2015 - W2/1099 Instructions

OVERVIEW OF THESE INSTRUCTIONS – IMPORTANT

These instructions are intended to help you to process your W2's and 1099's as efficiently as possible. In order to do this there are special sections in these instructions that help you with various tasks. For example, if you have employees on the system and they do not have social security numbers or complete addresses, it is much easier and more efficient to discover this before you print out the W2's. Therefore, there is a section in these instructions that helps you to check and correct your employee and 1099 basic information, (such as the employee and/or recipient social security numbers and addresses), before you print W2's and 1099's. You might also want to e-file your W2's and 1099's. There is a special section in these instructions that helps you to e-file W2's and another section that helps you to e-file 1099's. There is yet another section in this documentation that helps you to trouble shoot common problems, etc, etc. You don't have to read every page of these instructions, but you should be aware of what is available to help you.   We recommend that you take a few minutes to review what W2 and 1099 processing you will be doing and then decide which sections you should read in detail. A brief overview of each section of these instructions follows.   Note: You should also review the IRS 2015 General Instructions for W2's and 1099's, especially if you are unfamiliar with W2 and 1099 processing or if you have out of the ordinary W2 or 1099 requirements. The link for the general instructions for the W2-s is: (www.irs.gov/pub/irs-pdf/iw2w3.pdf)   The link for the general instructions for the 1099's is: (http://www.irs.gov/pub/irs-pdf/i1099gi.pdf) The irs.gov website also has specific instructions on a form by form basis, which you should review for any specific form questions that you have. The links for the specific forms can be accessed from the irs.gov website by searching for the form number and the type, i.e. by keying into the irs.gov website search engine: "Instructions Form 1099 Div."

SECTIONS IN THE 2015 W2/1099 INSTRUCTIONS

- AUTHORIZING THE W2 AND 1099 PROGRAM - page 4 - This section shows you how to authorize your 2015 W2 and 1099 program using the password provided with the update.   If you have already authorized this year's program when you installed this year's update, you can bypass this section.

- ACCESSING THE W2/1099 PROGRAM - page 5 - This section shows you how to access the W2 and 1099 program and also shows you the special function keys that can make this process more efficient.

- CHECKING YOUR DATA BEFORE YOU BEGIN PROCESSING W2/1099'S - page 7 - This section explains the various program options that are available for checking your existing payroll data to make sure that it is complete and correct, before you process W2's. It also explains some special programs that can be used to help you correct any data that might be incorrect or incomplete.   If you are familiar with the system, and have already verified the completeness and correctness of your payroll data, you might not need this section. However, it is probably a good idea to at least scan this section, because there are some special purpose programs that can be very helpful if you need them. (For example, there is a program that counts how many pre-printed forms and/or how much pre-perforated paper you will need for all your clients.)

- OVERVIEW OF PROCESSING W2'S FOR 2015 - page 14 - If you are unfamiliar with processing W2's and W3's, this section provides a brief "big-picture" summary of what steps you will be taking.

- DETAILED INSTRUCTIONS FOR PRODUCING 2015 W2'S AND W3'S - page 16 - This section explains each step that is necessary to actually print your W2's and W3's for any clients for whom you have processed financials or payroll on the system during the year.

- OVERVIEW OF PROCESSING 1099'S FOR 2015 - page 35 - If you are unfamiliar with processing 1099's, and 1096's, this section provides a brief "big-picture" summary of what steps you will be taking.

- MAKING SURE YOUR 1099 NUMBERS ARE CORRECT - page 36 - This option explains how to check your 1099 data and to make sure your 1099 numbers are correct. This section is very important for anyone processing 1099's, as you need to process them differently depending on how you entered the data for the 1099's during the year. You will also need to review the section in this documentation that is entitled, **Checking your data before you begin processing W2's and 1099's**, beginning on page 7. Many of the options in "The Checking your Data" section just refer to the W2's, but there are also explanations that discuss general errors that could also apply to 1099's such as incomplete addresses or missing social security numbers and/or missing federal ID's. There is also a section that discusses how to enter 1099 figures at year end without affecting existing financial statements.

- DETAILED INSTRUCTIONS FOR PRODUCING 1099'S - page 40 - This section explains each step that is necessary to actually print your 1099's, for clients that you have processed on the system for payroll or financials during the year.

- PROCESSING 1099'S FOR ATTORNEYS AND LANDLORDS - page 44 - This subsection is a part of the detailed instructions for producing 1099's and contains some useful information about processing attorneys' and landlords' 1099's

- OVERVIEW OF "QUICK" W2 AND 1099'S (THIS OPTION IS USED FOR CLIENTS FOR WHOM YOU DID NOT PREPARE PAYROLL REPORTS DURING THE YEAR) - page 49 - This section explains how to prepare W2'S and 1099's for individuals for whom you have not processed the "books" and/or prepared "payroll reports" during the year. In other words, you are only using the system to prepare W2's and 1099's for these clients.

- DETAILED INSTRUCTIONS FOR PRODUCING QUICK W2'S - page 51 - This section explains each step that is necessary to enter and print your W2's for clients for whom you did not process the books for during the year.

- DETAILED INSTRUCTIONS FOR PRODUCING QUICK 1099'S - page 55 - This section explains each step that is necessary to enter and print your 1099's for clients for whom you did not process the books for during the year.

- ALIGNMENT RULES FOR BLACK SCANNABLE TAX FORMS - page 59 - This section explains the steps that you should take to make sure that your generated black scannable W2 and W3 forms are correct.

- CORRECTING FORMS THAT HAVE ALREADY BEEN PRINTED - page 60 - This section explains how to make corrections to either a single form or to multiple forms for the W2, W3, 1099 and 1096 forms instead of rerunning the whole process.

- 943/944/940 OVERVIEW & DETAILED INSTRUCTIONS - page 63 - If you are unfamiliar with processing 943's, 944's, and 940's, this section provides a brief "big-picture" summary of what steps you will be taking to print them. (943 detail- 63, 944 detail- 66, 940 detail- 69)

- DELETING TAX FILES - page 74 - This section provides instructions on which clients' tax files may be safely deleted. Do not delete any tax files until you read this very brief section.

- GENERAL LEDGER TRANSACTIONS TO 1099 UTILITY - page 74 - This section explains what must be done to prepare 1099 information that has been entered as disbursements rather than through the payroll system, in order to prepare 1099's.

- TAX CLIENT UTILITY - page 74 - This section provides instructions on how to safely delete tax information for multiple clients at one time. Do not use the tax client utility until you have read this very brief section.

- FIX STATE SETUP PROBLEMS - page 75 - This section explains how to quickly add tax jurisdictions for state or localities that were not added during the year.

- PDF CAPABILITY - page 75 - This section explains how to produce PDF files for W2's and 1099's.

- 3RD PARTY SICK PAY - page 75 - This section discusses how to setup 3rd Party Sick Pay.

- MANY LOCALITIES - page 77 - This section explains the process that is used to properly process W2's when individual employees have more than two localities that must be reported on a W2.

ELECTRONIC FILING SECTIONS

- FILING YOUR W2'S AND W3'S ELECTRONICALLY - page 79 - This section explains how to process W2's and W3's electronically.

- FILING YOUR 1099'S AND 1096'S ELECTRONICALLY - page 83 - This section explains how to process 1099's and 1096's electronically.

PROBLEMS

- TROUBLE SHOOTING - page 86 - This section discusses various problems that might occur in processing W2's and 1099's and offers solutions that should correct them.

OTHER FORMS

- New FORMS 1094 AND 1095 PAGE 90.

Authorizing the W2 and 1099 Program

Once you have the installed the 2015 W2/1099 update you will need to **authorize** the W2 program on every workstation that will use the program. The program is typically authorized from the Client Write Up System.** If you have the Client Write Up System, select the **Other Programs** pull-down menu and look at the **Windows W2 and 1099's** line. If the **Windows W2s and 1099s** option is **not grayed out**, then the authorization process has already been run on this workstation. If this is the case you should skip to page 5, "Accessing **the W2/1099 Program**." If the **Windows W2s and 1099s** option appears **grayed out** as is shown below, then the program hasn't been authorized on the workstation and you will need to authorize it.
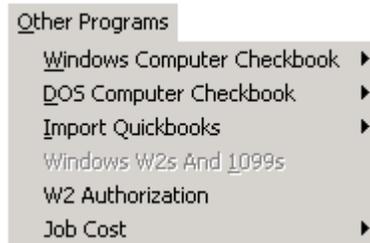
To authorize the program click on the **W2 Authorization** option. The following screen will appear.
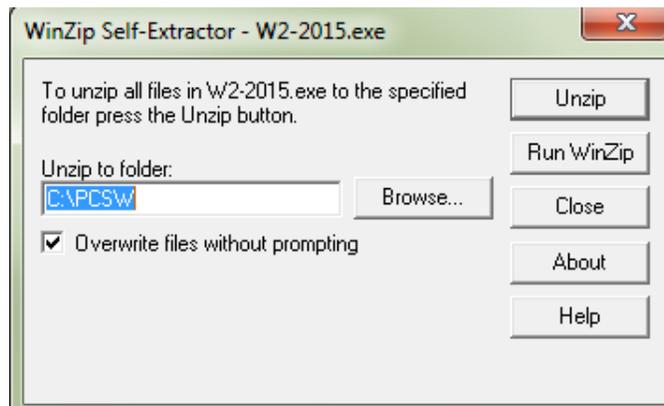
By default the program is set to unzip the necessary files into the **C:\PCSW** folder. If you have installed the *Client Write-Up* program to a different drive or folder please indicate the correct location. Click the **Unzip** button to unzip the files. When you click the **[Unzip]** button you will be asked for a **password,** which was included with the **update letter**. Enter the password, click OK, and the necessary file(s) will unzip. Click OK to acknowledge the unzipping and then click the **[Close]** button. You are authorized!

** If you only have the Computer Checkbook System with Advanced Payroll, and not the CWU System, enter the Computer Checkbook System and select the **Payroll Reporting** pull down menu. See if the **W2 and 1099** option is grayed out. If it is not grayed out, the system is already authorized for this year's W2's and 1099's. If the **W2 and 1099** option is grayed out, select the **W2 Authorization** option further down on this menu and proceed as discussed above beginning with "click on the **W2 Authorization** option" located between the two gray screen images shown above.

Accessing the W2/1099 Program

There are two ways of accessing the **W2 and 1099 Program**.

One way is to click on the **W2-1099 Icon** located on your *desktop*. The icon is shown to the left and was created when you installed the update.

The second way is to use either of the two **W2/1099 Menu Options** located in the C*lient Write Up System**. The first **W2 and 1099** option is accessed from the **Reports** pull-down menu. Click on Payroll Reporting and then access the W2 and 1099 sub-option.
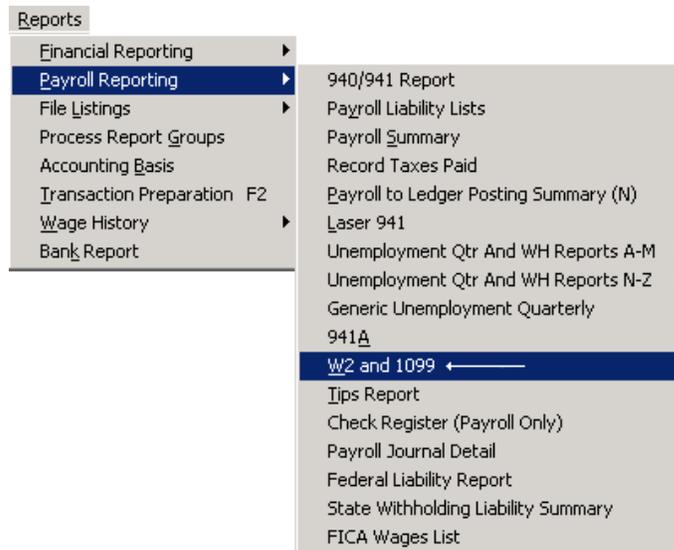
Figure 1: Accessing the W2/1099 Option

If the **W2 and 1099 Menu Option** is grayed out, you will need to **authorize** the W2/1099 program. To do this, follow the authorization instructions provided on page 4 of this document.

Note: The **password** that is needed to authorize the W2 and 1099 option for 2015 was included in the letter sent with the 2015 W2/1099 update.

The second W2/1099 Option is accessed from the **Other Programs** pull-down menu as shown below (Windows W2's and 1099's):
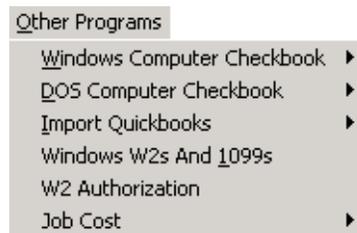

Figure 2: 2nd Method

*(Note: If you only have Computer Checkbook with Advanced Payroll, the option can also be accessed from the Payroll Reporting pull down menu (W2 and 1099 option).

