the employee's W2.

To set up **3rd Party Sick Pay**:

1. Select **Setup/Payroll Items.**
2. Set up an **Other Income** item for 3rd Party Sick Pay.
3. Select a pay account in the **Expense Account** box.

3rd Party Sick Pay (cont'd)

To enter the amounts for the employee:

1. Select **Activities/Quick Check** or **WriteUp/Checks**.
2. Change the check **Type** to **Payroll (ATF)**.
3. Assign a dummy check number.
4. Change the date to **12/31/20XX**.
5. Enter the Wages in the **3rd Party Sick Pay Item** and any taxes withheld for the appropriate employee.

3rd Party Sick Pay (cont'd)

If you are posting in a live Write-Up client, continue with step 6.

6. Select **WriteUp/General.**
7. Make an entry to credit gross wages, debit withholding tax and cash in bank to reverse the entries made by the dummy check.

3rd Party Sick Pay (cont'd)

To print form 941:

1. Select **Reports/Tax Forms**.
2. Select **Federal 941**.
3. Select **Print Selected**.
4. Enter the Federal Withholding from the 3rd party sick pay as a negative number on the **FWH Adjustment** line.
5. Enter the FICA Tax Withholding (Social Security and Medicare combined) as a negative number on the **Sick Pay** line.
6. Enter any deposits or additional amounts as necessary.
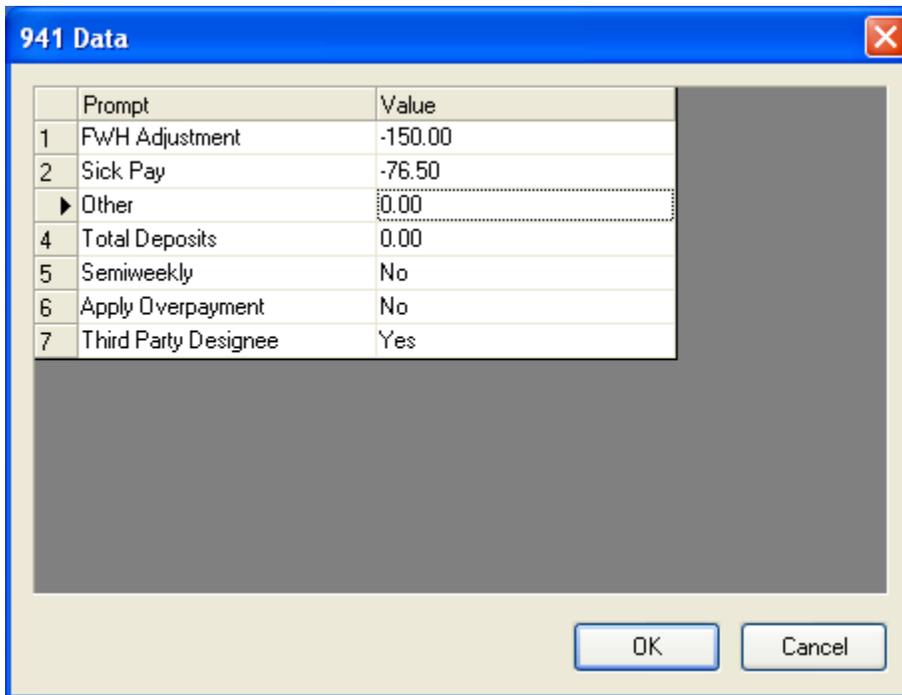
	Prompt	Value
1	FWH Adjustment	-150.00
2	Sick Pay	-76.50
▶	Other	0.00
4	Total Deposits	0.00
5	Semiweekly	No
6	Apply Overpayment	No
7	Third Party Designee	Yes

941 Data

OK   Cancel

Setting up Accrued Vacation or Sick Hours

To set up accrued vacation or sick hours:

1. Select **Setup/Accounts**.
2. Set up separate accounts for **Accrued Vacation Hours or Accrued Sick Hours,** as necessary. Select **Statistic** in the **Classification** field.

Setting up Accrued Vacation or Sick Hours (Cont'd)

3. Set up an account for **Accrual Offset**. Select **Statistic** in the **Classification** field. This account will be used by the system as an offset account for the payroll item.

Setting up Accrued Vacation or Sick Hours (Cont'd)

There are two ways to accrue Vacation or Sick Hours. You may accrue a flat number of vacation or sick hours at the beginning of the year for each employee or you may accrue hours each pay period based on the number of hours worked by an employee.

To set up payroll items to accrue a flat number of hours at the beginning of the year:

1. Select **Setup/Payroll Items.**
2. Set up an **Employer Accrual** item for **Accrued Vacation Hours**.
3. Select the **Accrued Vacation Hours** general ledger account in the **Expense Account** field.
4. Select the **Accrual Offset** account in the **Liability Account** field.
5. Repeat for **Sick Hours.**

Setting up Accrued Vacation or Sick Hours (Cont'd)

To set up payroll items to accrue hours each pay period based on the number of hours worked by an employee.

1. Select **Setup/Payroll Items**.
2. Set up an **Employer Accrual** item for **Accrued Vacation Hours**.
3. Select **Regular Hours Worked** or **Total Hours Worked** from the drop down list in the **Based On** field.
4. Select the **Accrued Vacation Hours** general ledger account in the **Expense Account** field.
5. Select the **Accrual Offset** account for the Liability Account.
6. Repeat for **Sick Hours.**

Note: Total Hours Worked includes all hours entered for payroll items with a **Pay** selected in the **Type** field and **Regular** selected in the **Pay Class** field. **Regular Hours Worked** includes all hours entered for payroll items with a **Pay** selected in the **Type** field, **Regular** selected in the **Pay Class** field and **1.00** in the **Pay Factor** field.

Setting up Vacation or Sick Hours Used

To set up vacation or sick hours used:
1. Select **Setup/Payroll Items**.
2. Set up an **Employer Accrual** item for **Vacation Hours Used**.
3. Enter **-1.000** in the **Amount or %** field.
4. Select **Item(s) Qty** from the drop down list in the **Based On** field.
5. Click **Items**.
6. Select **VP** or the vacation **Pay** item from the drop down list in the **Item** field.
7. Leave the department field blank.
8. Click **OK**.
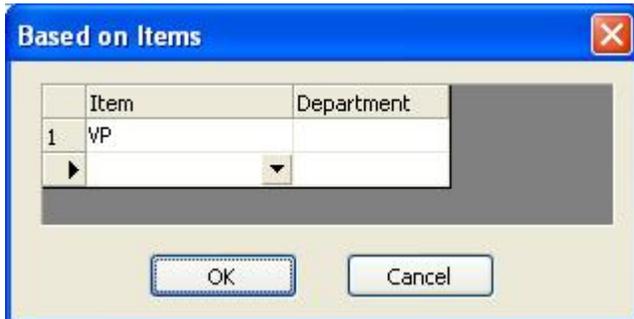
Setting up Vacation or Sick Hours Used (Cont'd)

9. Select the **Accrued Vacation Hours** general ledger account in the **Expense Account** field.
10. Select the **Accrual Offset** account for the Liability Account.
11. Repeat for **Sick Hours.**

Note: Insert a row in the bottom grid of the necessary **Pay Templates** to have the system calculate hours used for sick or vacation pay. The pay check stub will show YTD Hours Accrued and YTD Hours Used as separate items.

Setting up a Non-Payroll Reimbursement Item

Some employers want to add expense reimbursements to an employee's net payroll check. You can do this in FCAS or PBM by using a payroll item designated as a non-payroll reimbursement. This item will add an amount to the net payroll check but will not have any effect on the Gross Pay for 940 or state unemployment purposes.

To set up a Non-Payroll Reimbursement:

1. Select **Setup/Payroll Items.**
2. Create an **Other Income** item.
3. Check **ALL** boxes in the **Exempt from** section.
4. Select the appropriate Expense Account.
5. Select **Other Non Payroll** in the **W2 Tracking** field. **(This selection is mandatory for this type of item.)**

Setting up a Deduction Based On Disposable Net Pay

Some garnishment deductions are ordered as a percentage of disposable net pay. Disposable net pay is net pay before deductions like insurance, advance repayments and/or union dues.

To set up a deduction based on disposable net pay:

1. Select **Setup/Payroll Items**.
2. Set up a **Deduction** item.
3. Select **Disposable Net** in the **Based On** field.
4. Review other deductions in this client and check the **Include in Disposable Net** field, if necessary.

Setting up a Deduction Based On Disposable Net Pay (Cont'd)

Note: When you set up a deduction item, the **Include in Disposable Net** field is unchecked. Any deduction with the **Include in Disposable Net** box checked will be calculated after the deduction **Based On Disposable Net**. If the **Include in Disposable Net** box is unchecked, that deduction will be calculated before the deduction **Based On Disposable Net**.

Example: A garnishment is ordered for 25% of disposable net income.

Gross Pay	1,000.00
Federal WH	216.31
Social Security	62.00
Medicare	14.50
State WH	45.00
Advance	100.00
Insurance	62.19
Net Pay	500.00

If the **Insurance** and **Advance** deductions have a check in the **Include in Disposable Net** field, the garnishment deduction will be $165.55. The garnishment is calculated **before** the insurance and advance deductions are taken.

If the **Insurance** and **Advance** deductions **do not** have a check in the **Include in Disposable Net** field, the garnishment deduction will be $125.00. The garnishment is calculated **after** the insurance and advance deductions are taken.

If the **Insurance** deduction **does not** have a check in the **Include in Disposable Net** field and **Advance** deduction has a check in the **Include in Disposable Net** field, the garnishment deduction will be $150.00. The garnishment is calculated **after** insurance, but **before** the advance deduction is taken.

Setting up a Deduction as a Flat Amount Not to Exceed a Percent of Net Payroll

Some garnishments, such as child support, may be ordered as a flat amount, not to exceed a certain percentage of net take home pay.

To set up this type of deduction:

1. Select **Setup/Payroll Items**.
2. Set up a unique **Deduction** item for the garnishment.
3. Enter the amount of the garnishment.
4. Select **Qty Limit on Net Payroll** in the **Based On** field.
5. Enter the appropriate percentage in the **Limit or %** field.
6. Leave **Monthly** in the **Limit Type** field.
7. Select the appropriate **Liability Account**.
8. Select the appropriate **Payee** in the **Payable To** field if you are writing the garnishment check.
9. Leave the **W2 Tracking** and **W2 Code** fields **Blank**.

Setting up a Deduction for Garnishments Leaving a Specific Amount for Net Pay

In some instances, a garnishment order may be issued for all but a specified amount left for net pay. For example, the IRS may issue an order for a garnishment leaving the employee nothing but $157.69 as take home pay.

To set up this type of deduction:

1. Select **Setup/Payroll Items**.
2. Set up a unique **Deduction** item for the garnishment.
3. Enter **1.00** in the **Amount or %** field.
4. Select **Net Payroll (limit=exclude)** in the **Based On** field.
5. Enter the amount allowed for take home pay in the **Limit or %** field.
6. Leave **Monthly** in the **Limit Type** field.
7. Select the appropriate **Liability Account**.
8. Select the appropriate **Payee** in the **Payable To** field if you are writing the garnishment check.
9. Leave the **W2 Tracking** and **W2 Code** fields **Blank**.

Setting up Indiana County Withholding

County withholding tax is reported on line 1 of Form WH-1 combined with state withholding tax.

To set up Indiana County Withholding:

1. Select **Setup/Payroll Items**.
2. Set up a **Local Withholding** item.
3. Select the correct **Local Tax Entity** from the drop down list.
4. Select the appropriate **Liability Account**.
5. Select the appropriate **Payee** in the **Payable To** field if you are writing the check for the state and local withholding taxes.
6. Add the appropriate **Tax Area(s)**.
7. Select **IN County** from the **Tax Type** drop down list.

Setting up Pennsylvania OPT or EMS

As of January 2005, Pennsylvania Occupational Privilege Tax (OPT) rules changed. Municipalities may keep the $10 OPT. Some municipalities and school districts may impose an Emergency and Municipal Services (EMS) Tax of up to a maximum of $52 a year beginning on and after January 1, 2005. The OPT and EMS taxes are deducted once a year for each employee.

The Pennsylvania Department of Community and Economic Development, Governor's Center for Local Government Services maintains an updated list of OPT and EMS rates by county, city and school district. You can find the current rate online by going to: http://ctcoas01.state.pa.us/dced/MSS.MAINMENU.show?p_arg_names=_menu_id&p_arg_values=1074812923&p_arg_names=_menu_owner&p_arg_values=MSS

To set up OPT or EMS tax:

1. Select **Setup/Payroll Items**.
2. Set up a **Local Tax** item. Identify the county in the **Lookup** and **Description** fields.
3. Enter the total amount of tax in the **Amount or %** field.
4. Leave **Qty** in the **Based On** field as this tax is a flat amount.
5. Enter the total amount of tax in the **Limit or %** field.
6. Select **Annual Calendar** in the **Limit Type** field.
7. Do NOT check any boxes in the **Deduct Prior to Calculating** field as this tax does not reduce taxable wages.
8. Select the appropriate **Liability Account**.
9. Select the appropriate **Payee** in the **Payable To** field if you are writing the check for this liability.
10. Select **Box 14** from the drop down list in the **W2 Tracking** field.
11. Enter **PA OPT** in the **W2 Code** field.
12. Do NOT check the **Include in Disposable Net** box as this is an involuntary tax.

Setting up Pennsylvania OPT or EMS (Cont'd)

Payroll Item

Lookup
OPT - ADAMS

New

Cancel

Description
Adams County OPT

Type
Local Tax

Amount or %   Based On
52.0000   Qty

Selected Item(s)
                        Items

Limit or %   Limit Type
52.0000   Annual Calendar

Deduct Prior To Calculating
☐ FWH   ☐ SS Emp   ☐ SUI Emp
☐ SWH   ☐ SS Co   ☐ SUI Co
☐ LWH   ☐ Med Emp   ☐ SDI Emp
☐ FUTA   ☐ Med Co   ☐ SDI Co

Liability Account
233   State Payroll Tax

Payable To
N/A

W2 Tracking   W2 Code
Box 14   PA OPT

☐ Include in Disposable Net

Setting up Denver Area OPT

Some municipalities in the Denver area have an Occupational Privilege Tax. The rates may be different for different municipalities. In Denver, the rules are as follows:

An employee who earns at least $500 in a month from performing services in Denver is liable for the Employee OPT, which is to be withheld from their wages at the rate of $5.75 a month and remitted to Denver by the employer.