Once the **W2 and 1099 Program** has been accessed using either method (or from Computer Checkbook-Advanced Payroll), a **W2/1099 Entry Screen** will appear. Click **OK** and the **W2 and 1099 Home Screen** will appear as shown below.
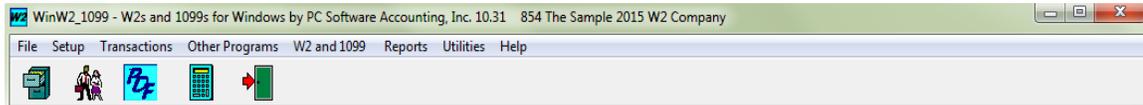
Figure 3: W2/1099 Home Screen

Note: The first time that you access the **W2 and 1099 Program** the system will warn you that the **Adjust Field Positions** option has not yet been run for 2015, and will give you a chance to run it at that time. Do so by clicking on the **[Reset All Forms to Original Values]** button and, then clicking on the **[Close]** button. It is important that you do this, as this overwrites last year's tax form positions with the 2015 form positions. (If you do not do this when you first access the W2 and 1099 Program. you can do it later by first accessing the W2 and 1099 Pull down menu. Then you would select the Adjust Field Positions option, and then selecting the [**Reset All Forms to Orignal Values**] button, and then clicking on the [**Close**] button. **Note: that The Adjust Field Positions** option **must** be run on each workstation.

All W2's and 1099's will be produced from the **W2 and 1099 Home Screen** shown above. The actual processing of W2's and 1099's is accomplished by selecting options from the **W2 and 1099** pull-down menu. The W2 and 1099 pull-down menu options are shown below:
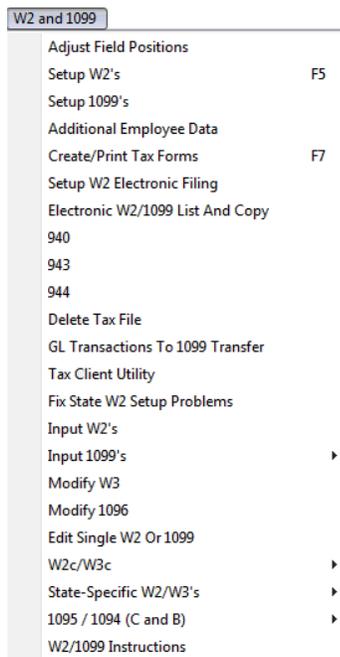
Figure 4: W2/1099 Menu Options

In addition to the standard menu access indicated above, there are also two shortcut keys that directly access the two most commonly used **W2/1099 Menu Options once you are on the W2 and 1099 menu. [F5]** - Provides direct access to the Setup W2's option. **[F7]** - Provides direct access to the Create/Print Tax Forms option. Using these keys in your processing of W2's and 1099's will save you time.

Checking your data before you begin processing W2's/1099's

The key to processing W2's in a productive manner is to start with correct employee information and correct end-of-the-year employee wage data. It is important to review this data and the totals for each W2 box such as Taxable Wages, Federal Withholding, FICA, Medicare, box 12, box 14, various state and local wages and withholdings before you begin processing W2's.

Because of this, we are providing an explanation for a number of special options that exist in the system and that can be used to find incorrect or incomplete W2 and/or 1099 Data and to correct incorrect data in the most efficient way. (These programs would usually be run in either the *Client Write Up* or *Computer Checkbook* Systems, but most of these options have also been included on the W2 and 1099 menu. However option 7 is only available in the *Client Write Up* System)

The recommended options are listed below.

1. **Check for Incorrect Employee SSN's & Addresses** – There are two options that can quickly find employees or 1099 recipients who have incomplete employee addresses and/or missing social security numbers, or 1099 ID's.

   a. **Reports ↪ File Listing ↪ Employees** – This option can print employee data for employees who do not have a complete name and address and/or have a missing or incomplete social security number. To get this listing for just employees, first select to list the employees either by ID, name, or SSN as desired and then also check the boxes shown below and only those boxes: (To do this, you will have to uncheck other boxes which are otherwise normally checked.)

      Include Only records with incomplete Name/Address/SSN
      Include only records with current year earnings
      Include Employees

   b. **File ↪ Data Conversion ↪ Employee SSN Entry" (CWU)** - This is the best option for checking that all employees have been assigned a correct social security number and that there are no duplicate employees setup, because it also allows SSN's to be corrected or added. This option is found in the *Client Write Up* system under **File ↪ Data Conversion ↪ Employee SSN Entry** and in the *W2/1099 program* under **Utilities ↪ Employee SSN Entry**. As shown on the next page, this option displays the Employee ID, Name and Social Security Number. It will also show 1099 recipients.

   Important Note: Social Security numbers or 1099 IDs can also be changed or entered on this screen.

Employee Social Security Number

Emp ID	Employee Name	Social Security Number
1	Smith, James M	987-65-4321
2	Thomas, Stephen T	
112	Harris, Cindy A	123-45-6789
122	Jones, Michael H	333-44-4555

[Ok] [Cancel] [Help] [Close]

Sort By
- ⦿ ID
- ○ Name
- ○ SSN
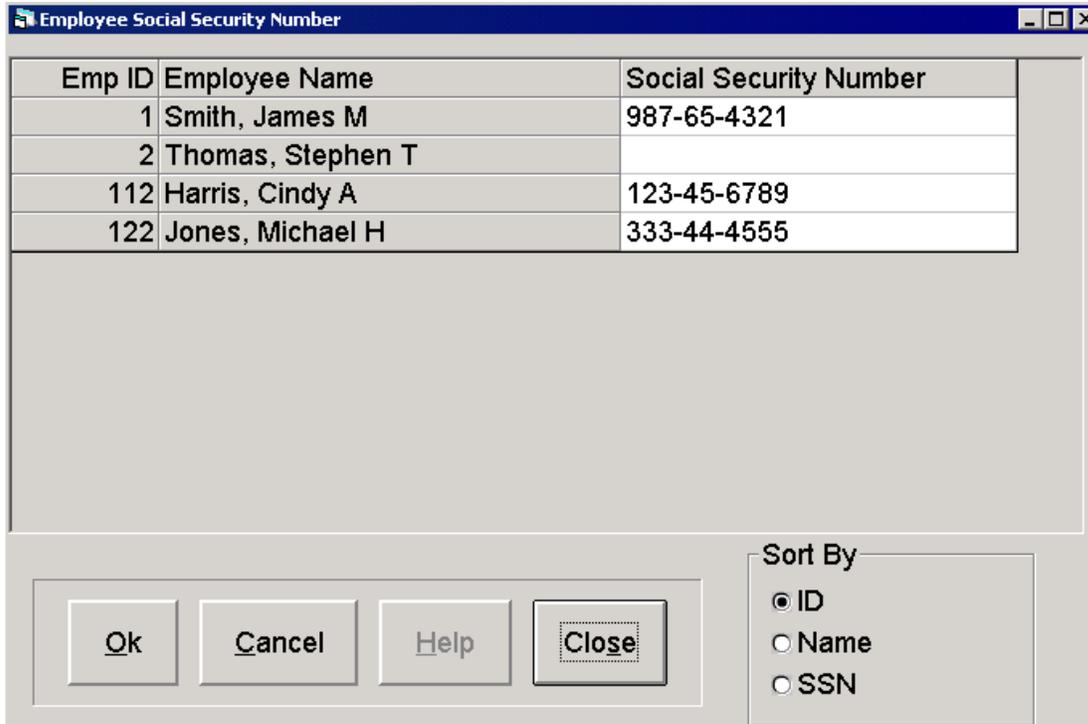
2. **Check your year-to-date amounts** - On simple payrolls the normal *Payroll Summary Report* or the *Payroll Transactions Listing* are adequate to display all pertinent W2 information. On more complicated payrolls you should use the following option to setup custom payroll summary reports or custom payroll transaction listings as needed.

Setup ↪ Payroll ↪ Custom Payroll Item Selection (**CWU, CCB** and **W2's**)- This option can be very helpful when you have a complicated payroll and need a complete breakdown of payroll items that will affect the W2's. This option allows you to create a custom payroll summary report and/or a custom payroll transaction listing which will show the complete detail of all the gross wages, deductions, and notations that apply to this payroll rather than just the basic combined columns.

To setup this option first select which type of report you want to setup (either Custom Payroll Summary or Custom PR Transaction List and then enter a name for the report, then select the Payroll Items that you want on the report and the order you want them to appear on the report. (Note: if you want to setup both reports which is typical, you have to setup the first report (ie. Custom Payroll Summary) and then OK it and then return to the option to setup the Custom PR Transaction List.)   To select an item for the report, click on the **Include** field, and a **"√"** (check mark) will display, marking the item to be included on the report.

To select the order in which the items will appear on the report, click on the **Sequence** field and type in a sequence number for the item (i.e. OHGROS=1, TIPS=2, FED=3, FICA=4, MED WH=5, OHSTWH=6, LIMA=7, WARREN=8, NET=9). When the custom payroll summary report or the custom payroll transaction listing prints, with nine columns, it will print in the order you have specified in the sequence. A sample screen for entering these items for a custom payroll summary report named "Local/TIPS," is shown on the next page. (Note these reports have to be setup one at a time and then okayed to save the setup.)

W2 / 1099 Instructions   **8**

Item Code	Item Name	Include	Sequence
401K	401K Employee Deduction	☐	10
99GR	1099 Gross	☐	11
ADV	Repayment of Advances	☐	12
ALLOC	Allocated Tips	☐	13
AUTO	Automobile Reimbursment	☐	14
FED	Federal Withholding	☑	3
FICA	FICA Withholding	☑	4
FICAMD	Fica + Medicare Withholding	☐	15
LIMA	Lima	☑	7
MED WH	Medicare Withholding	☑	5
OHGROS	OH GROSS	☑	1
OHSTWH	OH State Withholding	☑	6
OVERTM	Overtime	☐	16
TIPS	Cash Tips	☑	2
TIPSCK	Check Tips	☐	17
UNIF	Uniforms	☐	18
WAR	Warren	☑	8
Net	Net	☑	9
Gross	Gross	☐	32

Hide PR Items Options
- ◉ Show All
- ○ Hide (Not Used)
- ○ Hide (Zero Amount)

Sequence View
- ◉ Custom PR Summary
- ○ Custom PR Transaction List

Ok   Cancel   Help   Close

Custom Group Names
PR Summary
Local/Tips
Delete Group

PR Tr. List
Local/Tips Trans
Delete Group

Once you have setup your customer payroll summary report and/or customer payroll transaction listing, you could print the desired report or reports using the choices below:

Custom Payroll Summary - Reports ↳ Payroll Reporting ↳ Payroll Summary
Custom PR Transaction List - Reports ↳ File Listing ↳ Payroll Transactions

This option allows you great flexibility in printing payroll reports, as you can generate the report in many different ways depending upon your needs. It is also possible to setup multiple reports in cases of very complex payrolls with multiple sets of PR Items. Each report has it's own name, which is entered into the **Custom Group Name** fields (for PR Summary and PR Transaction List). The list of existing custom groups is available from a drop-list on the PR Summary and the PR Transaction Listing screens. You probably won't have to setup multiple reports as a single report can show up to **fifteen** different columns which will allow a complete record of state and local wages and various other deductions for most clients.

3. **Change Employee Payroll Items (CWU and CCB)**- This option can be very useful when employees have income that needs special handling, i.e. a minister. In this case you could change the gross wages payroll item from one that was fully taxable to a payroll item that showed that the income was not taxable for FICA and Medicare.

The option can be found under **Setup ↳ Payroll ↳ Change Employee PR Items.**

This option allows you to change one payroll item to another. Simply select a *Payroll Item* and the system will display any employee that has that payroll item in their setup. Next select the employee(s) you need to change and the new Payroll Item that they will be using. This can be done by tax jurisdiction if need be. When this option is run, it will update the **Employee File Maintenance** and **all** the related payroll transactions.

In the example shown below, we will be changing the "North Carolina" gross wages payroll item (currently NCGROSS) to a different "North Carolina" gross wages payroll item that has special tax exempt status for a selected employee (John Smith) for "All Jurisdictions", and is designated NCGREX for North Carolina Gross Exempt.

4. **Setup ↦ Payroll ↦ Employee Utilities** - This option contains many features that are used to correct, modify and edit payroll and employee data. The features that will be most helpful in W2 processing are:

   a. **Substitute or Add Payroll Items** (You may find "Change Employee PR Items" mentioned above easier).

   b. **Add Tax Jurisdictions**

The screen shown on the next page illustrates how you can add a missing tax jurisdiction to all or selected employees much quicker than by adding the jurisdiction to each individual employee using the **Employee File Maintenance** option. (By selecting the right buttons and highlighting the correct individuals you can add jurisdictions very quickly to anyone you want without having to add the jurisdictions individually on the employee's record.)
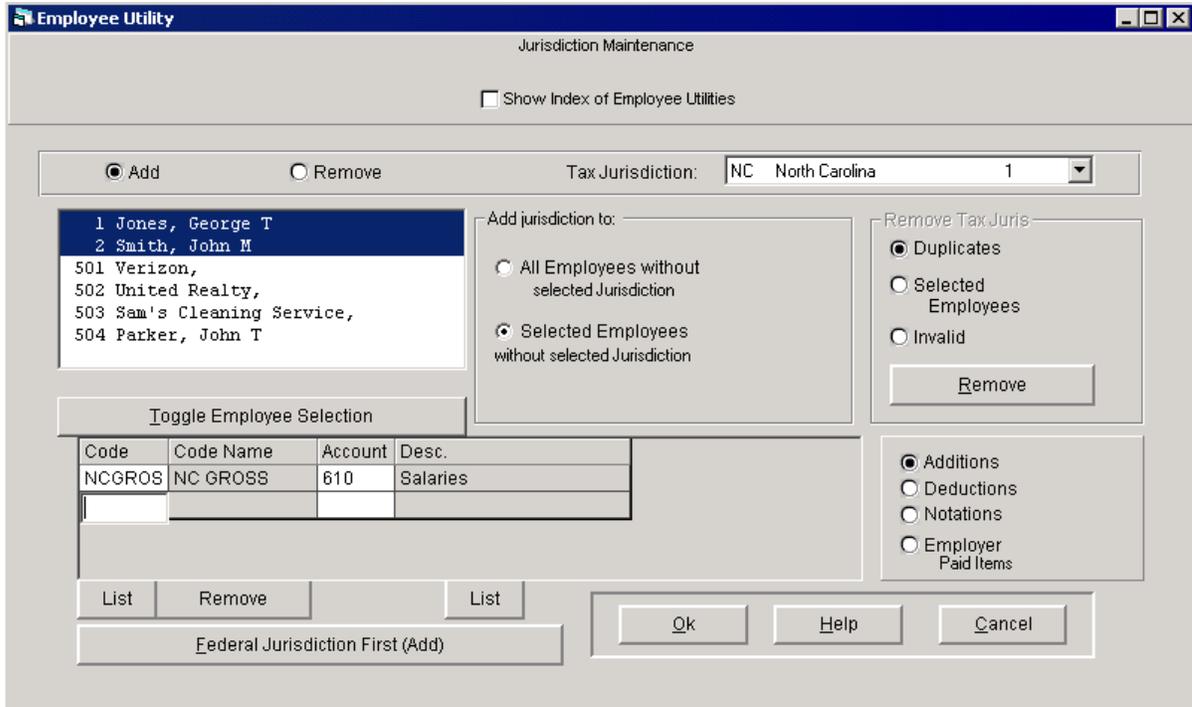
5. **FICA/Medicare Diagnostic** - This sub-option provides a report, which will only show payroll checks with a discrepancy between FICA and Medicare taxes withheld and the calculated tax liability. No report will be produced if there are no discrepancies. This report is very helpful if incorrect amounts of FICA or Medicare have been withheld and they must be corrected. (Because of the FICA rate change during calendar year 2011, errors like these were common in 2011. Since the FICA rates have not changed since then, there will probably be few, if any, errors in 2015. However this report is still worth running, in case there are any errors.)

   This option is found under **Transaction** ↪ **Transaction Utilities** in *Client Write Up.* It is found under **Utilities** ↪ **Transaction Utilities** in *Computer Checkbook.* It is found under **Utilities** in the *W2 and 1099 Program.*

   In the example shown on the next page, the program has indicated that two employees have incorrect amounts of FICA and Medicare withheld from their paychecks in January of 2015. Each employee has a single check with an incorrect amount. In solving this problem, it should be noted that these checks were imported from a client's *Computer Checkbook* data.

The 2nd Sample 2015 W2 Company
FICA/Medicare Diagnostic

1/1/2015 to 1/31/2015   Client No: 855   Page 1

Trn #	Check	Date	Fica Txble	Med Txble	Fica/Md WH	Calc Liab

Cindy A Harris - 112

| 4 | 4323 | 01/31/15 | 1,546.87 | 1,546.87 | 119.54 | 118.34 |
| | YTD | Total | | | 119.54 | 118.34 |

Michael H Jones - 122

| 5 | 4324 | 01/31/15 | 1,106.90 | 1,106.90 | 86.06 | 84.68 |
| | Grand | Total | | | 205.60 | 203.01 |

When you run this report also look at the year-to-date totals to make sure a correction has not already been made on a subsequent check. In this case the year-to-date totals are also incorrect. We recalled the payroll check (transaction #4) in hopes of finding a clue to the problem.

In this case, if you take the difference between the *FICA/Medicare* withheld and the amount calculated by the program ($119.54-118.34=$.1.20) and divide that by the *FICA/Medicare* rate (0.0765), the amount (15.68) is approximately equal to the dollar amount deducted for the SEP IRA deduction. That seems to indicate that the client has the payroll item deduction, SEP IRA, setup to be exempt from *FICA/Medicare*. The problem might be that this deduction is not

exempt from *FICA/Medicare* withholding. In a real life situation, if you had an error like this, you would probably have a large number of checks showing a similar error. They would have to be corrected either by changing the *payroll item*, which would correct all the checks immediately, or by changing the checks themselves if the incorrect *FICA* and *Medicare* had actually been entered. (Note: if you do the exact "un-rounded" calculation 119.5312-118.3355= 1.1957 and divide that by .0765 you will get the exact amount,15.63 of the SEP IRA deduction.)

6. **Don't Generate GL Transaction** - On the **Payroll Transaction** screen, there is a *check box* labeled **Don't Generate GL Trans**. This feature can be helpful in the following situations:

    a. At year end, you need to add additional data for W2 employees or 1099 recipients, but you do not want these entries to affect your general ledger.
    b. You need to create the correct year end wage history for W2 employees or 1099 recipients, but you do not want these entries to affect your general ledger.

7. **How many W2 or 1099 forms (or how much perforated paper) should I order? -** On the *Client Write Up* system, there is a special option that counts the employees and 1099 recipients that have been paid this year. The option is accessed from **Utilities ↪ Tax Form Count Utility**. The option will count the employees and 1099 recipients that have been paid this year for **all clients** in the current data directory. If your clients are located in more than one directory (folder), make sure to select each folder(s) in turn so that the employees and 1099 recipients in each folder can be counted. (Note the option only counts one data directory at a time, so you would have to manually add up totals from each directory.) (Additional Note: Ignore the GAB button; it is customized for a certain accounting firm.)

8. **Print W3 before printing W2's (This option can only be accomplished from the W2 and 1099 menu)** - Once you have created the W2 file, it is advisable to print the W3 first. This way you can verify the totals from the W3 with your *Payroll Summary* or *Custom Payroll Summary* totals. If there is a problem you can fix it before you waste time and W2's by printing a large batch of W2's and having to destroy them.

9. **Run and Check the W3/941 Recap report**. - This report is only found on the W2 Menu under the Reports pull down menu and by selecting the **Payroll Reporting** option. It displays the wage and tax information that has been submitted on the 941's during the year with the wage and tax information that you would be submitting on the W3, if you printed it and sent it in with no changes. This is the type of check that the SSA computers probably do and if there is a significant discrepancy between 941 totals and W2 totals, then they would probably follow up with your client and your client will probably be upset and call you and ask you what is happening. For this reason, it is probably a good idea to run this report for each client and check it before you send in their W3. (In order to check this report, you should have run your 941's for each quarter and your W3 for the client. We would strongly recommend that you do this for every client. If you get other than a zero or very minor difference for every column, you need to figure out why and correct this before you send out your W2's and W3.   A common mistake is that errors were made on the payroll, which were corrected for the W2 processing but were not corrected on the already filed 941's and are not corrected on the 4th quarter 941. If this occurs, the discrepancy in 941 wages versus W3 wages is then detected by the Social Security Administration and they communicate it to your client.)

Processing W2's for the Year 2015

W2 Setup

Overview

The next two pages provide an overview of the steps that are required to produce W2's. This overview is provided to give you a "big picture" understanding of the basic flow that you will be using to prepare W2's for 2015. You should read this section before you follow the detailed instructions for actually producing the W2's, which begin right after this Overview discussion on page 16.

Part One - The Main Steps

It might be helpful to refer to the **W2 and 1099** pull-down menu to see where the options that are discussed below are located on that menu. (Note to access the W2 and 1099 pull down menu, you would make sure you are in the W2 and 1099 program and then left click on "W2 and 1099." Notice that "W2 and 1099" is located on the line above the icons, just to the right of the words, "Other Programs.")

Adjust Field Positions: This option is selected <u>one time for each workstation</u> to setup the workstation for the 2015 forms. This option only takes a few moments to run, but it <u>must be run</u> before the 2015 forms can be printed correctly.

Setup W2's: This option allows you to select things like the state, locality or localities, and the sequence of your W2's. You should use this option to insure that all the *payroll items* that need to be included on the W2's are in the setup. For example, if you have state wages and a Bonus as two separate payroll addition items, they must both be on the setup screen. If they are not, then you can add them with this option.

Important Note: Most W2 problems result from the information that is entered in **Setup W2's** being incorrect or incomplete or the incorrect **Tax Year** being selected. If you find that the figures printed on the W2's are wrong, you should recheck the information that you entered with this option to make sure that it is complete and correct.

Create/Print Tax Forms ↪ Create W2's/W3's *radio button*. This option uses the selections that you have made in **Setup W2's** to generate the W2 and W3 information for this client. At this time, you may review the information on the screen before it is printed. If it is incorrect, you may choose to make the corrections on the screen or you may make the corrections to the payroll files or to the W2 Setup. **If you make changes to your payroll files or to the W2 Setup**, then this option must be taken again or your figures will be incorrect. When you are satisfied, that all the W2's are correct, you should print the W2's using the next step.

Create/Print Tax Forms- Print W2's or **Print W3's** *radio button*: These options print the W2's/W3's created in the preceding step.

Delete Tax File: This option erases <u>all</u> W2/W3/1099/and 1096 information that was created for the active client. It does not delete any payroll employee files or payroll

transactions just the special information that was generated to produce W2's and/or 1099's. You should be aware that the **Delete Tax File** option only deletes the tax information for the active client. Usually it would only be used to delete the W2 or 1099 information from last year although it could also be used to delete the W2 and 1099 information after the W2's and 1099's were completed for this year. (You might wonder why the program does not just delete the tax file after W2's and 1099's have been printed. The program does not do this because often there are reasons to reprint W2's or various copies of W2's or a W3 and as long as the file has not been deleted, this can be done without any additional setup steps, even months later. That is why we recommend that the W2 and 1099 form files called the "Tax Files" are not usually deleted until it is W2 and 1099 processing time for the next year.)

There is another option that can be very helpful in deleting your bookkeeping clients more quickly. It is entitled the "Tax Client Utility." When this option is selected, all the clients that have W2 or 1099 form information that has been prepared with the W2 and 1099 menu will display. You could then delete the Tax Files (W2 and 1099 form information) for many clients at one time with this option.

WARNING: If you do decide to delete the no-longer-needed W2 and 1099 information in this way, be careful not to delete W2 and 1099 information for clients that you do not process monthly or quarterly bookkeeping for, as that will cause you to do much extra work. In other words, if you use the Quick W2 or the Quick 1099 options (**Input W2's** or **Input 1099's)**, to enter a client's W2 and 1099 employee and recipient information for some of your clients, and you only use the system for the purpose of preparing W2's and 1099's for that client, then you **should definitely not delete** the W2 and 1099 information for a client like that. If you did delete their W2 and 1099 information, then you would then have to re-enter the names, addresses and social security numbers of the employees and 1099 recipients all over again for the current year.