An employer is liable for paying Business OPT at the rate of $4.00 a month per each employee who is liable for Employee OPT. In addition, an employer is liable for paying the Business OPT at the rate of $4.00 per month on each owner, partner, or manager performing services in Denver, for any month in which the business operates in Denver.

To set up the OPT tax, you must first do the calculation to find the percentages. $5.75 is 1.15% of $500.00 or 0.0115. $4.00 is 0.8% of $500.00 or 0.008. You will need to set up a local tax item for the employee deduction and an employer accrual for the employer match.

To set up the OPT deduction:

1. Select **Setup/Payroll Items**.
2. Set up a **Local Tax** item.
3. Enter the rate as a percent in the **Amount or %** field.
4. Select **MTD Gross Pay (limit=min=)** in the **Based On** field.
5. Enter the **monthly tax amount** in the **Limit or %** field.
6. Select **Monthly** in the **Limit Type** field.
7. Do NOT check any boxes in the **Deduct Prior to Calculating** field as this tax does not reduce taxable wages.
8. Select the appropriate **Liability Account**.
9. Select the appropriate **Payee** in the **Payable To** field if you are writing the check for this liability.
10. Select **Box 14** from the drop down list in the **W2 Tracking** field.
11. Enter **OPT** in the **W2 Code** field.
12. Do NOT check the **Include in Disposable Net** box as this is an involuntary tax.

Setting up Denver Area OPT (Cont'd)

To set up the company portion:

13. Set up an **Employer Accrual** item.
14. Enter the rate as a decimal in the **Amount or %** field.
15. Select **MTD Gross Pay (limit=min=)** in the **Based On** field.
16. Enter the **monthly tax amount** in the **Limit or %** field.
17. Select **Monthly** in the **Limit Type** field.
18. Select the appropriate **Expense Account**.
19. Select the appropriate **Liability Account**.
20. Select the appropriate **Payee** in the **Payable To** field if you are writing the check for this liability.
21. Leave **None** in the **W2 Tracking** field and leave the **W2 Code** field **Blank** as employer contributions are not reported on the W2.

Setting up a Pay Item With a Fixed Pay Rate

In some cases, all employees in a company earn the same hourly pay rate based on the job they are performing. An example of this is a union payroll. All journeyman framers have the same hourly rate. This rate changes annually when contracts are renegotiated. Instead of changing the pay rate on each employee's individual record, you can set up a pay item with a fixed pay rate and change the rate once on the pay item, when necessary.

To set up this type of Pay item:

1. Select **Setup/Payroll Items**.
2. Set up a **Pay** item.
3. Select **Hourly** from the drop down list in the **Pay Type** field.
4. Select **Regular** in the **Pay Class** field.
5. Enter 1.00 in the **Pay Factor** field.
6. Select the appropriate **Expense Account**.
7. Leave **None** in the **W2 Tracking** field and leave the **W2 Code** field **Blank**.
8. Enter the appropriate hourly rate in the **Rate** field.
9. Make the appropriate selection in the **Use Rate** field.

Always – The rate entered on the item will override the rate on the employee's record.
When Higher – The rate entered on the item will be used **only if** it is higher than the rate on the employee's record.
As Default – The rate entered on the item will be used if there is no rate on the employee record.

Setting up a Deduction or Employer Accrual Based On a Specific Pay Item or Department

Some deductions or employer accruals, such as union dues or union benefits, may be tied to specific pay items or even specific departments. You can set up a deduction that will calculate an amount based on the number entered in the **Qty** field of another pay item or other pay items. For example, union dues may be withheld at the rate of 2.5 cents per hour entered for regular pay.

To set up this type of Deduction:

1. Select **Setup/Payroll Items**.
2. Set up a **Deduction** item.
3. Enter the amount of the deduction in the **Amount or %** field.
4. Select **Item(s) Qty** in the **Based On** field.
5. Click on the **Items** button.
6. Select the desired **Item** from the drop down list in the **Item** field.
7. Select the desired **Department** from the drop down list in the **Department** field.
8. Repeat steps 6 and 7, as necessary.
9. Click **OK** to save selections in the **Based on Items** dialog box.
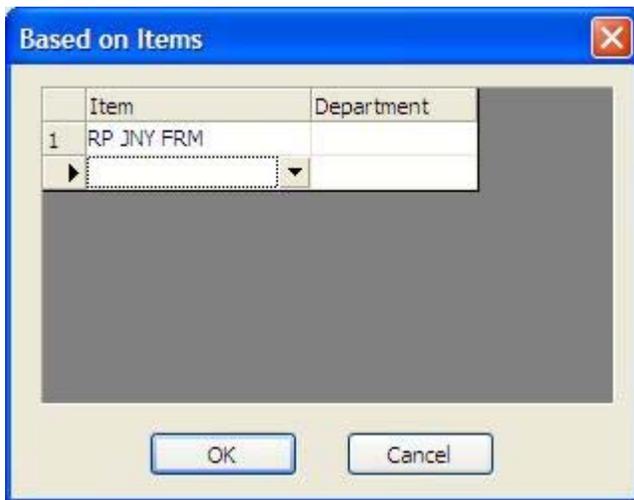
10. Enter a **limit amount** in the **Limit or %** field.
11. Select applicable **Limit Type** from the drop down list.
12. Check any box(es) in the **Deduct Prior To Calculating** field for taxes this deduction is exempt from.
13. Select the appropriate **Liability Account** from the drop down list.
14. Select the appropriate **Payee** in the **Payable To** field if you are writing the check for this liability.
15. Select the appropriate box in the **W2 Tracking** field if this deduction needs to be reported on the W2.
16. Enter a **W2 Code** if necessary.
17. Check the **Include in Disposable Net** box if this deduction is to be calculated after deductions based on disposable net.

Setting up a Deduction or Employer Accrual Based On a Specific Pay Item or Department (Cont'd)

Setting up a Washington State L&I

Washington state has L&I insurance withholding and a company match. The employee and company rates for L&I will vary based on job class and sub class. L&I rates are calculated on hours worked.

To set up **L&I withholding**:

1. Select **Setup/Payroll Items**.
2. Set up a **Local Tax** item.
3. Enter the **Rate** as a decimal.
4. Select **Item(s) Qty** in the **Based On** field.
5. Click the **Items** button.
6. Select the appropriate **Item(s)** and **Department(s)** if necessary.
7. Click **OK**.
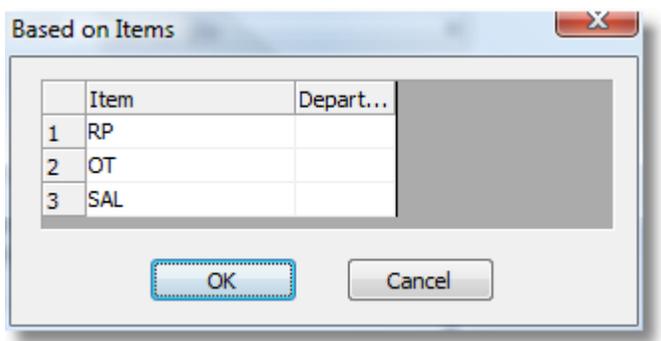
8. Select the appropriated **Liability Account** from the drop down list.
9. Select the appropriate **Payee** in the **Payable To** field if you are writing the check for this liability.
10. Select **Box 14** in the **W2 Tracking** field.
11. Enter **WA L&I** in the **W2 Code** field.
12. Enter the appropriate values for **Class**, **Sub** and **Nature of Work**.

Note:

For clients with multiple Class or Subs, set up a separate L&I item for each Class or Sub. Use a separate department for wages for each Class or Sub. Enter the appropriate department in the Department field on the Based on Items screen for the L&I item.

Setting up Washing State L&I (Cont'd)

Setting up Washing State L&I (Cont'd)

To set up the employer's portion of L&I:

13. Select **Setup/Payroll Items**.
14. Setup an **Employer Accrual** item.
15. Enter the **Rate** as a decimal.
16. Select **Item(s) Qty** in the **Based On** field.
17. Click the **Items** button.
18. Select the appropriate **Item(s)** and **Department(s)** if necessary.
19. Click **OK**.
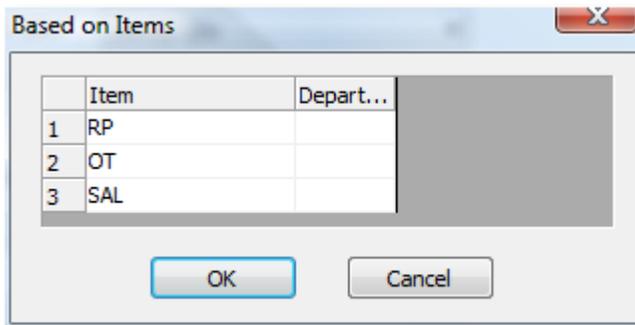
20. Select the appropriate **Expense Account** from the drop down list.
21. Select the appropriate **Liability Account** from the drop down list.
22. Select the appropriate **Payee** in the **Payable To** field if you are writing the check for the liability.
23. Leave the **W2 Tracking** and **W2 Code** fields blank as the employer portion is not reported on the W2.
24. Enter the appropriate values for **Class**, **Sub** and **Nature of Work**.

Note:

For clients with multiple Classes or Subs, set up a separate L&I item for each Class or Sub. Use a separate department for wages for each Class or Sub. Enter the appropriate department in the Department field on the Based on Items screen for the L&I item.

Setting up Washing State L&I (Cont'd)

Payroll Item		

Lookup
L&I CO

Description
L&I Company

Type
Employer Accrual

Amount or % 0.2897   **Based On** Item(s) Qty

Selected Item(s)
[RP] [OT] [SAL]   Items

Limit or % 0.0000   **Limit Type** Monthly

Limit 0.0000   **Limit Type** Monthly

Expense Account
537   Employee Insurance

Liability Account
239   Disability Payable

Payable To
Department of Labor and Industries

W2 Tracking None   **W2 Code**

Class 6100   **Sub** 5   **Nature of Work** Store

New

Cancel

Chapter 3 - Setting Up Payroll Templates

Payroll templates overview

You have the ability to customize the payroll entry screen for each client in FCAS or PBM based on the information you receive from the client. This is done by setting up payroll templates. Payroll templates include frequently used payroll items. It is NOT necessary to include all items that exist for a company nor is it necessary to include infrequently used items. Infrequently used payroll items can be added to a payroll check at run time.

You can set up as few or as many templates as you need to make data entry as heads down as possible. Each client should have at least one template. It should be named **Default** as the system will place the word Default in the Pay Template field on the employee tab of the contact when you create a new employee. You may set up multiple templates and select the appropriate template for an employee that does not match the criteria for the Default template. **Taking the time to set up templates will decrease your processing time on a monthly basis.**

Type the **Lookup** for the payroll item in the **Item** field or select the **Item** from the drop down list. Allow the system to populate the remaining columns. The system will use **Default** or **0.00** or **1.00** where appropriate. Typing a value in any of the remaining fields will cause the system defaults to be overridden by the value that is in the template when you enter payroll checks.

Important note:

If you need to change an item in a row on a payroll template, **DO NOT** just type a new item lookup in the **Item Field**. Remove the bad row and insert a new row with the new item. You can also rearrange the order of the rows by using the up or down arrow in the toolbar to move the selected row. If you look at the row numbers in the left hand column, you can identify the selected row easily because there is an arrow instead of a row number. You can also look for the cell that has a darker grey outline to find the active cell.
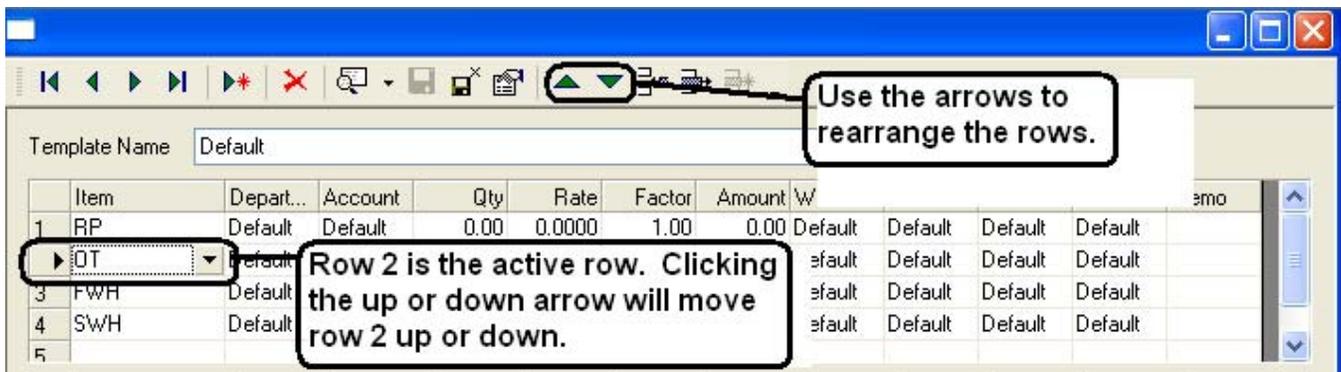
This chapter contains several examples for payroll templates for After-the-Fact Payroll and Payroll Checkwriting.

After-the-Fact Payroll

When entering After-the-Fact Payroll, it is necessary to enter the taxes withheld as well as Pay and Miscellaneous Deduction Items. There are two grids available in the Payroll Template screen. For After-the-Fact Payroll, it is recommended that you use only the top grid to minimize the number of keystrokes used during data entry.

To set up a default template for After-the-Fact Payroll:

1. Select **Setup/Payroll Templates.**
2. Type **Default** in the **Template Name** field.
3. Create a row for each desired item by entering the appropriate **Payroll Item** in the **Item** field.
4. Move to the next row and enter the next payroll item.

Examples:

This is an example of a template for a client who reports a single amount for pay and separates Federal Withholding, Social Security Withholding and Medicare Withholding. You can also include common deductions such as insurance.

	Item	Account	Depart...	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
1	RP	Default	Default			1.00		Default	Default	Default	Default	
2	FWH	Default										
3	SSW	Default										
4	MEW	Default										
▶	SWH	Def... ▼										
6	INS	Default						Default	Default	Default	Default	
7												

Some clients will report FICA Tax in total instead of separating Social Security and Medicare. If you have your **Fed Default ATF Tax Mode** set to **Auto Correct** on the **General** tab in **Setup/Options**, you can enter the Combined FICA Tax as either Social Security or Medicare and the system will make the necessary adjustments. The following example represents this type of situation.