Part Two - More General Information

When you enable the **Create the W2/W3 Files** *radio button* on the **Create/Print Tax Forms** option, you also have the option to enable the **View/Edit on screen** *check box.* If you enable this option you will be able to view the created data and even correct it on the screen. If you do correct information on the screen, your W2's will be changed but the payroll data that was originally entered into the payroll transactions will not. Therefore, if this data needs to be corrected for book purposes, it has to be changed in the original files using the *Client Write Up* or *Computer Checkbook.*

The W2 creation routine makes a final adjustment to **Boxes 4**, and **6** (FICA WH and Med WH). It also calculates the correct dollar figures for the FICA and Medicare WH and gives the user some options on how to handle FICA and Medicare WH which are further discussed in the detailed instructions that follow. (see page 19)

The **Additional Employee Data** option is used to enter less common W2 and 1099 fields and the **Adjust Field Positions** option is also used to make modifications in the print locations of various fields to adjust for differences in laser print registrations. The **Additional Employee Data** option is discussed in detail starting on page 30.

The **Adjust Field Positions** option is discussed in detail starting on page 16. The **GL Transactions to 1099 Data** option might have to be run if you have used the general ledger transaction entry screen for 1099 ID's or if you have generated **Vendor Checks** through the *Computer Checkbook System*. This option is discussed in general on page 74 and the whole concept and other related options are discussed on pages 36-39.

Detailed Instructions for Producing W2's

If you did not select the **Adjust Field Positions** option and click the **[Reset All Forms to Original Positions]** button, when you initially loaded the *W2/1099 Program* for 2015 on this workstation, you **must** do so now. See **Step 1: Adjust Field Position** for detailed instructions. If you have already run this option then skip to **Step 2: Setup W2 Company Information** starting on page 17.

Step 1: Adjust Field Positions (Required)

The first option that will be discussed is the **Adjust Field Positions Option**. **The Adjust Field Positions option must be used by everyone to set the printer default values to the new values for the year**. It only has to be done **once per workstation** and not for every client. The recommended way to do this is to access the **W2 and 1099** menu and then the **Adjust Field Positions** option and click on the **[Reset All Forms to Original Values]** button. Then click on the **[Close]** button.

Note: Please see **TROUBLE SHOOTING** section (page 86) concerning any errors you get while running **Adjust Field Positions.**

Note: If you are choosing to print your W2 and W3 forms on blank paper you should read the section entitled **Alignment Rules for Black Scannable Tax Forms** beginning on page 59.

If you are using **Red Copy A's** and if you find that your data print positions are not correct for those **Copy A's**, you will have to select this option again. The normal reason for this would be if you were using a printer that is not printing in the standard manner (i.e., minor variations in the laser registration). To correct this type of problem, select the option and choose the appropriate form and field from the drop list and move it. The screen on the next page illustrates the accessing of box **12A** on the W2 form for the purpose of modifying the position of that individual field on the top part of the W2.
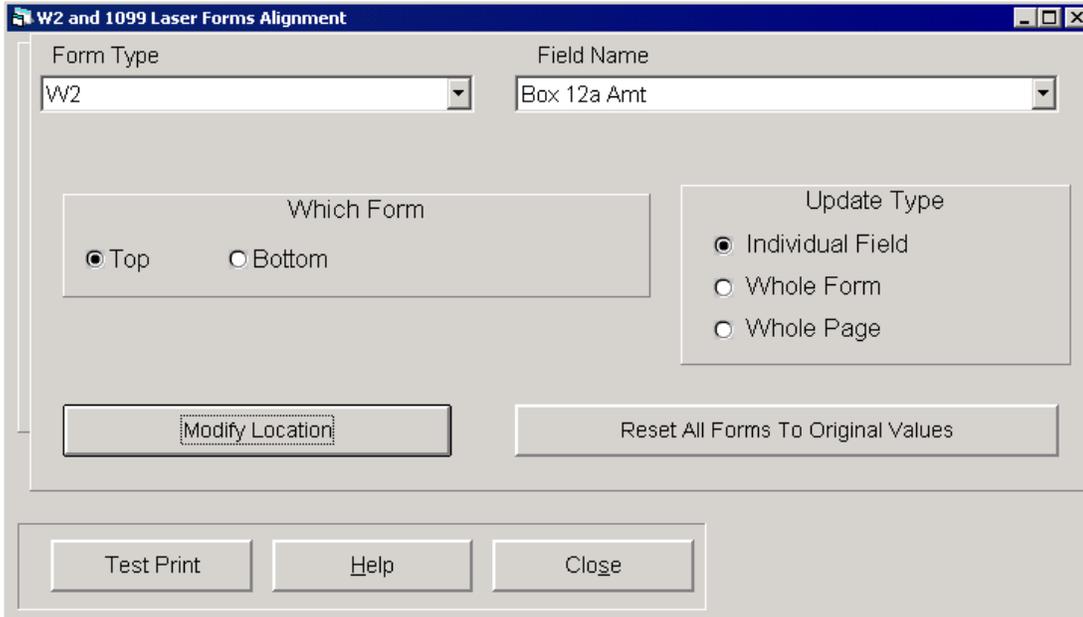
Figure 5: Adjust Field Position Screen

You can see by the choices that you can also modify a **Whole Form** or a **Whole Page** if the entire form is not lined up properly. The unit that is used to move a field or the whole form is called a **twip**. A *twip* is the standard unit for movement in computer fields. There are 1440 twips in an inch, 360 in one fourth (1/4) of an inch, 180 in one eighth (1/8) of an inch, etc. So if you only move a field 5 or 10 twips, you will not notice any change. A minimum move would be at least 90 twips or 1/16th of an inch. The most common use of this option is to adjust a field location by a small amount to allow for minor variations in the registration of a laser printer as has been discussed. To enter the amount to move, click on the **[Modify Location]** button and make your adjustment and then click the **[OK]** button.

If that is the only change you needed to make, you are now ready to print the W2's. If you have to make additional changes you can do so. Once you are finished, click the **[Close]** button, which will return you to the **W2 and 1099 Home Screen**.

Step 2: Setup W2 Company Information (Required)

Click on the **W2 and 1099 ↪Setup W2's** option. Once this option is selected a screen similar to the one shown on the next page will display.

Figure 6: W2 Setup - Required Choices Screen

Company Name and Address - The name and address that displays on this screen is copied from the **Setup ↪ Company ↪ Payroll Reports Tax Forms** *tab,* that is located in either the *Client Write Up* or *Computer Checkbook Systems.* If no information was entered in those fields then the company name and address will be blank. The Company Name and Address entered here is what will print on the W2's, so make any necessary corrections to the **Company Name** and **Address**, select the **Type of W3** and enter the **Tax Year**.

Note: If you ran W2's last year for this client, you **must** update the **Tax Year** to the current year. If you have **3rd Party Sick Pay** for any employee, refer to the special **3rd Party Sick Pay** instructions on page 75 to see how to report this type of pay on the W2's.

Tax Year - If you never processed W2's for this client or took the **Delete Tax File** option from the "W2 and 1099" menu the system will "pre-fill" this field with the current Tax Year. If you used this system in previous years to process W2's then the system will have the old Tax Year in this field. You will need to enter the current Tax Year. Once you change the Tax Year, the system will also ask you if you wish the W2 and 1099 data from last year to be deleted. Normally you would do this if you were processing the client's books on a monthly or quarterly basis. You would not do this if you only prepared W2s or 1099s for this client annually and did not do their books. If you have any questions about this, make sure to read the information about deleting tax files on page 74.

Note: The **Local** *tab* will only appear if you have previously setup localities for this client.

Print Final Totals - Checking this box will print the W2 totals on the last W2 form. If you have 2 states or 2 localities, this is the only place where you can see separate totals (the W3 will combine them). Also, the **Final Totals** W2 is the only place where you can see totals for **boxes 12** and **14**. (If you have more than two states or localities for a particular client you would have to run the W2's two states or two localities at a time to get accurate totals, since there are only two state and two local boxes on the W2 form. You could run these special W2 runs on the screen to do this)

Type Run - This *radio button* tells the program which employees should get W2 information generated during the creation process.

- **Federal Run** - Every employee who should be getting a Federal W2 will have a W2 generated.

- **State Run** - Each employee with a tax jurisdiction for the state specified (or the two States if two are specified) will have a W2 generated.

- **Local Run** - Each employees with a tax jurisdiction record for the locality specified (or two localities if two localities are specified) will have a W2 generated.

It is important to have your tax jurisdictions set up correctly. If you do not have them set up correctly, the system will do its best to notify you of the mistakes and allow you to automatically correct them. If you have to correct them manually because of an unusual setup, make sure that you understand the employee utility options found under the *Client Write Up or Computer Checkbook* **Setup ↪ Payroll ↪ Employee Utilities** option. These options make adding jurisdictions to multiple employees quick and easy. You do not have to add tax jurisdictions that are missing one by one to each employee. (This is very time consuming and unnecessary!)

Sequence By – You may print your W2's in order by the "SSN," or in order by the "Last Name," or in order by the "Employee ID." This is done by checking the radio button, that is located in front of your choice.

FICA/Med Recalculations - The three choices for recalculating *FICA Medicare Withholding* are explained below so please read carefully before selecting.

1. If you mark **None**, the program assumes that you have split the FICA and Medicare values all year long and have them in separate deductions. **The program will not adjust the values**. What you have in those deductions is what will be printed by the program.

2. If you mark **Split**, the program will split FICA and Medicare from the combined **FICAMD** deduction amount. It will first calculate Medicare exactly and put whatever is left into FICA. However, **this option will not attempt to automatically correct a FICA value that is not sufficient.**

3. If you mark **Force**, the program will split FICA and Medicare from the combined **FICAMD** deduction amount and if the numbers are wrong, it will **correct** them and print them correctly on the W2 form even if the total amount that was withheld was wrong. If the amount of the adjustment is just a few cents, this is usually not worth paying any attention to, but larger amounts may cause you to want to go back and make adjustments to payroll and create W2's again. There is a notification amount (a threshold amount) on the **W2 Creation Screen** that you may set. Whenever the adjustment amount exceeds this amount, you will be notified on the screen so that you can decide if any adjustments need to be made. No adjustment to Fed WH is made by the program as there would be a discrepancy between the 941 and the W2's. In summary, if the FICA and Medicare amounts have not been withheld correctly for the year and you take the **Force** option to correct them, you should realize that this only corrects the FICA and Medicare amounts on the W2 form and does not make any

adjustments to your client data to correct the actual amounts that have been withheld incorrectly. **This is why we notify you if the threshold amount is exceeded.**

Once the company information and **Tax Year** has been verified and the **Type Run** and the desired **Sequence** have been selected, the **State Screen** should be selected using the State tab, if the state being processed requires a copy of the W2.

If the company being processed only has a single state and no localities, the **State Screen** will appear similar to the screen shown below.

Figure 7: W2 Setup – Single State Screen

This screen shows a company that had employee wages paid in a single state with no local taxes. Since wages were paid only in a single state, the correct state abbreviation should be placed in the **Top State Field**.

Note: The system will not display a **Bottom State Field** if there is only one state tax jurisdiction setup for this company.

If wages were paid in two states during the year and at least one of the states had state taxes, a screen similar to the one shown on the next page will display.
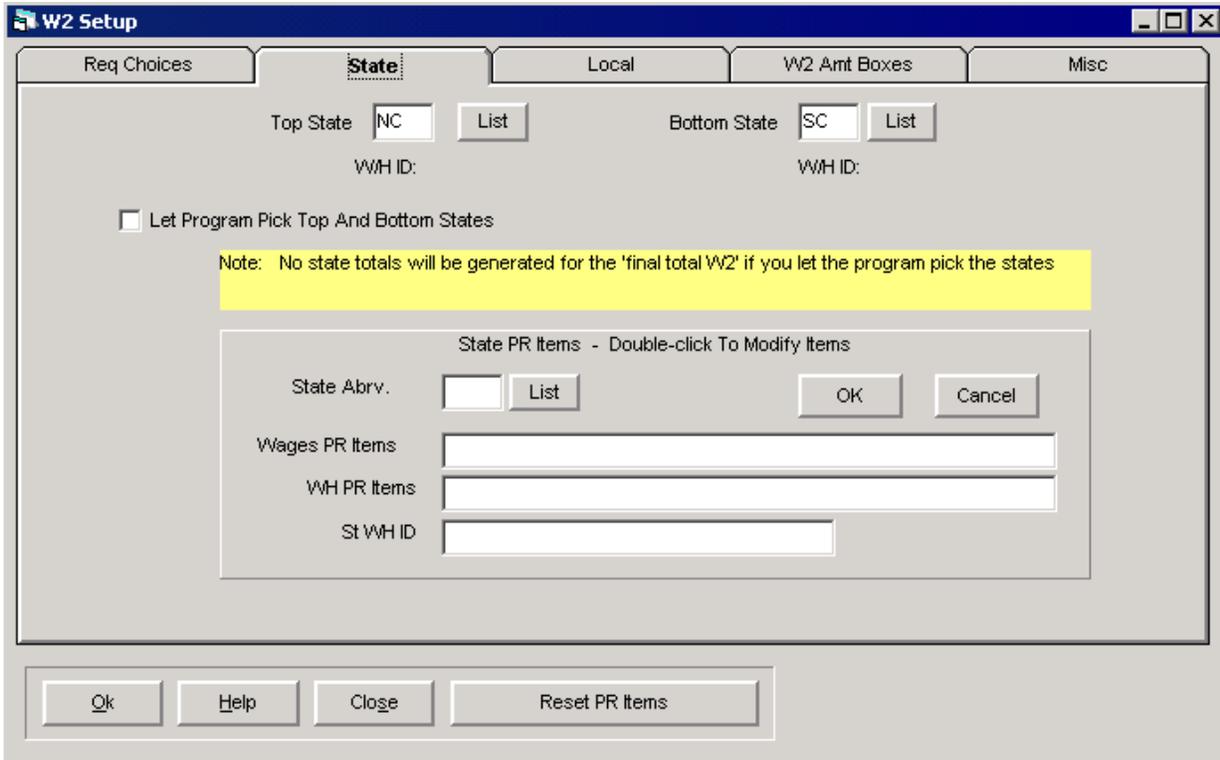
Figure 8: Multiple State Screen

If the client paid wages in more than two states, but no employee received wages for more than two states, then "Let Program Pick Top and Bottom States," would be appropriate, to mark for the purpose of producing copies A, D and the employees copies. In this case, if you had chosen to print a final total W2, the file totals for the state would be left blank because being limited to two state totals would be misleading.

Regardless of whether there is one state or two or more, you must enter each of the states involved (one at a time) in the **State Abrv Field** on the bottom of the screen. The screen shown on the next page shows a sample North Carolina State entry screen.
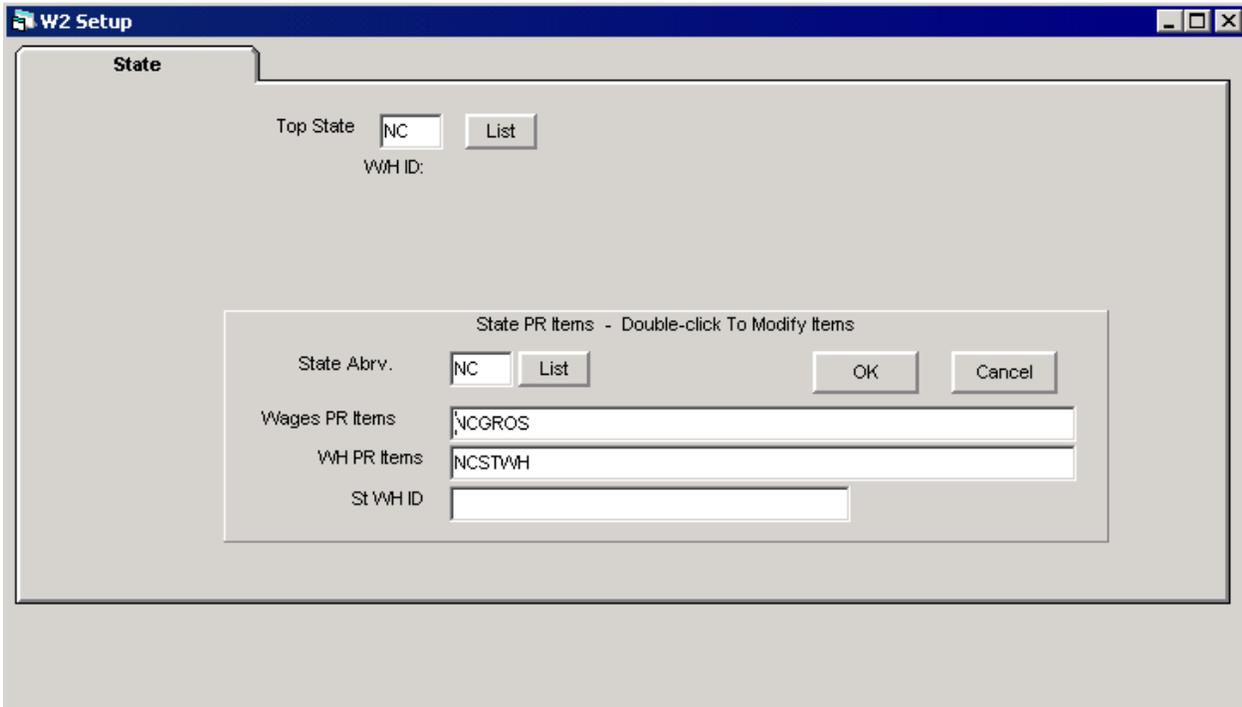
Figure 9: W2 Setup – Simple NC State Setup

It is essential that the **Wages PR Items** and **WH PR Items** *payroll item codes* that are shown on the bottom portions of the screen reflect the situation for your employees. In this case, the employees are paid using only a *Payroll Item Addition Code* of **NCGROS** and their state tax withheld was recorded using only a *Payroll Item* deduction code of **NCSTWH**. The values shown on the screen are the default *Payroll Item Codes* that are taken from the values setup under the **Setup ↦ Payroll ↦ State.** You should also make sure that your **State WH ID** is entered correctly. (It is carried over from the **Income Tax ID** field from the **Setup ↦ Payroll ↦ State** Screen)

If you have setup other *Payroll Item Codes* in addition to or in place of the normal codes that need to be reflected in the employee's yearly wages, then you should enter these codes in the appropriate boxes. (ie: **NCGREX** - exempt from state unemployment tax, **BONUS**, **COMM** - Commissions, **401K**, **TIPS**, etc) A more complicated North Carolina example is shown on the next page:

Figure 10: Complex State Setup

Note: Not entering **all** the wage *Payroll Item Codes* used will result in the understatement or overstatement of the employee's wages. For example, If you setup BONUS and did not included it on the Wages PR Items line, then any BONUS amounts would not be included in the state gross wages on the W2 thus the wages would be understated. If you setup a 401K that reduces the gross wages but did not include it on the Wages PR Items line, then the wages reported on the W2 would be overstated.

The system works very simply, whatever *Payroll Items Codes* you have in these boxes are what are used to determine the gross wages and withholding for the **State**. If the *Payroll Item Codes* are blank for some reason, enter the correct *Payroll Items* otherwise your **State wages** and **withholding** with be zero on the W2 forms.

Note: Use a **comma** to separate the wage *Payroll Item Codes* that are contributing to a box. (Ie: NCGROS, NCGREX, BONUS, COMM, -401K, TIPS, etc).

Note: *Payroll Items* that are deducted from an employee's wages before calculating taxes, like a 401K deduction, must have a preceding **minus sign** ("-"), so that they will reduce the gross taxable wages by this amount.

When you are satisfied that the necessary *Paryroll Items* are shown, click on the **[OK]** button to **save your changes.** Clicking the **[Cancel]** button will **not save your changes.**

VERY IMPORTANT TIMESAVER: If you have a lot of additions/deductions to enter it is easier to pick from a list of *Payroll Items* instead of keying in the *Payroll Item Codes* manually. To pick from a list click on the descriptive label, such as **Wages PR Items** or **WH PR Items** for a field, or you could also **double click** in the corresponding entry field. The following screen reflects the type of display on Wage PR Items that you would see.
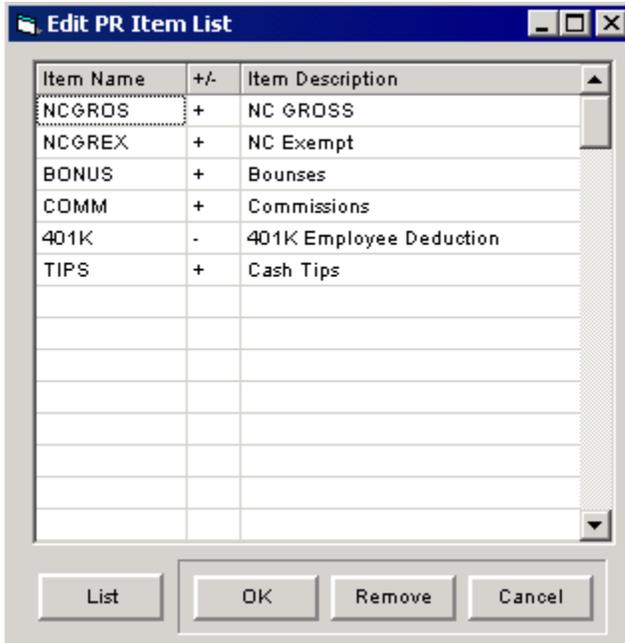
Figure 11: Payroll Item Selection Screen

To add a *payroll item* first click in a **blank** *Item Name Field*. Next click on the **[List]** button to bring up a list of the available *payroll items.* Select the desired code and click **[OK]** or double click on the item. The last step is to tell the system if this item will either add to or subtract from the gross wages amount. If it adds to the gross wages type in a **plus sign** ("+"), if it subtracts from the gross wages type in a **minus sign** ("-") in the "+/-" box. In the above example NCGROS, NCGREX (wages not subject to unemployment), COMM, BONUS and TIPS all reflect amounts that should be added to state wages, so they have a **plus sign** ("+"). The 401K reflects the amount of 401K that has been deducted from state wages during the year so it has a **minus sign** ("-") which tells the system to subtract that amount from the state wages. Click **[OK]** to save your changes.

Note: Remember you **have** to click the **[OK]** button to **save your changes** after making any changes to the *Payroll Items* listed.

Entering the information using this popup screen will eliminate "typos" and punctuation problems with commas and minus signs. If you have paid wages in more than one State, repeat the same process for each State. When you have entered the state codes, and if you have no local taxes click on the W2 amount boxes tab and proceed to page 26 where the W2 amount boxes screen is displayed.

If you have setup **localities**, you must select the **Localities** *tab*. You must fill in the appropriate localities on the **Locality Screen** in order for the amounts to be reported on the W2's. A sample **Locality Screen** is filled in and shown on the next page.
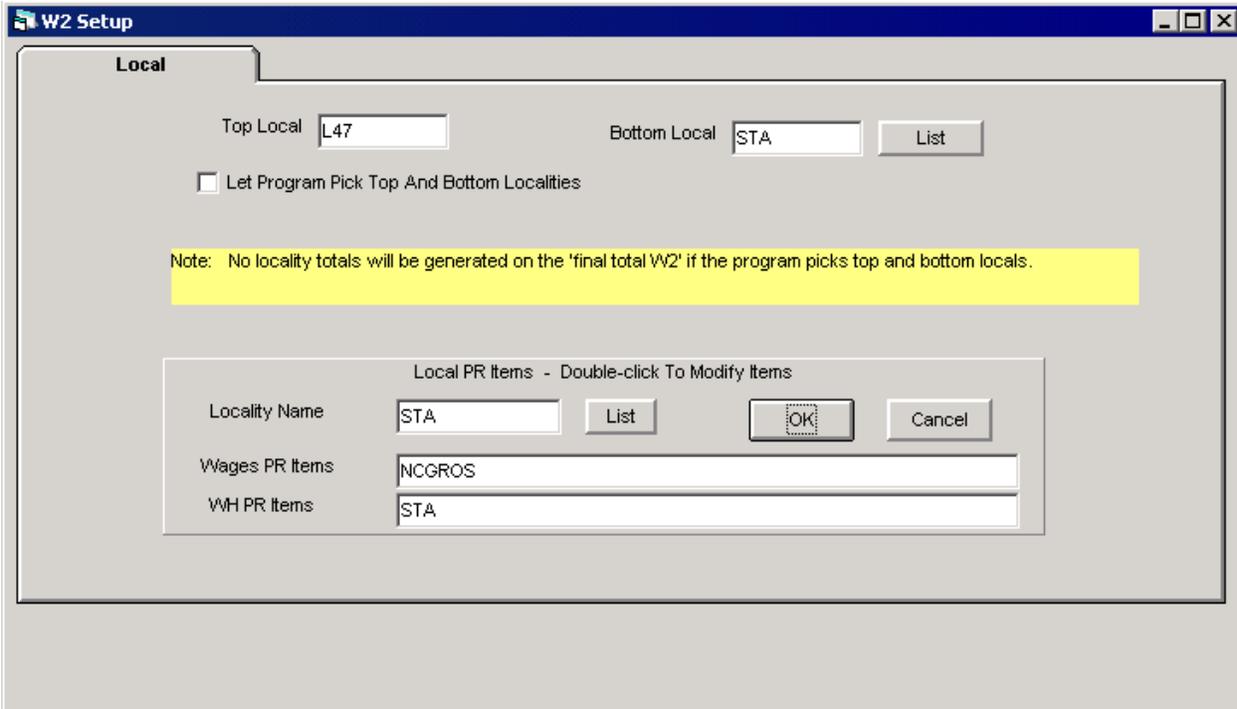
Figure 12: W2 Setup – Locality Screen

Note: If you have more than two localities for an individual employee, please see the section labeled **Many Localities** on page 77.