	Item	Account	Depart...	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
1	RP	Default	Default			1.00		Default	Default	Default	Default	
2	FWH	Default										
3	SSW	Default										
4	SWH	Default										
5	INS	Default						Default	Default	Default	Default	
6	MISC	Default						Default	Default	Default	Default	
▶		▼										

Enter Total Fica Tax in Social Security Item

After-the-Fact Payroll (Cont'd)

Some clients will combine Federal, Social Security, and Medicare Withholding as a single number. If you have your **Fed Default ATF Tax Mode** set to **Auto Correct** on the **General** tab in **Setup/Options**, you can enter the Combined Federal Tax as Federal Withholding and the system will make the necessary adjustments to move Social Security and Medicare from Federal Withholding.

	Item	Account	Depart...	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
1	RP	Default	Default	0.00	0.0000	1.00	0.00	Default	Default	Default	Default	
2	FWH	Default	Default						ult	Default	Default	
3	SWH	Default	Default						ult	Default	Default	
4	INS	Default	Default						ult	Default	Default	
5	MISC	Default	Default						ult	Default	Default	

Enter Combined Federal Withholding here.

If your client uses more than one pay on a regular basis and you need to or want to show separate pay items, see the following example.

	Item	Account	Depart...	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
1	RP	Default	Default			1.00		Default	Default	Default	Default	
2	OT	Default	Default			1.50		Default	Default	Default	Default	
3	TIPS	Default	Default					Default	Default	Default	Default	
4	BONUS	Default	Default					Default	Default	Default	Default	
5	FWH	Default										
6	SSW	Default										
7	MEW	Default										
8	SWH	Default										
9	INS	Default						Default	Default	Default	Default	
10	ADV	Default						Default	Default	Default	Default	
11	MISC	Default						Default	Default	Default	Default	

If you have a client that has some employees who always have tips and some who do not have tips, you can create two templates. Name one 'Default' and the other 'Wages with Tips'. Be sure to assign the appropriate template to each employee.

After-the-Fact Payroll (Cont'd)

If you are entering individual payroll checks for each employee and one or some of the employees are salaried, you may want to create a unique template for each salaried employee. You can enter the amount for each pay item in the template. This will save much data entry time because when you are entering checks, the amount will be filled in after you select the employee you need. If the employee receives a check for a different amount for a bonus or something similar, you can overwrite the amounts on the Payroll Check screen during data entry without affecting the template. The following example demonstrates this type of template.

Template Name: Judy

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
▶	RP	Def... ▼	Default	0.00	1000.0...	1.00	1000.00	Default	Default	Default	Default	
2	FWH	Default	Default	0.00	250.0000	0.00	250.00	Default	Default	Default	Default	
3	SSW	Default	Default	0.00	76.5000	0.00	76.50	Default	Default	Default	Default	
4	SWH	Default	Default	0.00	51.0000	0.00	51.00	Default	Default	Default	Default	
5												

	Item	Account	Depart...	Qty	Rate	Factor ▽	Amount	WH St...	UI State	DI State	Locale	Memo
▶		▼										

You may also wish to set up a unique template for an employee if he or she is the only one in the company who has a certain deduction such as child support. If the employee with child support is not a salaried employee, but the support deduction is always the same amount, you can leave all amounts except child support at 0.00.

Template Name: J Smith

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo	
▶	RP	▼ Default	Default	0.00	0.0000	1.00	0.00	Default	Default	Default	Default		
2	FWH	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default		
3	SWH	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default		
4	SUPP - J Smith	Default	Default	0.00	75.8900	0.00	75.89	Default	Default	Default	Default		
5													

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH State	UI State	DI State	Locale	EFT Bank	
▶		▼											

Payroll Checkwriting

When setting up a Payroll Template for Payroll Checkwriting, **DO NOT** enter payroll taxes. The system will calculate all payroll taxes. There are two grids in the Payroll Template screen. Pay items and deductions can be entered in either grid. For payroll checkwriting, it is recommended that you create a row for each 'pay item' (Regular Pay, Overtime, Tips, etc) that is used most pay periods. Also create a row for any deduction that is used frequently and has a different amount for each employee each payroll run (such as employee advances). Enter standard deductions that may be used by any employee in the bottom grid.

To set up a payroll template for payroll checkwriting:

1. Select **Setup/Payroll Templates**.
2. Type **Default** in the **Template Name** field.
3. Create a row for each desired item by entering the appropriate **Payroll Item** in the **Item** field.

Examples:

Hourly employees are paid for regular hours. Many employees receive overtime pay most pay periods. Many employees have a standard deduction for insurance.

Template Name	Default										

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
1	RP	Default	Default	0.00	0.0000	1.00	0.00	Default	Default	Default	Default	
2	OT	Default	Default	0.00	0.0000	1.50	0.00	Default	Default	Default	Default	

	Item	Depart...	Account	Qty	Rate	Factor /	Amount	WH State	UI State	DI State	Locale	EFT Bank
1	INS		Default					Default	Default	Default	Default	

Some employees in a company are salaried. They also have a deduction for insurance.

Template Name	Salary										

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
▶	SAL	Default	Default	0.00	0.0000	1.00	0.00	Default	Default	Default	Default	
2												

	Item	Depart...	Account	Qty	Rate	Factor /	Amount	WH State	UI State	DI State	Locale	EFT Bank
1	INS	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default	

Payroll Checkwriting (Cont'd)

Some employers give employees cash advances between payroll periods. These amounts vary from employee to employee from week to week. If they happen frequently, include them in the top grid of the template.

Template Name Default

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
1	RP	Default	Default	0.00	0.0000	1.00	0.00	Default	Default	Default	Default	
2	OT	Default	Default	0.00	0.0000	1.50	0.00	Default	Default	Default	Default	
3	ADV		Default					Default	Default	Default	Default	
▶												

	Item	Depart...	Account	Qty	Rate	Factor ▽	Amount	WH State	UI State	DI State	Locale	EFT Bank
▶	INS	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default	
2												

A company may offer a 401K or simple plan for employees to make tax deferred contributions to a retirement account. The company may match some or all of the employee's contribution. By entering all possible deductions and employer accruals in the bottom grid of the template, an amount or rate entered in the **Item/Limit** screen of the contact will be calculated at run time.

Template Name Default

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
▶	RP	Default	Default	0.00	0.0000	1.00	0.00	Default	Default	Default	Default	
2	OT	Default	Default	0.00	0.0000	1.50	0.00	Default	Default	Default	Default	
3	ADV	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default	
4												

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH State	UI State	DI State	Locale	EFT Bank
1	INS	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default	
2	401K $	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default	
3	401K %	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default	
4	401K CO $		Default									
5	401K CO %		Default									
▶												

Payroll Checkwriting (Cont'd)

When a company offers direct deposit, most employees elect to have 100% of their net pay deposited to their checking account.

Template Name: Default

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
▶	RP ▼	Default	Default	0.00	0.0000	1.00	0.00	Default	Default	Default	Default	
2	OT	Default	Default	0.00	0.0000	1.50	0.00	Default	Default	Default	Default	
3	ADV	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default	
4												

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH State	UI State	DI State	Locale	EFT Bank
1	INS	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default	
2	DD		Default						Default	Default	Default	Default	CK
▶		▼											

Some employees may elect to deposit a portion of their net pay to savings or to a second bank account. When setting up the template, the direct deposit which is to be 100% of the remaining net MUST be the last item in the bottom grid.

Template Name: Angie

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
▶	SAL ▼	Default	Default			1.00		Default	Default	Default	Default	

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH State	UI State	DI State	Locale	EFT Bank
1	INS	Default	Default	0.00	0.0000	0.00	0.00	Default	Default	Default	Default	
2	DD SVG		Default		50.0000		50.00	Default	Default	Default	Default	SVG
3	DD SVG		Default		25.0000		25.00	Default	Default	Default	Default	SVG1
4	DD SVG		Default		25.0000		25.00	Default	Default	Default	Default	SVG2
5	DD SVG		Default		25.0000		25.00	Default	Default	Default	Default	SVG3
▶	DD		Default						Default	Default	Default	Default	CK

Payroll Checkwriting (Cont'd)

If a payroll item is unique to an employee (such as child support), set up a template for that employee and use only the payroll items that apply to the employee.

Template Name	John Smith										
	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH St...	UI State	DI State	Locale	Memo
1	SAL	Default	Default	0.00	0.0000	1.00	0.00	Default	Default	Default	Default	
▶		▼										

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH State	UI State	DI State	Locale	EFT Bank
1	SUPP - J Smith	Default	Default	0.00	72.3000	0.00	72.30	Default	Default	Default	Default	
2	INS	Default	Default	0.00	62.0000	0.00	62.00	Default	Default	Default	Default	
3	401K %	Default	Default	0.00	0.0400	0.00	0.00	Default	Default	Default	Default	
▶	401K CO %		Default		0.0200		0.00					

Chapter 4 - Making Corrections

Voiding a payroll check

It is sometimes necessary to void a payroll check. The method used to void a check will vary depending on timing.

If you are voiding a payroll check from the current pay period or current month, you can simply delete the check.

To delete a check:

1. Select **Activities/Quick Check** or **Write Up/Checks**.
2. Bring the check you want to delete onto the screen.
3. Click on the **Delete** icon in the toolbar.
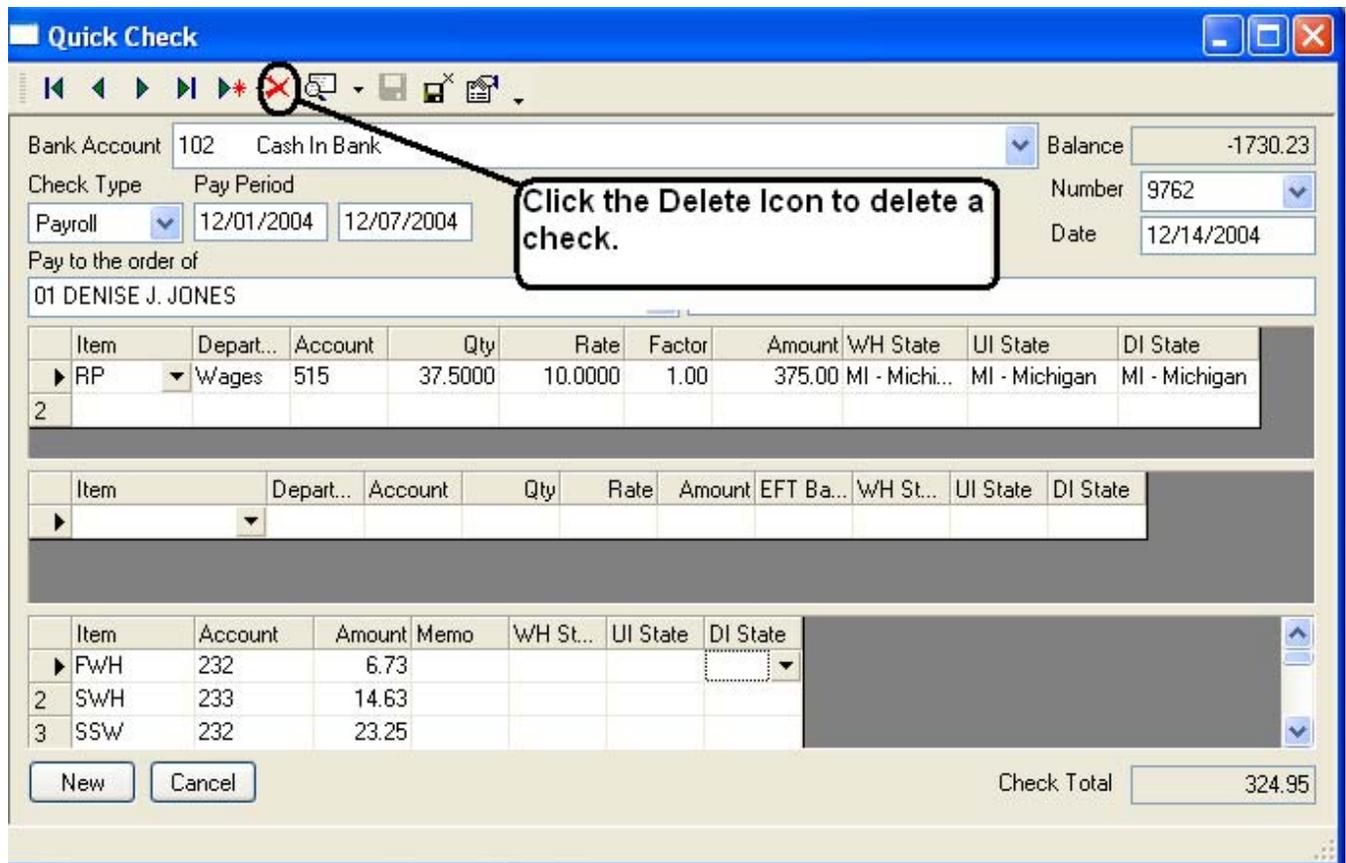
Note: This will delete the check from the file and there will be no record that it ever existed. You can only delete a check that was entered in the open period.

Voiding a payroll check (Cont'd)

To void a check from a prior period:

1. Select **Activities/Quick Check** or **Write Up/Checks**.
2. Change the **Check Type** to **Payroll (ATF)**
3. Enter the **Pay Period Dates,** if desired.
4. Enter a check number in the **Number** field. (If you are voiding check 8201, enter 8201V.)
5. Enter the **Lookup** for the appropriate employee or select him from the drop down list in the **Pay to the order of** field.
6. Enter all **amounts** from the original check as **negative** for the appropriate payroll **Items**.

	Item	Depart...	Account	Qty	Rate	Factor	Amount	WH State	UI State	DI State
►	RP ▼	Wages	515	-37.5000	10.0000	1.00	-375.00	MI - Michi...	MI - Michigan	MI - Michigan
2	FWH		232	0.0000	-6.7300	0.00	-6.73			
3	SWH		233	0.0000	-14.6300	0.00	-14.63			
4	SSW		232	0.0000	-23.2500	0.00	-23.25			
5	SSC		232	0.0000	-23.2500	0.00	-23.25			
6	MEW		232	0.0000	-5.4400	0.00	-5.44			
7	MEC		232	0.0000	-5.4400	0.00	-5.44			
8	FUTA		235	0.0000	-3.0000	0.00	-3.00			
9	SUI MI		235	0.0000	-11.6300	0.00	-11.63			
10	EE		542	0.0000	-28.6900	0.00	-28.69			
11	EE		543	0.0000	-14.6300	0.00	-14.63			
12										

Quick Check window: Bank Account 102 Cash In Bank, Balance -1405.28. Check Type Payroll (ATF), Pay Period 12/01/2004 to 12/07/2004. Number 8201v, Date 12/14/2004. Pay to the order of 01 DENISE J. JONES. Check Total -324.95.

The check date you enter for the void check will determine the liability period that will be reduced. If you are voiding a check from a prior quarter, using a current quarter date on the void check will reduce the payroll liabilities for the current quarter and eliminate the need for filing form 941c and any necessary State Withholding or State Unemployment Tax returns. If you enter the void check with the same date as the original check, you will need to file amended returns.

Replacing a lost payroll check

You can replace a lost check from the current period by reprinting the check.

To reprint a payroll check from the current period:

1. Select **Activities/Quick Check**.
2. Bring the check you need to replace up on the screen.
3. Select **Print** from the drop down list in the **Number** field.
4. Select **Save and Close**.
5. Print the check.

Chapter 4 - Making Corrections

Replacing a lost payroll check (Cont'd)

You may need to replace a lost payroll check from a closed period. You can void the original check (See **Voiding a payroll check**) and create a new payroll check. Another way to handle this is to issue a general check as a replacement and enter a negative general check to void the original.

To replace a payroll check with a general check:

1. Select **Activities/Quick Check**.
2. Select **General** in the **Check Type** field.
3. Select **Print** in the **Number** field.
4. Select the appropriate employee in the **Pay to the order of** field.
5. Enter a description in the **Memo** field.
6. Select the **employee advance** account in the **Account** field.
7. Enter the **NET PAY** amount in the **Gross Amount** field. (Gross Amount here refers to an invoice amount, NOT gross payroll.)
8. Select **New**.

Replacing a lost payroll check (Cont'd)

To reverse the original check:

9. Enter a number in the **Number** field. (If the original check was 8201, enter 8201V)
10. Select the appropriate employee in the **Pay to the order of** field.
11. Enter a description in the **Memo** field.
12. Select the **employee advance** account in the **Account** field.
13. Enter the **NET PAY** amount in the **Gross Amount** field as a **negative number**. (Gross Amount here refers to an invoice amount, NOT gross payroll.)
14. Select **Save and Close**.

Correcting State Unemployment rates

You may need to change the State Unemployment rate for a client after you have already processed payroll. The system will calculate the employer's unemployment for each check as it is processed. Changing a rate will not change the checks that have already been processed. You will have to run a recalculate to change the accruals for the prior payroll periods.

To change a rate and correct accruals for the affected period:

1. Select **Setup/Payroll Taxes**.
2. Select the **SUTA Co** tab.
3. Edit the incorrect rate or add a new line for the new tax year.
4. Click **OK** to save your changes.
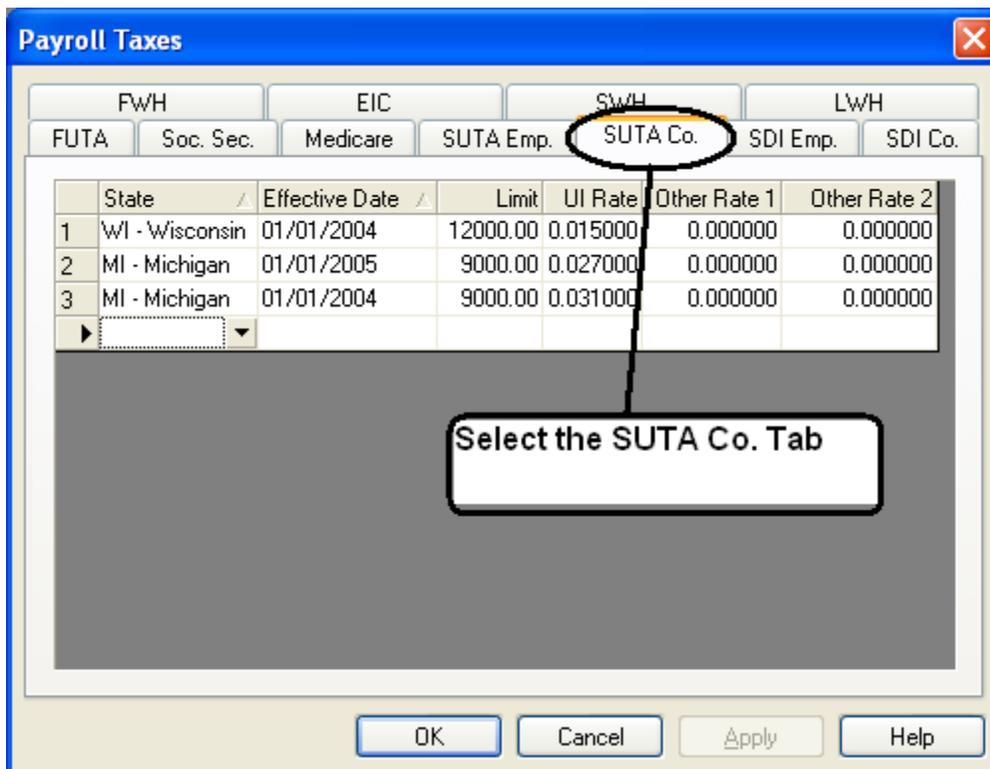
5. Select **Utilties/Payroll/Recalculate**.

The unemployment liability for the current calendar year will now reflect the new rate. This process may take several minutes depending on the speed of your computer and size of your file.

Chapter 5 - Setting Up Tax Report Groups

Setting up a quarterly tax report group

Set up a report group which contains the 941, State Withholding and State Unemployment reports you will need for quarter end processing.

To set up a quarterly tax report group:

1. Select **Reports/Tax Forms**.
2. Right Click and select **Create New Report Group.**
3. Name your report group **Quarterly Payroll Taxes.**
4. Click the **Insert Row** icon to insert a report and select **Federal 941**.
5. Repeat Step 4 and select **Federal 941** again.
6. Repeat Step 4 and select **State Withholding**.
7. Repeat Step 4 and select **State Unemployment**.
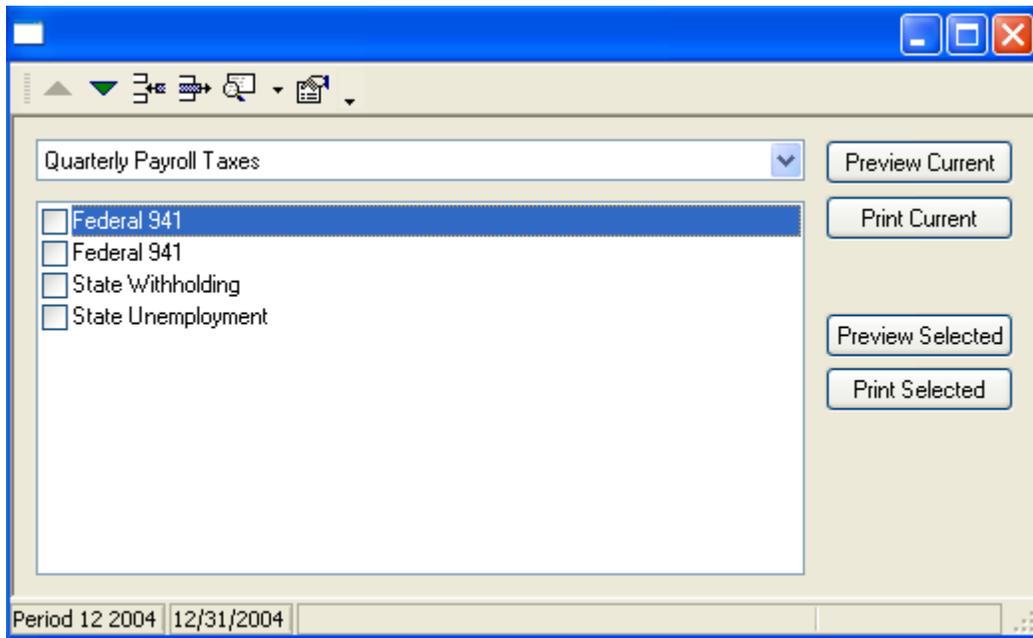
Setting up a quarterly tax report group (Cont'd)

Form 941

To set up a 941 to print without Schedule B:

1. Right click on the first Federal 941, select **Rename Report** and rename to **Federal 941 Monthly Depositor**.
2. Right click on **Federal 941 Monthly Depositor**, select **Report Options**.
3. Change the value for **Print Form 3** from Yes to **No**.
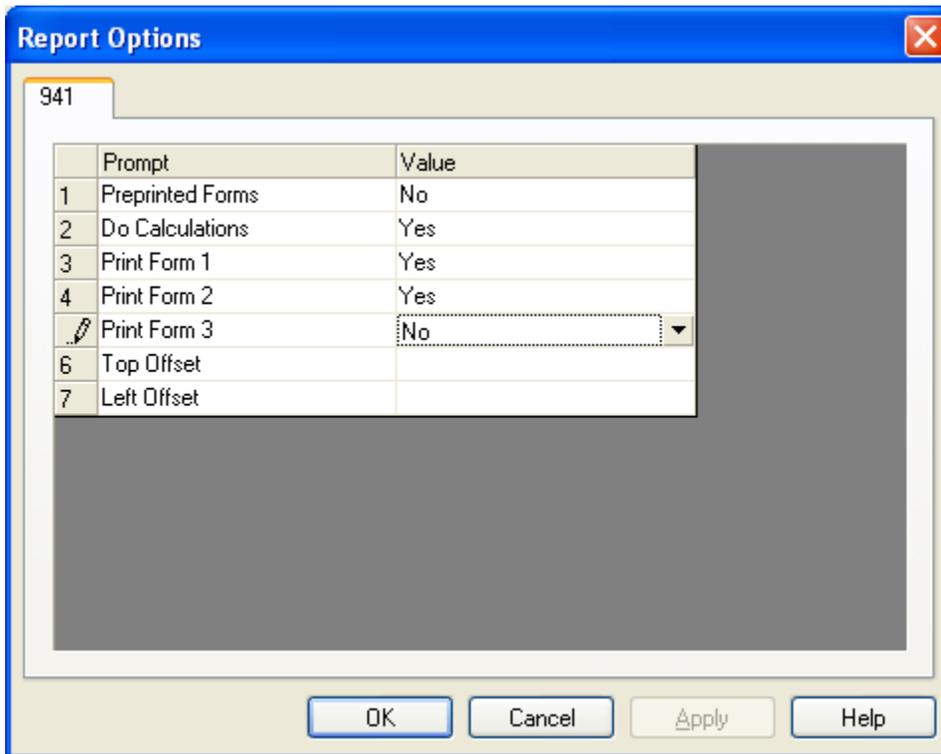
To set up a 941 to print with Schedule B:

4. Right click on the first Federal 941, select **Rename Report** and rename to **Federal 941 with Schedule B**.
5. Right click on **Federal 941 with Schedule B**, select **Report Options**.
6. Verify the value for **Print Form 3** is **Yes**.

Setting up a quarterly tax report group (Cont'd)

State Withholding and State Unemployment

To set up the State Withholding report for your state:

1. Right click on **State Withholding**, select **Report Options**.
2. Change the value for **Report State** to the appropriate state.

3. Right click on **State Unemployment**, select **Report Options**.
4. Change the value for **Report State** to the appropriate state.

Setting up a quarterly tax report group (Cont'd)

The following is an example of a completed quarterly payroll tax report group.
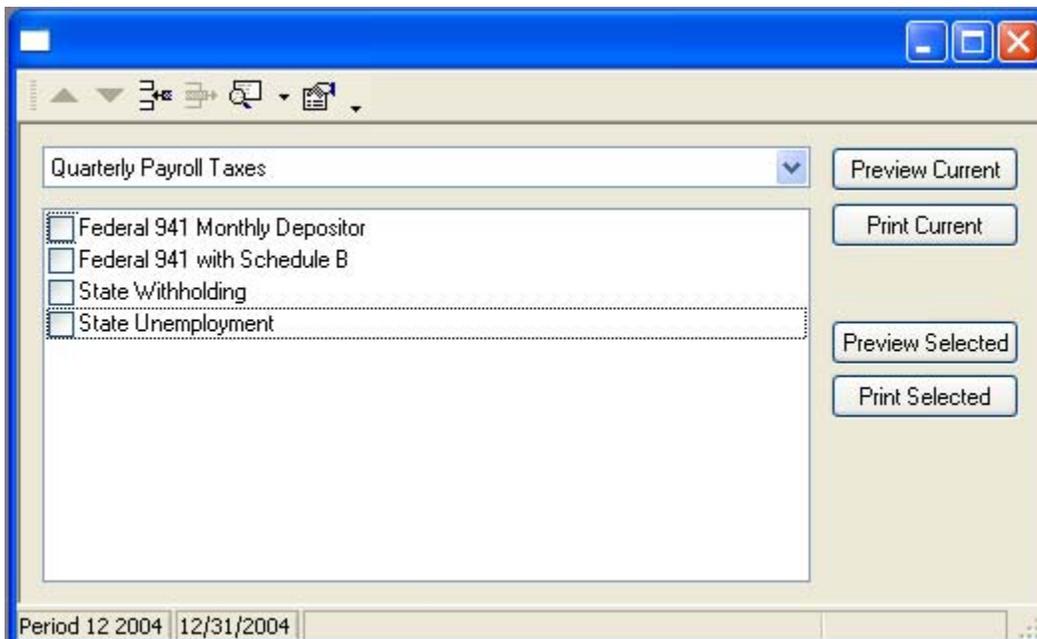
Setting up a quarterly tax report group for multiple states

You will need to insert State Withholding and State Unemployment reports in addition to the ones you have already inserted in your quarterly payroll tax report group if you have to submit reports to more than one state.