Once again make sure that the **Wages PR Items** and the **WH PR Items** for the locality are correct. In the example above, they are **NCGROS** for gross wages and **STA**, which reflects the local tax withheld from any employee who had this local tax deducted on their paycheck during the year.

When you are satisfied that the values are correct, click on the **[OK]** button to **save your changes for that locality**. Clicking on the **[Cancel]** button will **not save your changes**.

If there is more than one locality, repeat the process for the second and subsequent localities. Remember to click on the **[OK]** button to **save your changes for each locality**.

The next step is to check where the system will be getting the amounts that will be printed in the Federal W2 amount boxes. Click on the **W2 Amt Boxes** *tab* and a screen similar to the one shown on the following page will appear:

Figure 13: W2 Setup – W2 Amount Boxes Screen

Notice how each box shows the *payroll items*, which will determine what amounts will be printed in these boxes. When there are more than a couple of *payroll items* affecting each box, you may not be able to see them all on the screen without scrolling in the boxes. You can manually enter them in this way with commas separating the necessary *Payroll Item Codes* and with a **minus sign** ("-") preceding any item that subtracts from the gross wages. You can also click on the **descriptive label** to the left of any field, like **"Wages, Tips, etc"** and a screen similar to the following screen will appear.

Figure 14: Edit Payroll Item List

This screen shows all the p*ayroll items* affecting a box. To add a *payroll item* first click in a **blank** *Item Name Field*. Next click on the **[List]** button to bring up a list of the available *payroll items.* Select the desired code and click **[OK]** or double click on the item. If a *Payroll Item Code* needs to be added to a box it must be shown with a **plus sign** ("+"). If a *Payroll Item Code* needs to be subtracted from the amount, then a **minus sign** ("-") must be used.

The user should check each box to insure that the correct *payroll items* are included. **Be certain that your payroll items are where you want them and that you have not left any items out**. Remember, if you leave out a wage *Payroll Item(s)* used by any employee, you will understate that employee's wages. Likewise, if you leave out a *payroll item* that subtracts from the gross wages, then that employee's wage will be overstated.

If you select box **12** from the **W2 Setup Screen**, you will see that this contains up to four lines. Each line holds a *Payroll Item* and **IRS Code**. **Note:** The codes are **IRS Codes** and **only entries** from the **W2 Reference Guide for Box 12 Codes Table** shown below may be entered.

	Form W-2 Reference Guide for Box 12 Codes
A	Uncollected Social Security or RRTA tax on tips
B	Uncollected Medicare tax on tips (but not Additional Medicare Tax)
C	Taxable cost of group-term life insurance over $50,000
D	Elective deferrals to a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement)
E	Elective deferrals under a section 403(b) salary reduction agreement
F	Elective deferrals under a section 408(k)(6) salary reduction SEP
G	Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan
H	Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan
J	Nontaxable sick pay
K	20% excise tax on excess golden parachute payments
L	Substantiated employee business expense reimbursements
M	Uncollected Social Security or RRTA tax on taxable cost of group-term life insurance over $50,000 (former employees only)
N	Uncollected Medicare tax on taxable cost of group-term life insurance over $50,000 (but not Additional Medicare Tax)(former employees only)
P	Excludable moving expense reimbursements paid directly to employee
Q	Nontaxable combat pay
R	Employer contributions to an Archer MSA
S	Employee salary reduction contributions under a section 408(p) SIMPLE plan
T	Adoption benefits
V	Income from exercise of nonstatutory stock option(s)
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
Z	Income under a nonqualified deferred compensation plan that fails to satisfy section 409A
AA	Designated Roth contributions under a section 401(k) plan
BB	Designated Roth contributions under a section 403(b) plan
DD	Cost of employer-sponsored health coverage

EE	Designated Roth contributions under a governmental section 457(b) plan

If you select box **14** from the **W2 Setup Screen**, you will see that each line has a **Description**, a **Payroll Item** and a **Factor Field**. This is because box **14** is commonly used for **UI/DI withholding**. (Unemployment/ Disability) Some states that have this withholding actually withhold both. This is typically withheld as a single deduction, but needs to be split for W2 reporting purposes. The **Factor** indicates the part of the deduction to be reported on this line. For example, if they were evenly split, the factor would be .50 for both lines. For all "normal" uses of box **14**, (i.e., not UI/DI deductions or non combined UI or DI), the factor should be 1.0.

There is also a **Misc** *tab* on the **W2 Setup Screen.** When this option is selected, the following screen will display:.
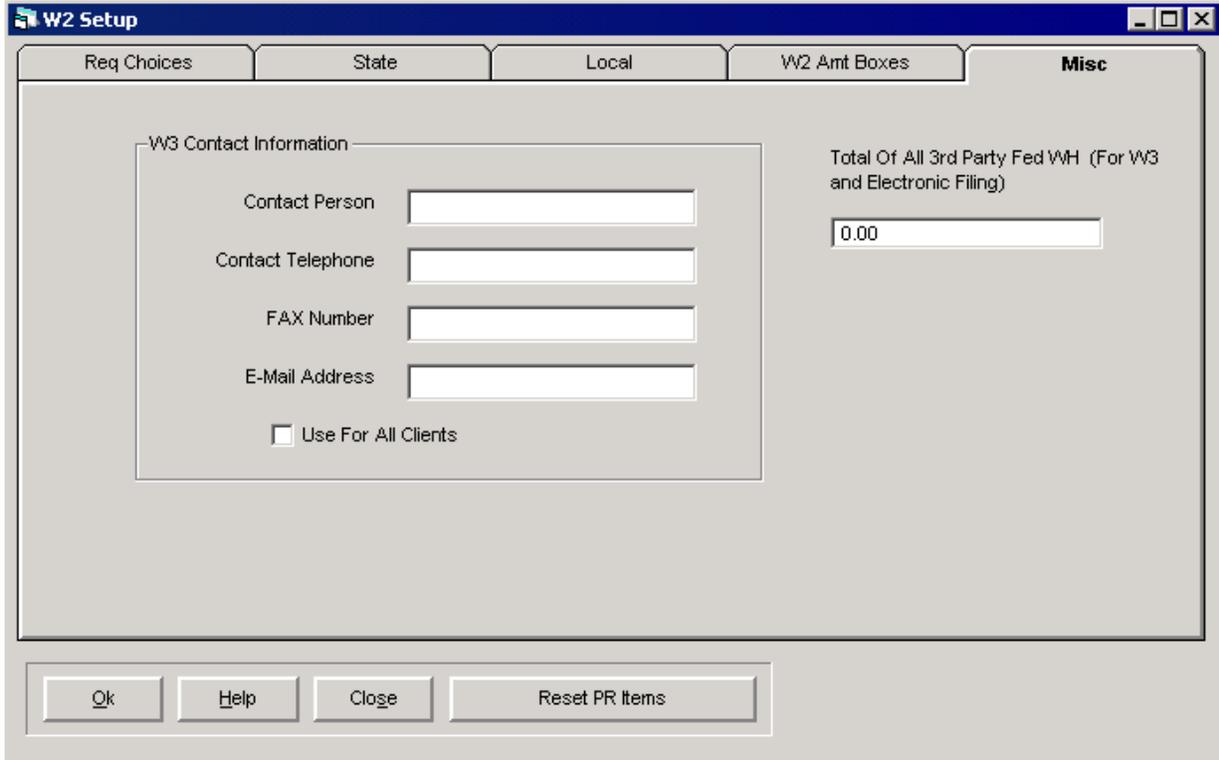
Figure 15: W2 Setup – Miscellaneous Screen

 W3 contact information should be entered here. Once you have entered the miscellaneous information on the screen above and click **[OK]** on the bottom left of the screen, you have completed the **W2 Setup**.

When you click on **[OK]**, the screen shown on the next page will appear:
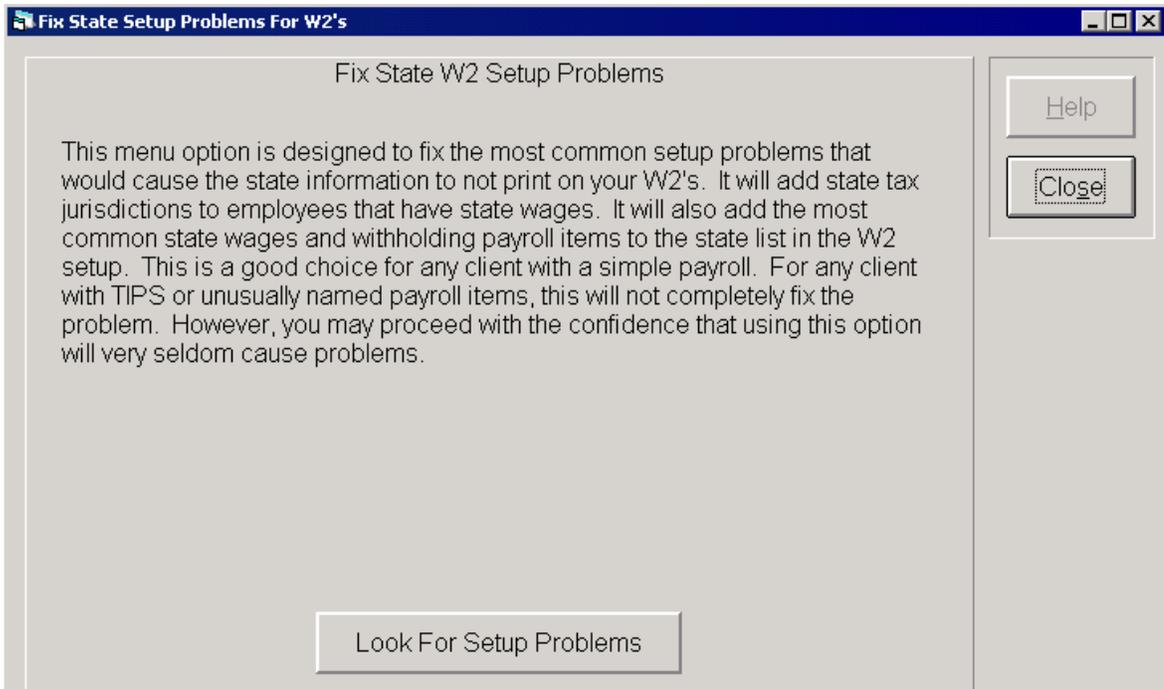
Figure 16: W2 Setup – Look for Setup Problems

This screen informs the user that the system is about to check for what it thinks are oversights or omissions in the **state setup**. The most common omission or oversight is not setting up a state tax jurisdiction in the employee setup screen.

Unless there is some major reason not to select this automatic correction, click on the **[Look for Setup Problems]** button. The system will notify you of any problems it finds, and ask you if you wish to correct them automatically. If it does not find any, the **hourglass** will disappear and the process will finish and return you to the home screen. If it does find errors and you indicate that you wish to correct them, then the system will make the necessary corrections and when finished return you to the home screen.

This completes the main W2 setup process. You will be returned to the **W2 Home Screen**. The next portion of this documentation will discuss further options on the W2 menu that are typically used in the W2 process.

Step 3: Additional Employee Data (Optional)

The next option on the **W2 and 1099 Menu** that will be discussed is the **Additional Employee Data Option**. The **Additional Employee Data** option is used to enter less commonly used W2 fields such as Statutory Employee, Pension Plan and 3rd Party Sick Pay and also a wide variety of 1099 fields that are used on different types of 1099's.

When you select this option the screen shown below will appear:

Figure 17: Additional Employee Data Screen

This is the screen for W2 additional employee information and also for the **1099 MISC, 1099 INT, 1099 DIV,** and **1098**. There is also a checkbox that is used to indicate that any form has been corrected.

Note: The tabs on this screen allow access to three other screens, which are used for 1099S, 1099B and 1099R additional information. These screens are also discussed later in the **1099** section of this manual, starting on page 46.