1. Rename the existing **State Withholding** to include the name of the state to which you are reporting.
2. Insert a State Withholding report for each state to which you need to submit forms.
3. Right click on the first new State Withholding report, select **Rename Report** and rename to include the state name.
4. Right click on a state withholding report, select **Report Options** and change the **Report State** to match the state in the **Report Name**.
5. Repeat for each state that needs reports.
6. Repeat Steps 1 – 5 as necessary for State Unemployment.
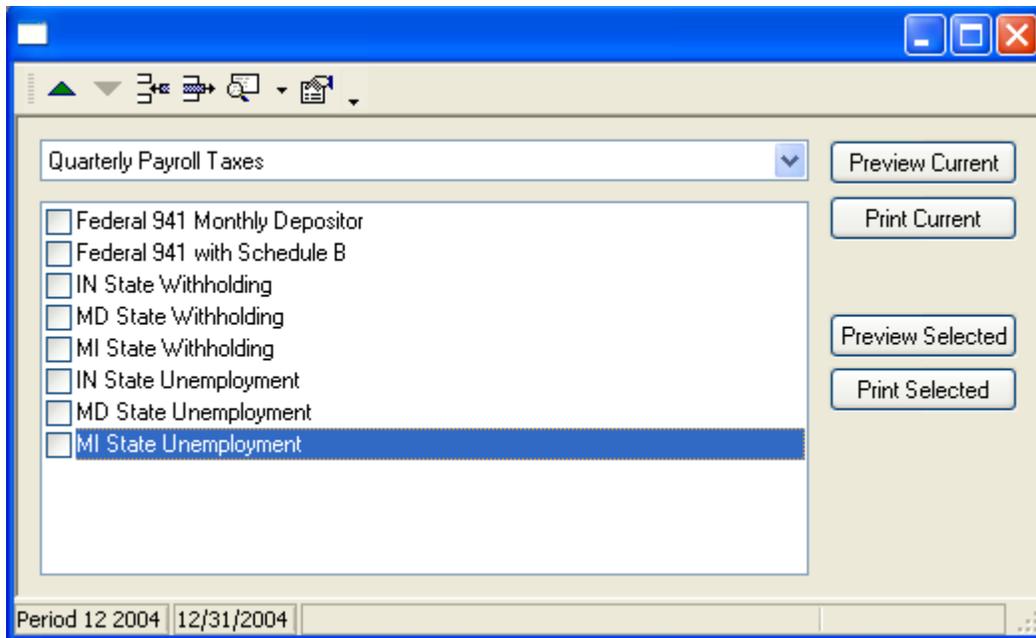
Setting up a year end tax report group

Set up a report group which contains the W3, W2, 940, 1096 and 1099 reports you will need for year end processing.

To set up a year end report group:

1. Select **Reports/Tax Forms**.
2. Right Click and select **Create New Report Group.**
3. Name your report group **Year End Processing.**
4. Click the **Insert Row** icon to insert a report and select **940**.
5. Repeat Step 4 and select **940EZ**.
6. Repeat Step 4 and select **W3**.
7. Repeat Step 4 and select **W2** twice.
8. Repeat Step 4 and select **1096** twice.
9. Repeat Step 4 and select **1099** 3 times for **1099 Misc**.
10. Repeat Step 4 and select **1099** 3 times for **1099 Int**.
11. Repeat Step 4 and select **1099** 3 times for **1099 Div**.
12. Repeat Step 4 and select **1099** 3 times for **1099 R**.
13. Repeat Step 4 and select **1099** 3 times for **1098**.
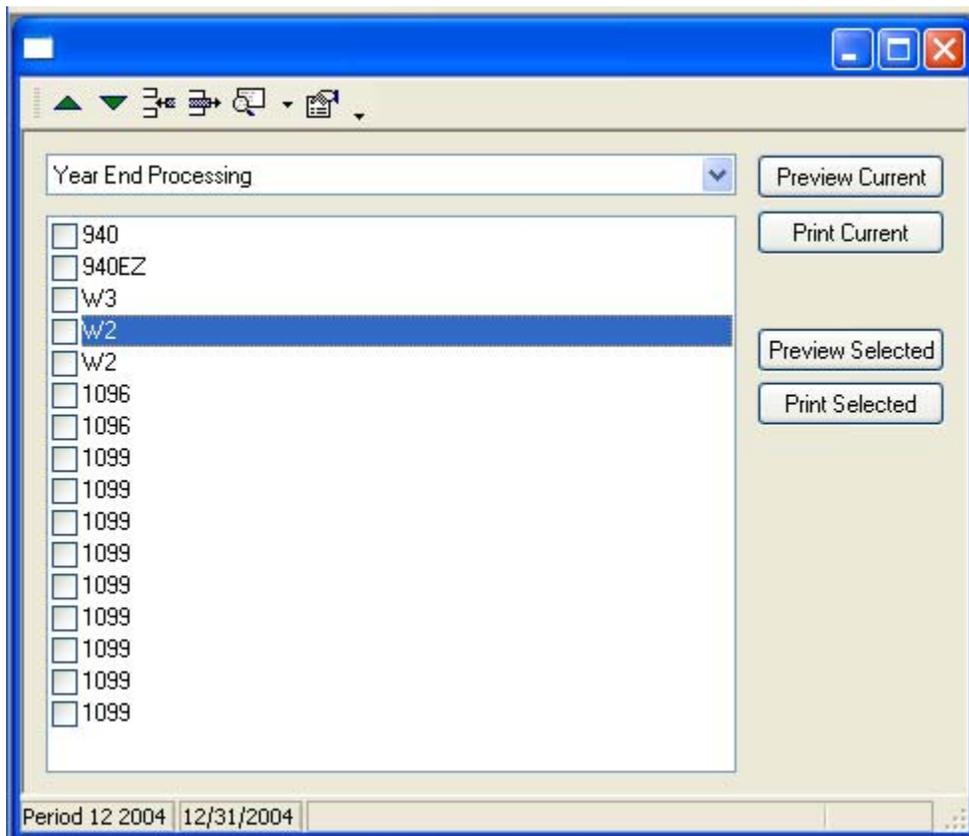
The above illustration shows the screen before renaming additional iterations of forms.

Setting up a year end tax report group (Cont'd)

To set up a report that will print W2 Copy A, Copy 1 and 2 copies of Copy D:

1. Right click on the first W2, select **Rename Report** and rename to **W2 Fed**.
2. Right click on **W2 Fed**, select **Report Options**.
3. Change the value for **Print W2 4 Per Page** from Yes to **No**.

Report Options

W2

	Prompt	Value
1	Report State	Federal (ALL)
2	Preprinted Forms	No
3	Control Number	
4	Print W2 1	Yes
5	Print W2 A	Yes
6	Print W2 D	Yes
7	Print W2 File (D)	Yes
	Print W2 4 Per Page	No
9	Top Offset	
10	Left Offset	

OK   Cancel   Apply   Help
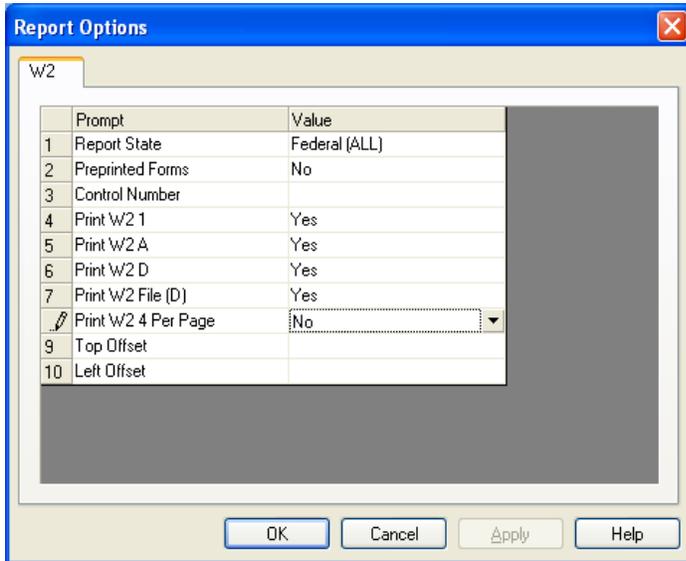
To set up a report that will print the **W2 4 per page** (employee copy)**:**

4. Right click on the 2nd W2, select **Rename Report** and rename to **W2 4 up**.
5. Right click on **W2 4 up**, select **Report Options**.
6. Change the value for **All copies except Print W2 4 per page** from Yes to **No**.

Report Options

W2

	Prompt	Value
1	Report State	Federal (ALL)
2	Preprinted Forms	No
3	Control Number	
4	Print W2 1	No
5	Print W2 A	No
6	Print W2 D	No
	Print W2 File (D)	No
8	Print W2 4 Per Page	Yes
9	Top Offset	
10	Left Offset	

OK   Cancel   Apply   Help
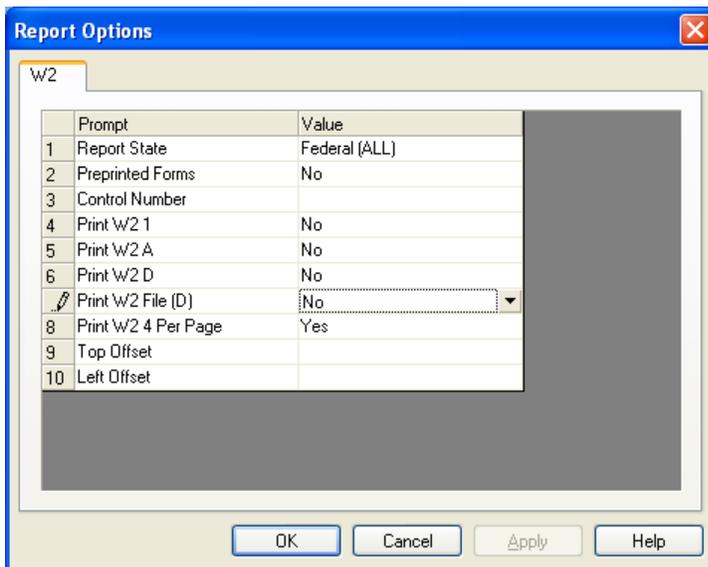
Setting up a year end tax report group (Cont'd)

Form 1096

To set up a report that will print **1096 Copy A**:

1. Right click on the first 1096, select **Rename Report** and rename to **1096 pink.**
2. Right click on **1096 pink**, select **Report Options** and change the value for **Print 1096 B** to **No.**

To set up a report that will print **1096 Copy B**:

3. Right click on 1096, select **Rename Report** and rename to **1096 White.**
4. Right click on **1096 White**, select **Report Options** and change the value for **Print 1096 A** to **No.**

Chapter 5 - Setting Up Tax Report Groups

Setting up a year end tax report group (Cont'd)

You will need to edit the options for 1099 reports to print the copies you will need. The 1099 forms are identified as follows:

Copy 1 – For State Tax Department.
Copy 2 – To be filed with Recipient's state income tax return, when required.
Copy A – For Internal Revenue Service (Must be printed on Pink Form).
Copy B – For Recipient.
Copy C – For Payer.
Copy D – File Copy.

Form 1099 Misc

To set up a report that will print **1099 Misc - Copy A:**

1. Right click on the first **1099**, select **Rename Report** and rename to **1099 Misc Pink.**
2. Right click on **1099 Misc Pink**, select **Report Options**, and change the value for all copies **EXCEPT Print Misc A** to **No.**

To set up a report that will print **1099 Misc – Copy B (Recipient Copy):**

3. Right click on the first **1099**, select **Rename Report** and rename to **1099 Misc Emp.**
4. Right click on **1099 Misc Emp**, select **Report Options** and change the value for all copies **EXCEPT Print Misc B** to **No.**

To set up a report that will print **1099 Misc for plain white paper**:

5. Right click on the first **1099**, select **Rename Report** and rename to **1099 Misc White.**
6. Right click on **1099 Misc White**, select **Report Options** and change the value for all copies **EXCEPT Print Misc C** and **Print Misc D** to **No**.

Setting up a year end tax report group (Cont'd)

Form 1099 Div

To set up a report that will print **1099 Div - Copy A**:

1. Right click on the first **1099**, select **Rename Report** and rename to **1099 Div Pink.**
2. Right click on **1099 Div Pink**, select **Report Options**, and change the value for **all copies EXCEPT Print Div A** to **No.**

To set up a report that will print **1099 Div – Copy B (Recipient Copy):**

3. Right click on the first **1099**, select **Rename Report** and rename to **1099 Div Emp.**
4. Right click on **1099 Div Emp**, select **Report Options** and change the value for all copies **EXCEPT Print Div B** to **No.**

To set up a report that will print **1099 Div for plain white paper**:

5. Right click on the first **1099**, select **Rename Report** and rename to **1099 Div White.**
6. Right click on **1099 Div White**, select **Report Options** and change the value for all copies **EXCEPT Print Div C** and **Print Div D** to **No**.

Setting up a year end tax report group (Cont'd)

Form 1099 Int

To set up a report that will print **1099 Int - Copy A**:

1. Right click on the first **1099**, select **Rename Report** and rename to **1099 Int Pink.**
2. Right click on **1099 Int Pink**, select **Report Options** and change the value for all copies **EXCEPT Print Int A** to **No.**

To set up a report that will print **1099 Int – Copy B (Recipient Copy):**

3. Right click on the first **1099**, select **Rename Report** and rename to **1099 Int Emp.**
4. Right click on **1099 Int Emp**, select **Report Options** and change the value for all copies **EXCEPT Print Int B** to **No**.

To set up a report that will print **1099 Int for plain white paper**:

5. Right click on the first **1099**, select **Rename Report** and rename to **1099 Int White.**
6. Right click on **1099 Int White**, select **Report Options** and change the value for all copies **EXCEPT Print Int C** and **Print Int D** to **No**.

Setting up a year end tax report group (Cont'd)

Form 1099 S

To set up a report that will print **1099 S - Copy A**:

1. Right click on the first **1099**, select **Rename Report** and rename to **1099 S Pink.**
2. Right click on **1099 S Pink**, select **Report Options** and change the value for all copies **EXCEPT Print S A** to **No.**

To set up a report that will print **1099 S – Copy B (Recipient Copy):**

3. Right click on the first **1099**, select **Rename Report** and rename to **1099 S Emp.**
4. Right click on **1099 S**, select **Report Options** and change the value for all copies **EXCEPT Print S B** to **No**.

To set up a report that will print **1099 S for plain white paper**:

5. Right click on the first **1099**, select **Rename Report** and rename to **1099 S White.**
6. Right click on **1099 S White**, select **Report Options** and change the value for all copies **EXCEPT Print S C** and **Print S D** to **No**.