Step 4: Create W2/W3 File (Required)

Select the **Create/Print Tax Forms** option from the **W2 and 1099 Menu** or use the **F7 Function Key** to access it. The following screen will appear:

Figure 18: Create/Print Tax Forms Screen

Click the **Create W2/W3 Files** *radio button* and then click the **[OK]** button. The W2/W3 information will be created based on your most recent W2 Setup criteria. This option is quick and the previous screen will remain displayed. If there are any discrepancies in the **FICA** and **Medicare** amounts for an employee, an error screen will display. If errors do occur then the payroll records might need to be corrected.

If you do have **FICA** and **Medicare** discrepancies (ie: Reported amounts that differ from what the system calculates using the employees' taxable wages and the appropriate FICA and Medicate rates) you can run a very helpful report from the **Utilities Menu** on the *W2 and 1099 Home Screen.* The option is labeled **FICA/Medicare Diagnostic** and will show any checks for an employee where the *FICA* and *Medicare* withheld differs from the calculated amounts. You should also be aware that *FICA* and *Medicare* errors might show if you have setup some of the *Payroll Item Codes* incorrectly in the **W2 Setup**. (ie: You left out TIPS as a wages *payroll item* and the employee had TIPS)

View/Edit on screen while creating - If you check the **View/Edit on screen while creating** *check box*, you will be able to view and change the W2 information, item by item if desired, while the W2's are being created. This feature may also be used to check the accuracy of the forms and to insure that all payroll items are being considered.

Note: It is very important to note that whatever you create with this option will be what is printed when you next print W2's and W3's. This means that when you take the create option, whatever you created previously will be replaced and overwritten with this latest creation. This can be very important. For example, if you previously created and printed 50 W2's and then discovered that one of them was wrong, you could go back and fix

your W2 setup or any payroll transaction(s) that caused the error. Next you would run **Create W2/W3 Files** just for that one employee using the **Create Form Only for Employees** checkbox and highlight the desired employee**.** Now when you take the Print W2 option, only that one W2 would print. (This checkbox could also be used for multiple employees that needed to rerun -- just highlight the employees that needed to be rerun.)

The problem you will then have is that your original W3 will be wrong, since it was created with the wrong figure for that one employee. The current one is also wrong since it contains the figure just for the one employee we corrected. In the simple case where you did not make any online corrections to the W2 screens, you could just recreate the W2's and W3's for __all employees__ and then you could reprint a corrected W3 with all 50 employees. In a more complicated situation, where you have made changes to the W2 screens on an employee by employee basis with the **Edit** option. It would be better to use the **Modify W3** option to correct your W3 totals rather then recreating all the editing corrections which would be time consuming and tedious. The **Modify W3** option is discussed later in this document in the section labeled **Edit Existing Tax Files** beginning on page 60.

There are some very important features that are found on this screen. The **Create Form Only for Employees** checkbox allows you to create W2's for only selected employees by highlighting them. This can be very helpful if you are reprinting incorrect or lost W2's.

The **Restart at Employee Number** option allows you to enter a starting employee number and the system will create W2's for this employee and all subsequent employees. This feature is very convenient if you experienced printer problems (paper jam, ran out of toner, etc) while printing a batch of W2's. (ie: the first ones printed fine but the remaining ones didn't print correctly.) Once you have fixed the problem with the printer, you could restart the printing with the first employee that either did not print or printed incorrectly.

The **Dollar Threshold** and **The Gross Up 943's/Household** are also useful if needed.

The **Dollar Threshold** feature allows you to enter a dollar amount that will tell the system to provide you with a __warning__ if the **FICA/Medicare** withholding must be adjusted by this amount or more, to correctly print the W2(s). The adjustment amount is calculated by employee.

Gross Up 943's / Household - If you have __agricultural or household employees__ who also have the **943** *checkbox marked* on their employee setup screen, then checking this *checkbox* will accomplish the following:

1. The amounts required to bring FICA and Medicare withholding up to the correct amounts are calculated.

2. The adjustment amounts for FICA and Medicare withholding are added together.

3. If the employee is under withheld then the adjustment amount is added to Box 1. If there is any state or local reporting for this employee, then the adjustment will be added to state and local wages. If the employee is over withheld then the adjustment is added to the Federal withholding (Box 2).

4. The FICA and Medicare withholding amounts are then adjusted.

Step 5: Print W2 Forms

Now select the **Print W2's** sub-option from the **Create/Print Tax Form** option and the following screen will display**:**
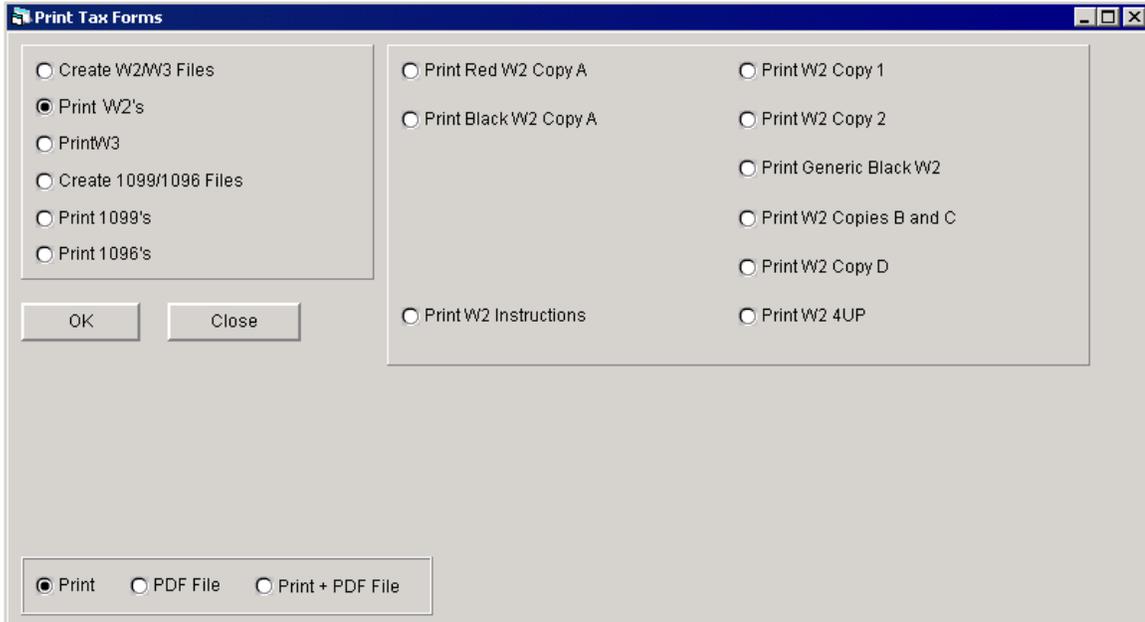
Figure 19: Create/Print Tax Forms – W2 Print Screen

Before you actually print any W2's/1099's make certain that you have the correct type of paper loaded (preprinted copy A, plain paper, perforated paper) for the printing you wish to do. At this point you may select which form you want to print (Red W2, Black W2, etc) and click the **OK** button. The normal case with W2 printing is to choose the **Print Black W2 Copy A** option, in that way you will not have to buy red copy W2's. Continue to select and print until you have printed all the desired W2 forms.

If you do print black W2's copy A's please read the section entitled **Alignment Rules for Black Scannable Tax Forms** beginning on page 59.

Step 6: Print W3 Forms

Next select the **Print W3** sub-option from the **Create/Print Tax Forms** option. The following screen will display, allowing you to print the W3 Copy A or the W3 File Copy:
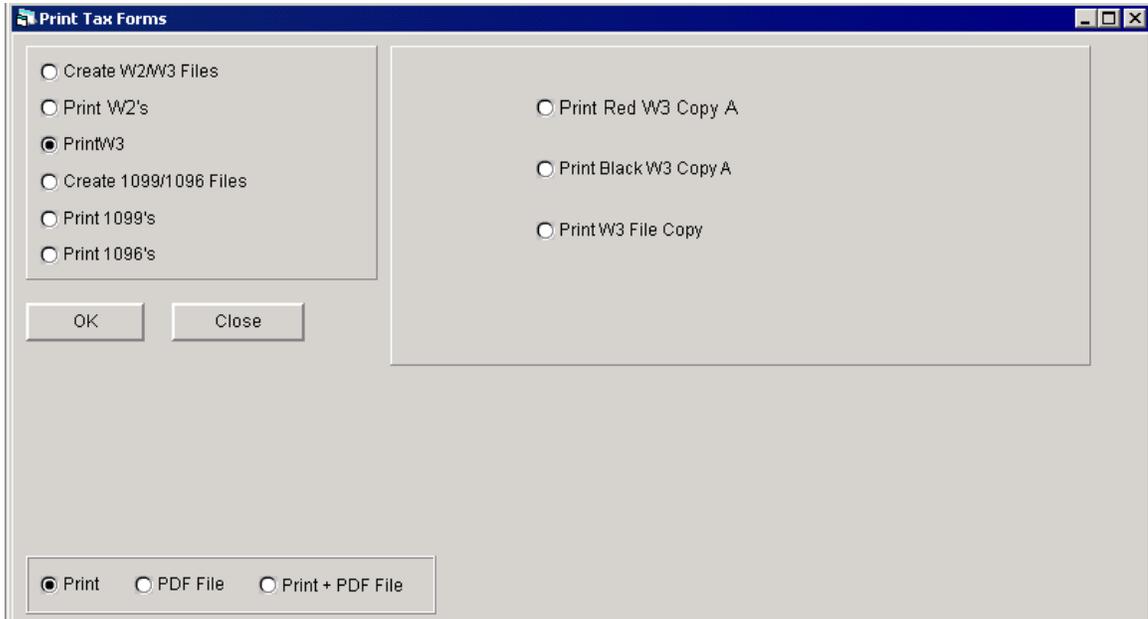
Figure 20: Create/Print Tax Forms – Print W3 Screen

The printing of the W3 completes the W2 process.

Processing 1099's for 2015

Overview

The following steps apply for producing 1099's:

To access the 1099 program from the *Client Write Up System* select **Reports** ↪ **Payroll Reporting** ↪ **W2 and 1099**. Once the **W2 and 1099 Home Screen** appears, click on the **W2 and 1099** pull-down menu.

Adjust Field Positions - It is only **necessary** to take this option one time each year to update each workstation to the new year's forms. **If you do not select this option, your 1099 Copy A will not print.**

Note: If you have already processed **W2's** this year you do not have to run **Adjust Field Positions** again, for 1099 processing.

Setup 1099's - This option allows you to access the Setup step for 1099's. This option allows you to select things like the company name, Tax Year, sequence and which 1099 type will be processed on this run.

Additional Employee Data - Some types of 1099's may require additional non-standard information. This non-standard information must be entered with this option if needed.

Create/Print Tax Forms ↪ **Create 1099's/1096's** *radio button.* This option will generate a computer file of 1099's using the selections you made in **Setup 1099's**. This step will ask you what copy of the 1099 you will be printing in the print step for the purpose of presenting that copy for review purposes. Actually all formats (i.e., copy A, copy B etc.) will be produced no matter which copy you indicate on this option. If you choose, you can view the form on the screen, checking the information for accuracy. If it is not correct, you can change it at this time. This is often the easiest way to fix a 1099 for printing purposes

Create/Print Tax Forms ↪ **Print 1099's** or **Print 1096's** *radio button*: These options will print the 1099's/1096's created in the preceding step.

Delete Tax File - This option erases **all** 1099/1096/W2/W3 information previously created for the active client. It does not affect any payroll or ledger transactions entered in the *Client Write Up* or *Computer Checkbook* systems.

Note: The **GL Transactions to 1099 Transfer** takes the 1099 information that has been entered as general ledger transactions and allows it to be used for printing 1099's.

Make Sure Your 1099 Numbers Are Correct

There are three (3) basic ways that you can accumulate 1099 data during the year. Two of them are generally always correct but the third may not be.

1. If you have entered your 1099 information as a **paycheck**, you may check the figures from the **Payroll Summary**. These figures will be correct and complete.

2. If you have entered your 1099 information into the **GL Transaction Entry Screen** assigning a **1099 ID** as you did so, then the program has automatically been generating Payroll Transactions for the purpose of producing 1099's all year long. The same is true if you entered your 1099 information with *Computer Checkbook* and processed this information with the *Client Write Up System*. In either of these cases you should have been verifying your 1099 totals each month on the **Payroll Summary**. In both of these cases, your figures should also be correct and complete. (Note that the easiest way to insure that you never forget to enter a 1099 ID if you are entering GL Transactions is to use the **Automatic General Ledger Transactions** feature and assign 1099 ID's to all 1099 vendors with this feature.)