Setting up a year end tax report group (Cont'd)

Form 1099 R

To set up a report that will print **1099 R - Copy A**:

1. Right click on the first **1099**, select **Rename Report** and rename to **1099 R Pink.**
2. Right click on **1099 R Pink**, select **Report Options** and change the value for all copies **EXCEPT Print R A** to **No.**

To set up a report that will print **1099 R – Copy B (Recipient Copy):**

3. Right click on the first **1099**, select **Rename Report** and rename to **1099 R Emp.**
4. Right click on **1099 R**, select **Report Options** and change the value for all copies **EXCEPT Print R B** to **No**.

To set up a report that will print **1099 R for plain white paper**:

5. Right click on the first **1099**, select **Rename Report** and rename to **1099 R White.**
6. Right click on **1099 R White**, select **Report Options** and change the value for all copies **EXCEPT Print R C** and **Print R D** to **No**.

Setting up a year end tax report group (Cont'd)

Form 1098

To set up a report that will print **1098 - Copy A**:

1. Right click on the first **1099**, select **Rename Report** and rename to **1098 Pink.**
2. Right click on **1098 Pink**, select **Report Options** and change the value for all copies **EXCEPT Print R A** to **No.**

To set up a report that will print **1098 – Copy B (Recipient Copy):**

3. Right click on the first **1099**, select **Rename Report** and rename to **1098 Emp.**
4. Right click on **1098**, select **Report Options** and change the value for all copies **EXCEPT Print 1098 B** to **No**.

To set up a report that will print **1098 for plain white paper**:

5. Right click on the first **1099**, select **Rename Report** and rename to **1098 White.**
6. Right click on **1098 White**, select **Report Options** and change the value for all copies **EXCEPT Print 1098 C** and **Print 1098 D** to **No**.

Setting up a year end tax report group (Cont'd)

The following screen shot is an example of a completed year end tax report group.
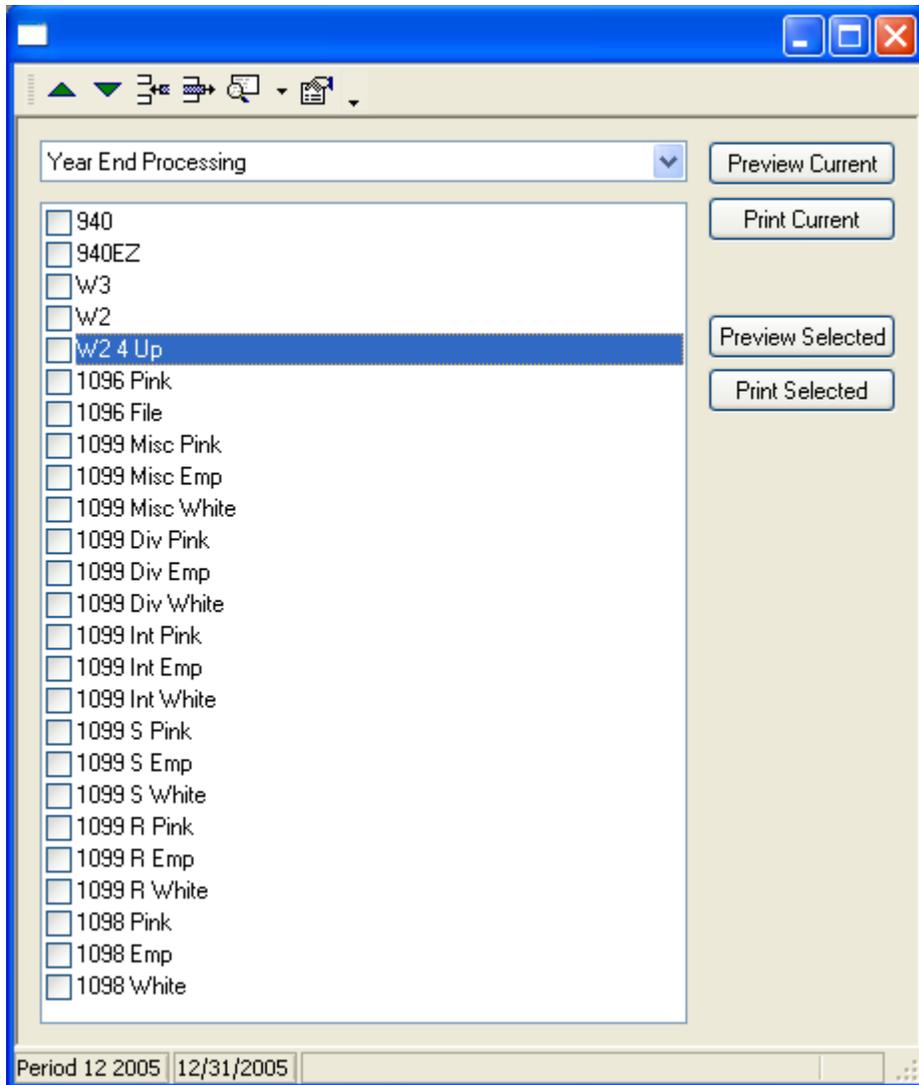
Setting up a year end tax report group for multiple states

You will need to insert W2s in addition to the W2 reports you have already inserted in your year end processing report group if you have clients with multiple state payroll.

1. Insert a W2 report and rename to W2 Single State. You can use this report for any client that is a single state payer.
2. Insert a W2 report for each state that has taxable wages.
3. Right click on the first W2 and rename to include state name (for Example, W2 MD).
4. Repeat for each state for which you need to produce W2s.
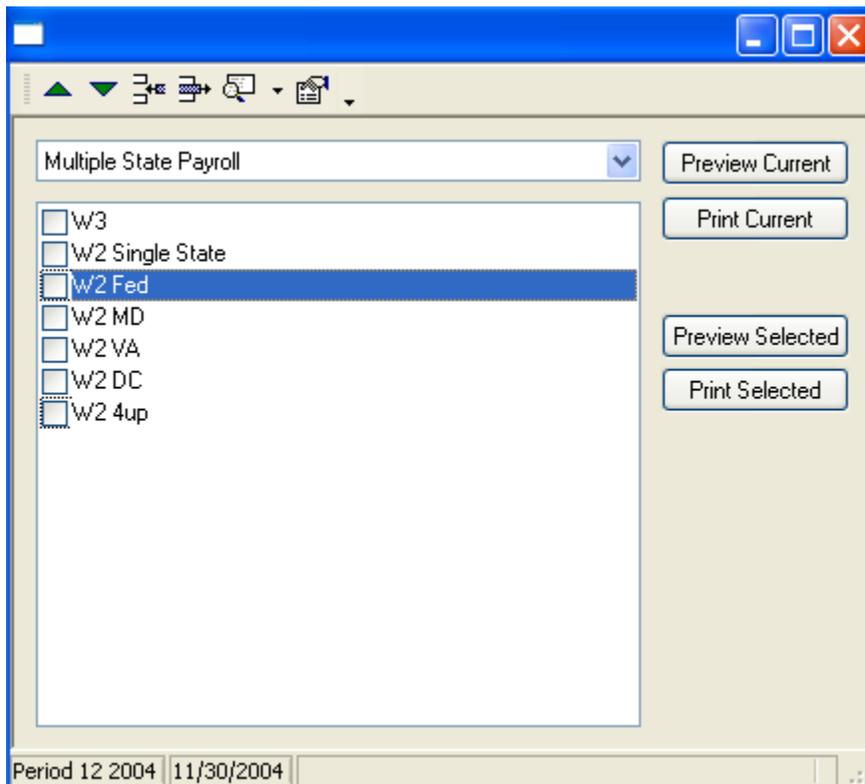
Setting up a year end tax report group for multiple states (Cont'd)

5. Right click on **W2 Fed** and select **Report Options**.
6. Change the value in all copies **EXCEPT Print W2 1 and Print W2 D** from Yes to **No.**
7. Right click on **W2 Single State** and select **Report Options**.
8. Change the value for **Print W2 4 Per Page** from Yes to **No**.
9. Right click on the first state W2 and select **Report Options.**
10. Change the value in the **Report State** field from Fed to the appropriate state.
11. Change the value in all copies **EXCEPT Print W2 1** from Yes to **No.**
12. Repeat for each state as needed.

Report Options

W2
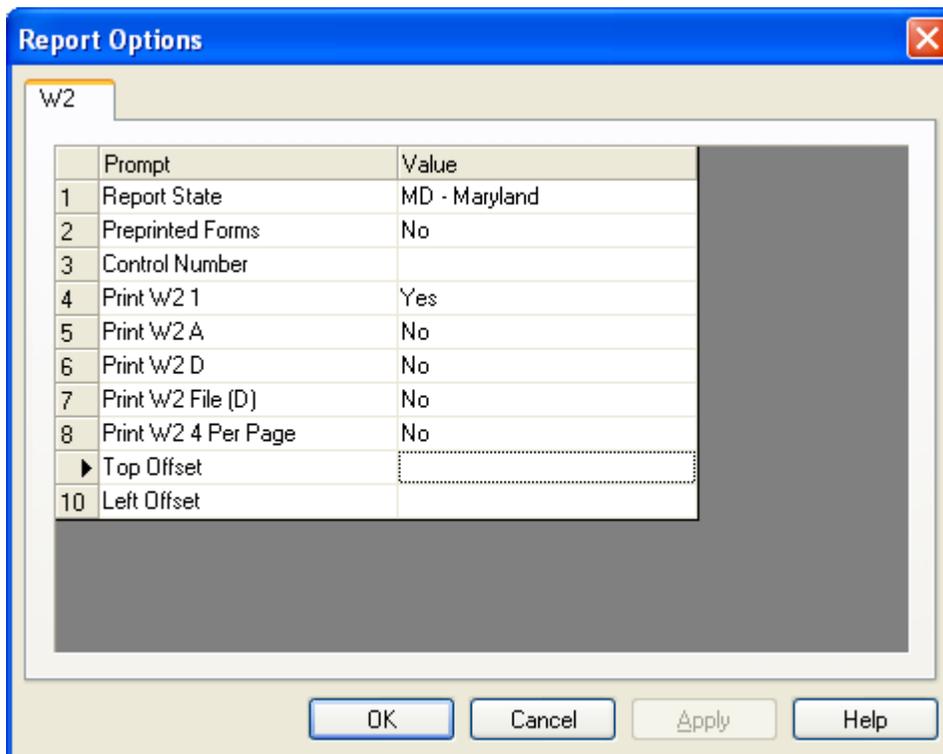
	Prompt	Value
1	Report State	MD - Maryland
2	Preprinted Forms	No
3	Control Number	
4	Print W2 1	Yes
5	Print W2 A	No
6	Print W2 D	No
7	Print W2 File (D)	No
8	Print W2 4 Per Page	No
▶	Top Offset	
10	Left Offset	

[OK]   [Cancel]   [Apply]   [Help]

Note:

Use the W2 Fed report to print Copy A and all file copies. Use the W2 reports with the state names to print the appropriate state copies. W2s will print only for employees with taxable wages in the state selected in the Report State field. This will give you W2s to submit with the state equivalent of the W3.

Chapter 6 Printing Year End Payroll Forms

Overview

Both copies of the W3 and all copies of W2s except the W2 4UP may be printed on plain white paper. The W2 4UP should be printed on the perforated 4 UP paper.

1096 Copy A, 1099 Misc Copy A, 1099 Int Copy A, 1099 Div Copy A, 1099 R Copy A, and 1098 must be submitted to Internal Revenue Service on the preprinted pink forms.

1099 Misc Copy B and 1099R Copy B should be printed on 2 part perforated paper. 1099 Int Copy B, 1099 Div Copy B and 1098 should be printed on 3 part perforated paper.

The 1096 File Copy and all other 1099 forms may be printed on plain white paper.

The 940 and 940EZ may be printed on plain white paper.

To Print Year End Tax Forms:

1. Select **Reports/Tax Forms**.
2. Select the **Year End Processing** report group. (See Chapter 5)
3. Load the appropriate paper in the printer.
4. Select the forms you wish to print.
5. Click **Print Selected**.

940

Print on plain white paper.

1. Enter **Total Deposits** on line 1.
2. Review remaining item for accuracy. Make any necessary changes.
3. Click **OK** to print.

Note: To enter Third Party Designee information to print on the 940 or 940EZ, select **Setup/Options**. Select the **Payroll Forms** tab.

	Prompt	Value
1	Total Deposits	0.00
	Single State	Yes
3	Liabilities Paid	Yes
4	FUTA and State Wages Same	Yes
5	Final Return	No
6	Amended Return	No
7	Apply Overpayment	No
8	Third Party Designee	Yes

940EZ

Print on plain white paper.

1. Enter **Total Deposits** on line 1.
2. Review remaining item for accuracy. Make any necessary changes.
3. Click **OK** to print.

	Prompt	Value
	Total Deposits	0.00
2	Final Return	No
3	Amended Return	No
4	Apply Overpayment	No
5	Third Party Designee	Yes

W3

Print on plain white paper.

When you select the W3 for printing, all employees with year-to-date amounts are selected by default. To change employee selection, **right click** in the white area of the screen and click **Select All, Select None,** or **Invert Selection**, as desired.

1. Verify employee selection.
2. Click **OK**.
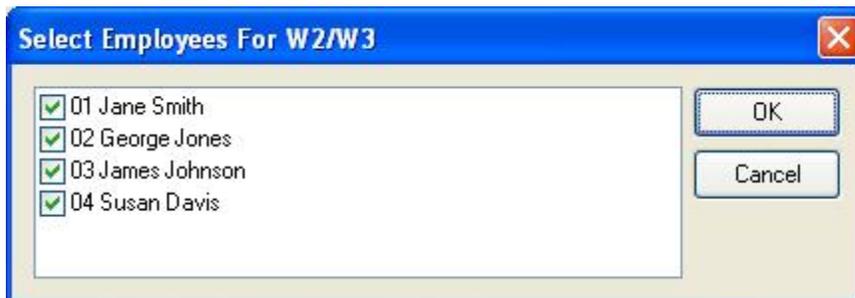
3. Review **W3 Data**.
4. Change **Values** as necessary.
5. Click **OK**.

W2

Print on plain white paper.

When you select the W2 for printing, all employees with year-to-date amounts are selected by default. To change employee selection, **right click** in the white area of the screen and click **Select All, Select None,** or **Invert Selection**, as desired.

1. Verify employee selection.
2. Click **OK**.
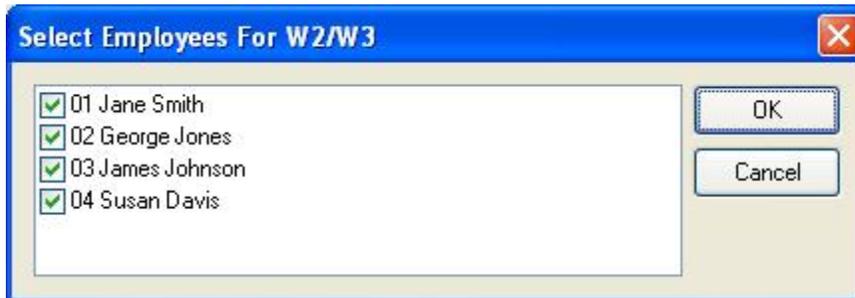
W2 4UP

Print on perforated 4UP paper.

When you select the W2 for printing, all employees with year-to-date amounts are selected by default. To change employee selection, **right click** in the white area of the screen and click **Select All, Select None,** or **Invert Selection**, as desired.

1. Verify employee selection.
2. Click **OK**.

1096 Pink

Print on 1096 Copy A (Pink Form)

When you select the 1096 for printing, all 1099 Vendors with year-to-date amounts are selected by default. To change vendor selection, **right click** in the white area of the screen and click **Select All, Select None,** or **Invert Selection**, as desired.

Separate 1096s will print for each type of 1099.

1. Verify vendor selection.
2. Click **OK**.

1096 File
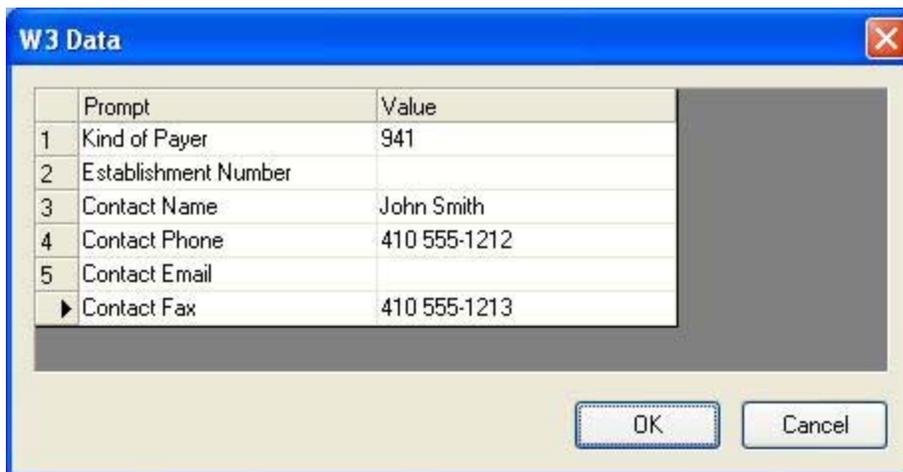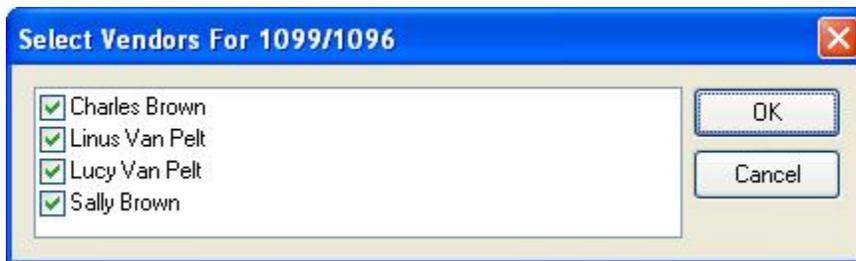
Print on plain white paper.

When you select the 1096 for printing, all 1099 Vendors with year-to-date amounts are selected by default. To change vendor selection, **right click** in the white area of the screen and click **Select All, Select None,** or **Invert Selection**, as desired.

Separate 1096s will print for each type of 1099.

1. Verify vendor selection.
2. Click **OK**.

1099

The first time you select a 1099 form for printing, you will have to map any new **1099 Type** to the appropriate **1099 Form** and **Box**. Make the appropriate selection from the drop down list in the **1099 Box** field.
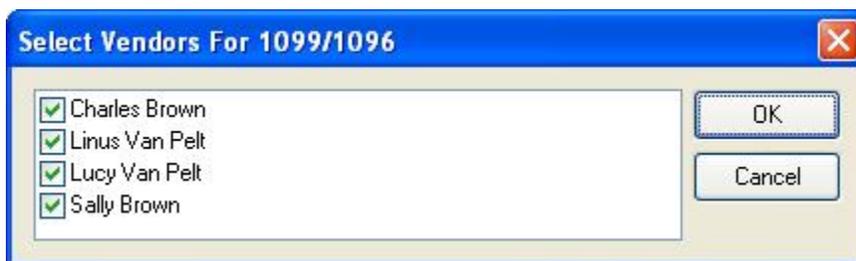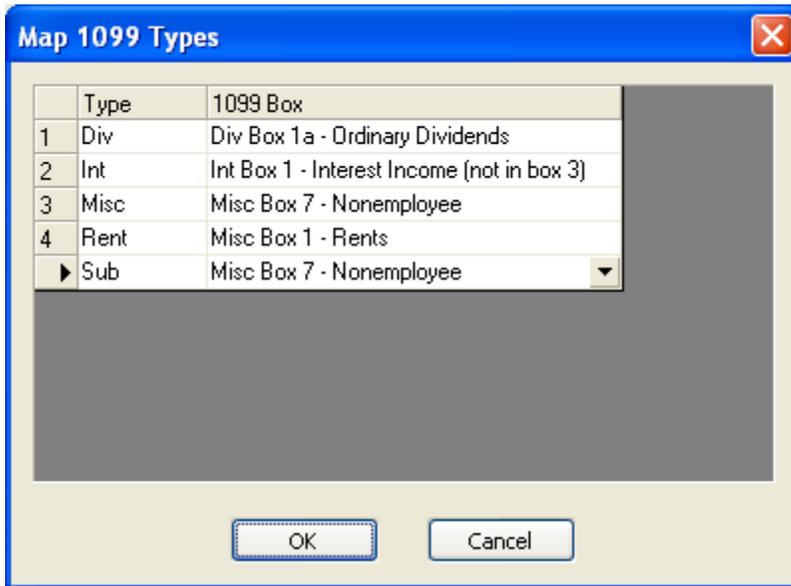

When you select the 1099 for printing, all 1099 Vendors with year-to-date amounts are selected by default. To change vendor selection, **right click** in the white area of the screen and click **Select All, Select None,** or **Invert Selection**, as desired. If you are printing a specific 1099 type, forms will print only for vendors with the selected 1099 type.

Processing Year End Forms

Federal Transmission Checklist

1. Total gross wages on W3 must agree with total gross wages reported on the 941s for the year.
2. Total Federal Tax withheld and FICA on W3 must agree to total reported on the 941s for the year.
3. All other information on W3 must agree with payroll records.

State Transmittal Checklist

1. Total taxes withheld on transmittal summary sheet must agree with amounts reported on previous state payroll tax returns for the calendar year.
2. Attach Copy 1 of all W2s to State Transmittal Form

Form 1099 Transmittal Checklist

1. Form 1096 must be used for transmittal of 1099s.
2. Attach Copy A of 1099s to transmittal and send to IRS by February 28. (Do NOT separate copies)

Items To Send To Client

1. Federal Form W3 (Copy A) with attached W2 forms (Copy A).
2. State transmittal form with attached W2 forms (Copy 1).
3. W2 forms to be distributed to the employees.
4. Federal Form 1096 with attached 1099 forms (Copy A).
5. 1099 forms to be distributed to the recipients.
6. Quarterly reports.
7. 940 Form.

Items To Be Kept By The Accountant

1. Copy of W3.
2. Copy D of all W2 forms.
3. Copy of 1096 with attached copies of all 1099 forms (Copy C).

Magnetic Media W2s

The IRS requires electronic filing of W2s for all employers with more than 250 employees. You may submit one file for multiple clients, if desired

To create a W2 Magnetic Media file:

1. Select **File/Exports/Mag Media/W2**.
2. Verify that all employees are selected.
3. Select **OK**.
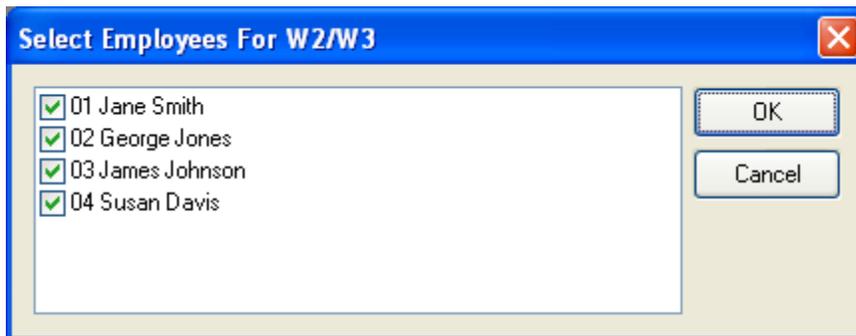
4. Verify directory.
   Note: The default path is the program directory. You may **Browse** to change the location. The name of the file will always be **W2REPORT**.
5. Select **Create** or **Append**.
   Note: If this is the first client you are exporting W2 records for, leave **Create** in the **File Mode field**. Select **Append** if you are adding to an existing file.
6. Click **Next**.
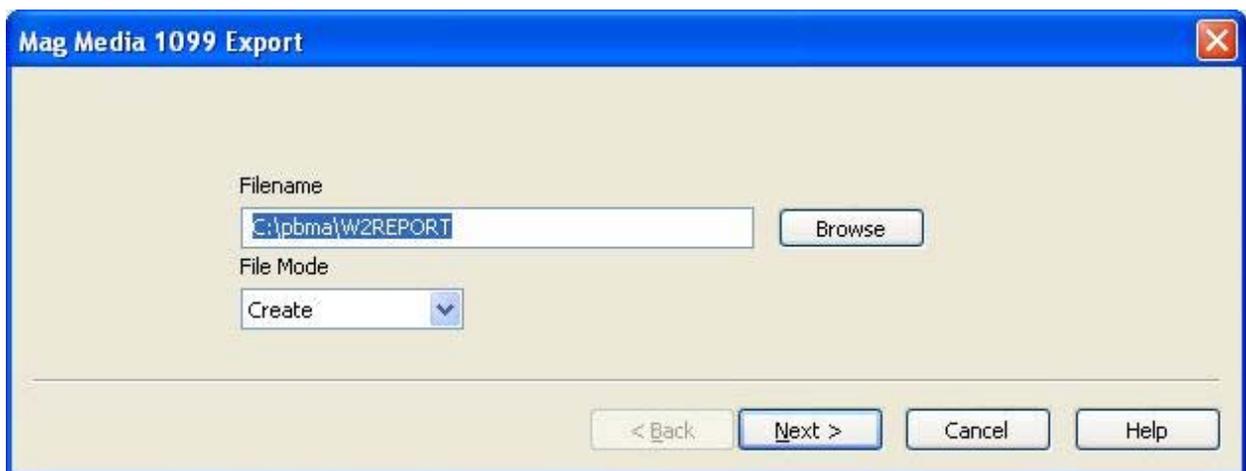
7. Check the **Resubmit** box if you are resubmitting information for this client.
8. Enter number provided by SSA in the **Resub WFID** if you are resubmitting information for this client.
9. Enter **Your Federal Employer's Identification Number** in the **EIN** field if you are submitting this file as the Accounting Firm.
10. Enter **Your PIN** in the **PIN** field.
11. The system will use the **Accountant's Company Name and Address** as it is entered on the **Accountant's** tab in **Setup/Options**. Change the information in these fields as desired.
12. Select the appropriate **Preparer Code** from the drop down list.

13. Click **Next** to continue.

14. Verify **Employer** Information.
15. Check **Terminating Business** box if this is a final return.
16. Click **Next**.

17. Verify employee count.
18. Enter any missing information. (SSN, Location, City, State, Zip)
19. Click **Finish**.

20. Submit file to IRS or append additional client files.

Magnetic Media 1099s

The IRS requires electronic filing of 1099s for all employers with more than 250 1099 recipients. You may submit one file for multiple clients, if desired

To create a 1099 Magnetic Media file:

21. Select **File/Exports/Mag Media/1099**.
22. Verify that all employees are selected.
23. Select **OK**.
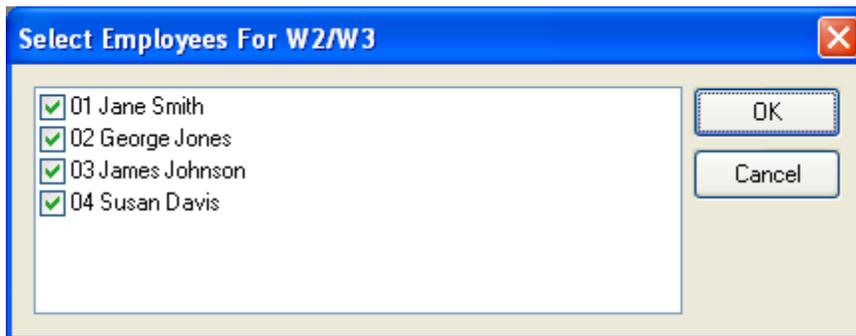
24. Verify directory.
    Note: The default path is the program directory. You may **Browse** to change the location. The name of the file will always be **W2REPORT**.
25. Select **Create** or **Append**.
    Note: If this is the first client you are exporting W2 records for, leave **Create** in the **File Mode field**. Select **Append** if you are adding to an existing file.
26. Click **Next**.
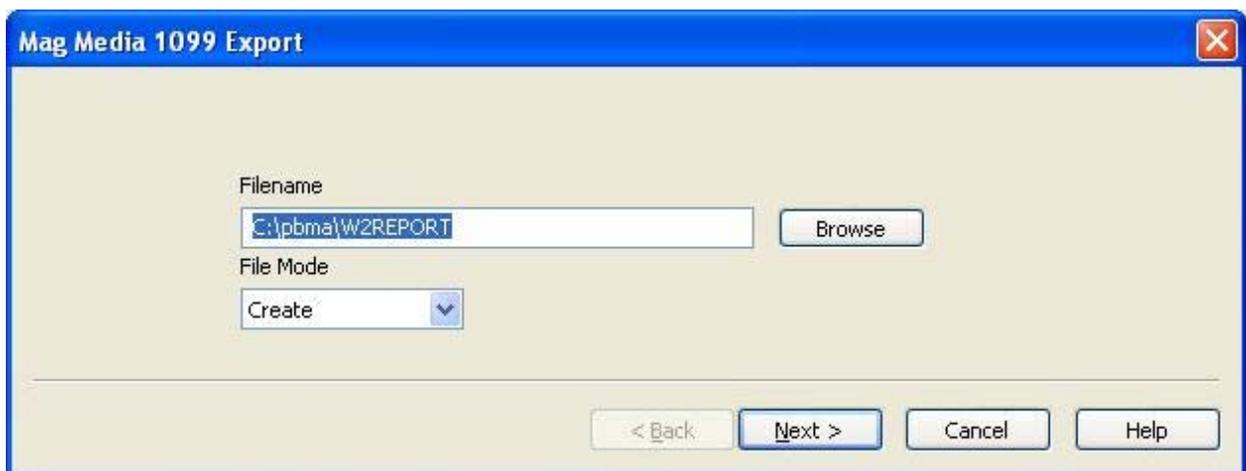
27. Check the **Resubmit** box if you are resubmitting information for this client.
28. Enter number provided by SSA in the **Resub WFID** if you are resubmitting information for this client.
29. Enter **Your Federal Employer's Identification Number** in the **EIN** field if you are submitting this file as the Accounting Firm.
30. Enter **Your PIN** in the **PIN** field.
31. The system will use the **Accountant's Company Name and Address** as it is entered on the **Accountant's** tab in **Setup/Options**. Change the information in these fields as desired.
32. Select the appropriate **Preparer Code** from the drop down list.

```
Accounting Firm
Other
Parent Company
Self Prepared
Service Bureau
```

33. Click **Next** to continue.

34. Verify **Employer** Information.
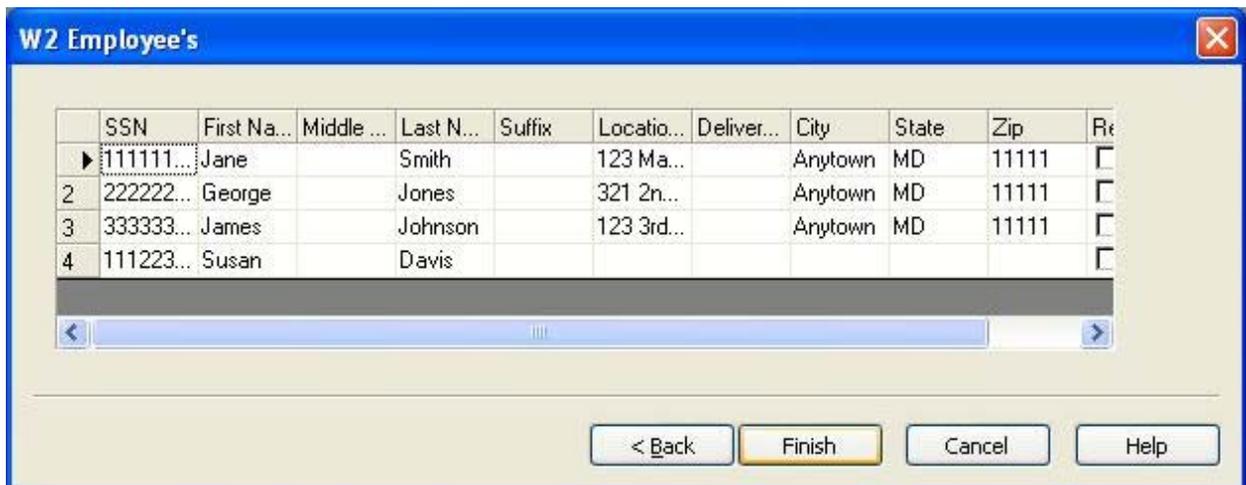35. Check **Terminating Business** box if this is a final return.
36. Click **Next**.

37. Verify employee count.
38. Enter any missing information. (SSN, Location, City, State, Zip)
39. Click **Finish**.

40. Submit file to IRS using IRS FIRE (Filing Informational Returns Electronically) system or append additional client files.

Chapter 7 State Tax Reference Information

State Unemployment Insurance Taxes — Comparison Chart

The following chart outlines some of the basic provisions of state unemployment insurance laws and regulations. Individual state digests, which follow, include additional information. The categories covered on the chart include:

- Calendar year, for which data is applicable. States which operate on a fiscal year other than the calendar year (Jan. 1-Dec. 31) are noted with an "FY." Each state is only updated when the entire line of information is available. The most current wage base can be found in parentheses as it becomes available.
- State taxable wage bases, which, in many cases, are higher than the federal UI law's $7,000 standard;
- New employer rates, which may vary according to industry;
- Employee tax rates, where such worker contributions are required.
- When additional information applies to any category, the chart entry is marked with an *, and an explanation is given following the table.

STATE	CAL. YR.	TAXABLE WAGE BASE	NEW EMPLOYER RATE (%)	EMPLOYEE TAX (%)	OTHER CHARGES
Alabama	2009	$8,000	2.7	None	
Alaska	2009	$28,700	*	0.51	
Arizona	2009	$7,000	2.0 *	None	Up to 2% surcharge for shared-work employers.
Arkansas	2009	$10,000	3.7	None	
California	2009	$7,000	3.5	None*	
Colorado	2009	$10,000	1.7 *	None	Solvency tax and 0.22% surcharge not included.
Connecticut	2009	$15,000	2.9 *	None	0.6% fund solvency tax not included
Delaware	2009	$8,500	2.2 *	None	0.2% supplemental assessment rate included.
District of Columbia	2009	$9,000	2.7	None	Rates shown do not include the 0.2 percent administrative funding assessment tax. Interest surcharge is not in effect for 2006.
Florida	2009	$7,000	2.7	None	

STATE	CAL. YR.	TAXABLE WAGE BASE	NEW EMPLOYER RATE (%)	EMPLOYEE TAX (%)	OTHER CHARGES
Georgia	2009	$8,500	2.7	None	
Hawaii *	2009	$34,000	2.4	None	
Idaho	2009	$29,200	1.67	None	
Illinois	2009	$11,000 *	4.2 *	None	0.8% fund-building tax included.
Indiana	2009	$7,000	2.7	None	
Iowa	2009	$21,300	1 *	None	An administrative surcharge is not effective for 2006.
Kansas	2009	$8,000	*	None	
Kentucky	2009	$8,000	2.7 *	None	
Louisiana	2009	$7,000	*	None	Rates include 10% rate reduction, and a social charge tax.
Maine	2009	$12,000	1.78	None	
Maryland	2009	$8,500	*	None	
Massachusetts	2009	$14,000	2.53 *	None	*0.06% workforce training fund
Michigan	2009	$9,000	2.7 *	None	
Minnesota	2009	$24,000	1.92 *	None	*0.10% Workforce Enhancement Fee and 14% additional assessment not included.
Mississippi	2009	$7,000	2.7	None	Workforce Enhancement Tax included
Missouri *	2009	$11,000	3.510 *	None	30% surcharge included
Montana *	2009	$21,600	*	None	
Nebraska	2009	*$8,000	*	None	
Nevada *	2009	$24,000	3	None	
New Hampshire *	2009 FY	$8,000	2.7	None	*
New Jersey *	2009 FY	$25,800	2.8	0.925*	
New Mexico	2009	$17,900	2	None	
New York	2009	$8,500	4.1 *	None	Subsidiary tax and Re-employment Service Fund taxes are included. *
North Carolina	2009	$17,300	1.2		
North Dakota	2009	$20,300	1.87 *	None	
Ohio	2009	$9,000	2.7 *	None	
Oklahoma	2009	$13,500	1.8	None	Fund balance surcharge is not effective for 2006.

STATE	CAL. YR.	TAXABLE WAGE BASE	NEW EMPLOYER RATE (%)	EMPLOYEE TAX (%)	OTHER CHARGES
Oregon	2009	$28,000	3.1	None	
Pennsylvania	2009	$8,000	*	0.09	The Additional Contributions Tax is 0.6 percent for 2006
Puerto Rico	2009	$7,000	2.9	None	1% Special Assessment *
Rhode Island	2009	$16,000	2.34 *	None	0.21% job development tax not included *
South Carolina	2009	$7,000	3.34 *	None	0.06% administrative contingency cost in effect not included (not applicable to non-profit organizations and employers paying maximum rate)
South Dakota	2009	$7,000	1.9 *	None	0.0% to 0.7% future investment fee, depending on employer's reserve ratio, included.
Tennessee	2009 FY	$7,000	2.7 *	None	No solvency tax is in effect.
Texas	2009	$9,000	2.7 *	None	Obligation assessment ratio of 0.22% and 0.21% replenishment tax included *
Utah	2009	$24,000	*	None	0.4% social cost factor for 2006 included.
Vermont	2009 FY	$8,000	*	None	
Virginia	2009	$8,000	2.69 *	None	0.19% pool cost charge included
Washington	2009	$30,900	*	None	0.02% Administrative Fund Tax and 0.01% Training Benefits Tax included.
West Virginia	2009	$8,000	2.7 *	None	
Wisconsin	2009	$10,500	3.25 *	None	
Wyoming	2009	$17,100	*	None	

State Payroll Tax Types — Comparison Chart

The following chart lists the various types of payroll-related taxes each state requires employers to remit. Refer to the page numbers for more detail on the taxes listed.

STATE	EMPLOYEE WITHHOLDING TAXES REQUIRED	EMPLOYER TAXES	COMMENTS
Alabama	Income Tax	Unemployment Insurance	Certain localities have payroll taxes.
Alaska	Unemployment Insurance	Unemployment Insurance:	
Arizona	Income Tax	Unemployment Insurance	
Arkansas	Income Tax	Unemployment Insurance	
California	Income Tax Disability Insurance	Unemployment Insurance Disability Insurance	Local payroll taxes are assessed in Los Angeles, Sacramento and San Francisco.
Colorado	Income Tax	Unemployment Insurance	Local payroll taxes are assessed for Aurora, Denver, Greenwood and Sheridan.
Connecticut	Income Tax	Unemployment Insurance	
Delaware	Income Tax	Unemployment Insurance	Local payroll taxes are assessed for Wilmington.
District of Columbia	Income Tax	Unemployment Insurance	
Florida		Unemployment Insurance	
Georgia	Income Tax	Unemployment Insurance	
Hawaii	Income Tax Disability Insurance	Unemployment Insurance	
Idaho	Income Tax	Unemployment Insurance	
Illinois	Income Tax	Unemployment Insurance	Chicago assesses an employer's expense tax.

STATE	EMPLOYEE WITHHOLDING TAXES REQUIRED	EMPLOYER TAXES	COMMENTS
Indiana	Income Tax	Unemployment Insurance	Indiana counties assess payroll taxes.
Iowa	Income Tax	Unemployment Insurance	
Kansas	Income Tax	Unemployment Insurance	
Kentucky	Income Tax	Unemployment Insurance	Louisville and Jefferson County assess license fees and transportation taxes. Many localities assessing payroll taxes in Kentucky.
Louisiana	Income Tax	Unemployment Insurance	
Maine	Income Tax	Unemployment Insurance	
Maryland	Income Tax	Unemployment Insurance	Maryland counties and Baltimore City assess payroll taxes.
Massachusetts	Income Tax	Unemployment Insurance	
Michigan	Income Tax	Unemployment Insurance	Certain localities assess payroll taxes.
Minnesota	Income Tax	Unemployment Insurance	
Mississippi	Income tax	Unemployment Insurance	
Missouri	Income Tax	Unemployment Insurance	Kansas City, Mo., assesses a payroll tax. Saint Louis, Mo., assesses two types of taxes.
Montana	Income Tax	Unemployment Insurance	

STATE	EMPLOYEE WITHHOLDING TAXES REQUIRED	EMPLOYER TAXES	COMMENTS
Nebraska	Income Tax	Unemployment Insurance	
Nevada	Business Tax, General Business Business Tax, Financial Institutions:	Unemployment Insurance	
New Hampshire	Business Enterprise Tax	Unemployment Insurance	
New Jersey	Income Tax Unemployment Insurance Disability Insurance	Unemployment Insurance Disability Insurance	Newark assesses a payroll tax. There is a New Jersey-New York Waterfront Payroll Tax.
New Mexico	Income Tax Withholding Workers' Compensation Insurance:	Unemployment Insurance Workers' Compensation Insurance	
New York	Income Tax Withholding Disability Insurance	Unemployment Insurance Disability Insurance	New York City assesses a payroll tax. Yonkers assesses a payroll tax. There is a New York-New Jersey Waterfront Payroll Tax.
North Carolina	Income Tax	Unemployment Insurance	
North Dakota	Income Tax	Unemployment Insurance	
Ohio	Income Tax	Unemployment Insurance Workers' Compensation Insurance	Various cities assess a payroll tax. Ohio school districts assess payroll taxes.
Oklahoma	Income Tax .	Unemployment Insurance.	

STATE	EMPLOYEE WITHHOLDING TAXES REQUIRED	EMPLOYER TAXES	COMMENTS
Oregon	Income Tax Workers' Compensation Insurance.	Unemployment Insurance. Workers' Compensation Insurance	An income tax is imposed in Multnomah County. Transit payroll taxes are assessed in the Portland and Eugene-Springfield areas.
Pennsylvania	Income Tax Unemployment Insurance	Unemployment Insurance	Pennsylvania cities and other localities assess payroll taxes.
Rhode Island	Income Tax Withholding Disability Insurance	Unemployment Insurance	
South Carolina	Income Tax	Unemployment Insurance	
South Dakota		Unemployment Insurance	
Tennessee		Unemployment Insurance	
Texas		Unemployment Insurance	
Utah	Income Tax	Unemployment Insurance	
Vermont	Income Tax	Unemployment Insurance	
Virginia	Income Tax	Unemployment Insurance	
Washington	Workers' Compensation Insurance	Unemployment Insurance Workers' Compensation Insurance	
West Virginia	Income Tax	Unemployment Insurance	
Wisconsin	Income Tax	Unemployment Insurance	
Wyoming		Unemployment Insurance	