3. If you have entered your 1099 information using *Computer Checkbook* and you have not also processed your data with *Client Write Up* or if you have entered your 1099 information as **General Ledger Transactions** and did not use **1099 ID's** or might have forgotten to use 1099 ID's some of the time and you did not check your work each month then, you need to complete the following steps to make sure your 1099 numbers are correct.

Step 1: The best way to insure that all vendor transactions that should have **1099** or **Vendor ID's** assigned to them actually do, is to run a **Year-To-Date General Ledger** and only choose the account or accounts that would have 1099 vendor transactions (in this case only account #640) and also check the box labeled **Exclude Transactions with Assigned Vendor ID's**. If you do this you will be able to quickly find any 1099 vendor transactions that do not have 1099 ID's so that you can assign 1099 ID's to them.   The following sample report for account # 640 shows two transactions that should have vendor ID's and do not, since both United Realty and Sam's Cleaning Service should be sent 1099's.

The Sample 2015 W2 Company
GENERAL LEDGER

December 31, 2015			Client No: 854	Page 1
Trn#	Jnl	Ref/Ck	Debits	Credits

640	Rent and Services				
		Beginning Balance		0.00	
1244	12/31/15 United Realty	CD	5420	1,200.00	
1245	12/31/15 Sam's Cleaning Service	CD	5421	250.00	
		Total Account Activity		1,450.00	
		Ending Balance		1,450.00	
		Totals		1,450.00	0.00

If there were only a few transactions that needed Vendor ID's like in the above sample report, then you could note the transaction numbers on the far left of the printout (1244 and 1245 in this case) and call them up by accessing the Transactions pull down menu and then selecting Ledger Transactions. Then you could click on the Update button on the top right portion of the screen and access the transactions and enter the vendor ID's for them. (Of course, you could only enter a Vendor ID for the above transactions if both Sam's Cleaning Service and United Realty were setup as 1099 recipients in the Employee/Vendor file. Their "Employee ID's" would be their Vendor ID.) If you had only a few transactions but the dates of the transactions were spread throughout the year, you should set the dates in **General Ledger Transaction Entry** screen to encompass the whole year, using the **Current Period Only** *checkbox*, to make this process quicker.

Let's suppose that you ran the General Ledger and discovered that you didn't have one or two transactions to correct, but you had a large number of transactions that did not have vendor ID's and you needed to add them because the individuals or entities had to be sent 1099's. In this case, doing them one at a time as described above, would be cumbersome, so there is an easy way to remedy this problem.

The first step is to make sure that you have entered each individual or entity in the Employee/Vendor file or the Vendor file so that they have Vendor ID's. (In **Client Write Up System** access **Setup** ↪ **Payroll** ↪ **Employee/Vendor** or in **Computer Checkbook System**.access **Setup** ↪ **Vendors**) Each individual or entity would have to be designated as a 1099 recipient and you should enter their full address so that the 1099 would be complete. It is also very important that you add the **1099 Company Name** in the 1099 Company Name if you are using the Client Write Up System. When you did this, you would want to enter the 1099 Company Name so that it would match how you entered the Transaction Description for that individual or entity during the year. (**Note**: If you have more than a few of these 1099 Company Names to add, you can also do this automatically with the "**Fill in 1099 Co. Names**" button on the "**Add Missing Vendor ID's**" option which is discussed next. You would do this before you added the Missing Vendor ID's.)

Now access the **Utilities** ↪ **Transaction Utilities** ↪ **Add Missing Vendor ID's** option in *Computer Checkbook* or access it from the **Transaction** ↪ **Transactions Utilities** ↪ **Add Missing Vendor ID's** option in the *Client Write Up*. If you have not added the 1099 Company Names to each 1099 recipient manually, you can do so automatically by using the "**Fill in 1099 Co Name**" button on the lower right hand portion of this screen. You should now have all the 1099 recipients setup and they should now have 1099 company names that match the descriptions that you used to enter transactions during the year. You can assign the Missing Vendor ID's by enabling the radio button in front of "Add Vendor ID's" and clicking OK. If the spelling of the vendor name entered on a **General Ledger Transaction** is exactly the same as the name entered in the employee vendor file in Computer Checkbook or in the 1099 Company Name in Client Write Up, the Vendor ID will be added. Hopefully this option will supply all or most of the vendor ID's that you did not have.

After you have run this option you should again run the **Year-To-Date General Ledger** as previously mentioned, and again check the box labeled **Exclude Transactions with Assigned Vendor ID's** and check for any 1099 vendor transactions that are still missing 1099 ID's. If you only had a few transactions that needed Vendor ID's at this point, you could access them with their **Transaction Number** and enter the missing vendor ID's. However, let's suppose that you

still had many transactions that needed Vendor ID's and doing them one at a time would be cumbersome. There is another option that can help you to quickly remedy this problem.

To use this option, in *Computer Checkbook* access **Utilities ↪ Transaction Utilities ↪ Assign Vendor ID to GL Transaction(s)** or in *Client Write Up* access **Transactions ↪ Transactions Utilities ↪ Assign Vendor ID to GL Transactions**.

This will display a screen similar to the one shown below:

First assign the date range to cover the whole year and then enter an account number that will contain all or some of the entities or individuals that need 1099 ID's.   Now go to the upper right corner and check the box labeled, "Exclude Transactions with Vendor ID." Now click on the Find button. This will display the transactions for this account that need to have a vendor ID added. Now enter the first Vendor ID that you wish to enter in the Vendor ID field.   Now just click in each transaction that should have this vendor ID and it will quickly add the vendor ID to that transaction.   You could then enter a different vendor ID and click in the appropriate transactions for that vendor ID. You could repeat this process until you had all the transactions for this account that needed vendor ID's corrected. This option is really fast and once you get used to it, if your situation warrants it, you may want to skip all the other options and steps shown above and just use it.

Once you have corrected all the transactions for a particular account, you could change the account number and repeat the process until you have corrected all the transactions that did not have vendor ID's. As a check, you could rerun your YTD general ledger and pick all the accounts that needed vendor ID's and check your work.

Step 2: Once you are sure that all the 1099 vendor transactions in the General Ledger have 1099 ID's, then access the *W2/1099 Program* and select the **W2 and 1099** ↪ **G/L Transaction to 1099 Transfer**. The following screen will appear:
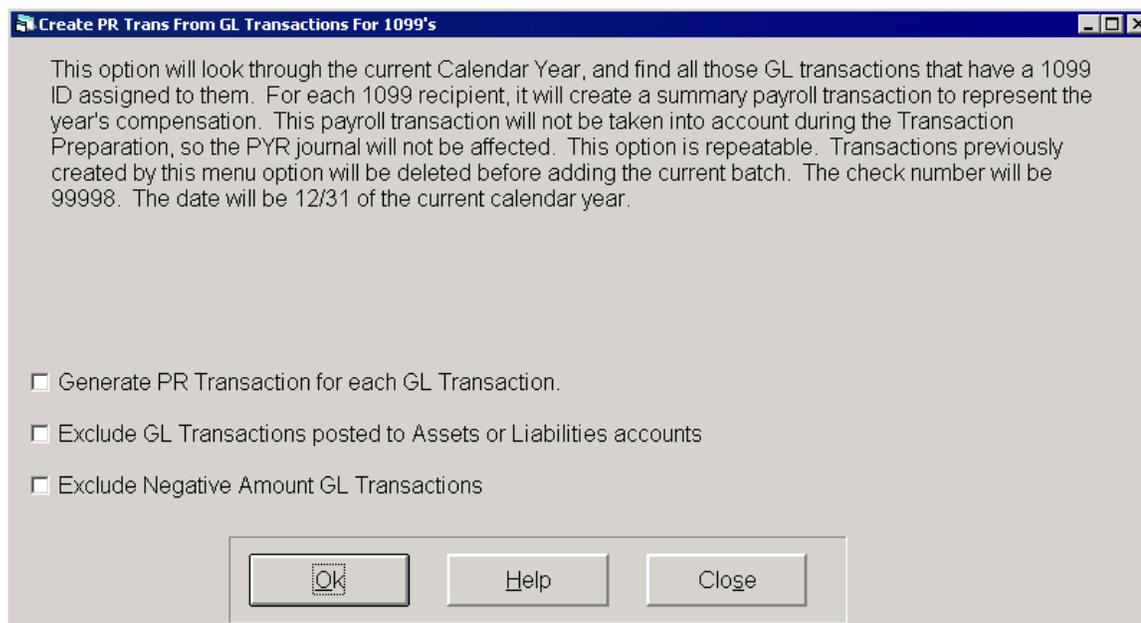
Figure 21: Create Payroll Transactions from GL Transactions for 1099's Screen

The typical use of this option will generate a single PR transactions to represent the entire year's activity. If you have problems verifying your figures for 1099 purposes, you may want to produce a single PR Transaction to represent each GLTransaction. This will make analyzing your figures much easier. There is a checkbox on this screen for this purpose.

Sometimes GL Transactions may have been incorrectly assigned to 1099 Recipients. If the posting account is an asset or liability account, it is very unlikely that these GL Transactions should have been 1099 amounts. There is a checkbox on the screen to exclude those GL Transactions. There is also a checkbox to omit negative transactions in general, which might be helpful in special accounting situations.

Click on **[OK]** button to create the PR Transactions. After creating them, you should verify that your information is correct before printing your 1099's. To help you to do this, you can use **Report** ↪ **File Listings** ↪ **PR Transactions** pull-downs, choosing only the 1099's. Further **sequence** the report by **Employee ID** and make sure that the date range includes the entire calendar year.

In order to avoid having to make any corrections next year, you should use either the **Payroll Entry** or the **Automatic General Ledger Transaction** feature with 1099 ID's if you are entering **General Ledger Transactions** or you should process your *Computer Checkbook* data on the *Client Write-Up System*. No matter which method you select, or even if you combine methods, you should check your 1099 figures each month using the **Payroll Summary Report**. This will insure that your year end processing of 1099's will be smoother.

Detailed Instructions for 1099's

If you did not select the **Adjust Field Positions** option and click the **[Reset All Forms to Original Positions]** button, when you initially loaded the *W2/1099 Program* for 2015 on this workstation, you **must** do so now. See **Step 1: Adjust Field Positions** for detailed instructions. If you have already run this option then skip to **Step 2: Setup 1099 Company Information** starting on page 41.

Step 1: Adjust Field Positions (Required)

The **Adjust Field Positions** option (**W2 and 1099 ↪ Adjust Field Positions**) must be taken by every workstation just once to set your 1099 Copy A default values to the new values for the year. When this option is selected, the following screen will display:
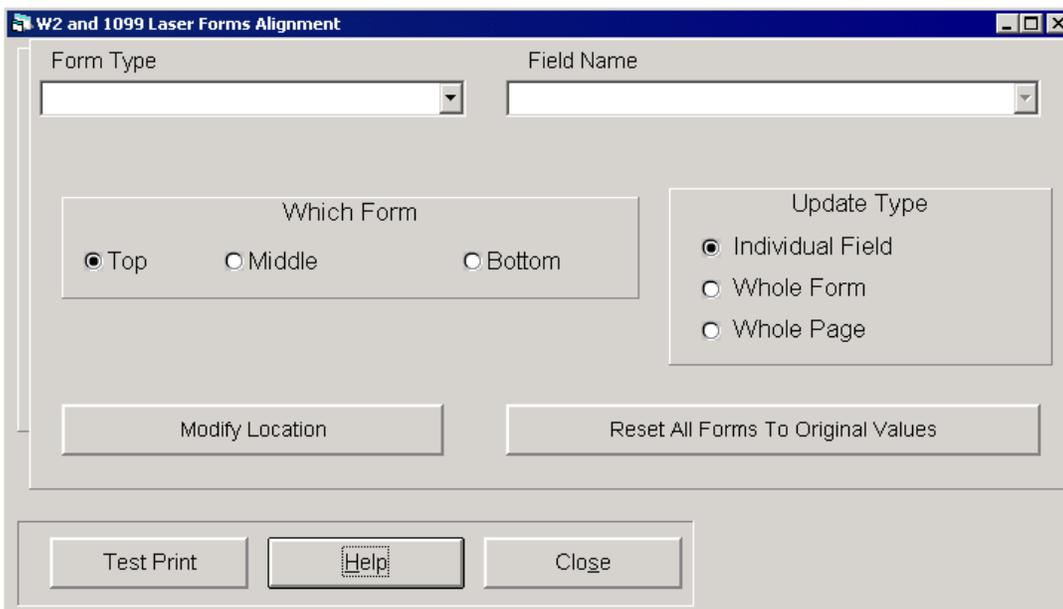
Figure 22: Adjust Field Positions Screen

Note: If you have already processed W2's this year and ran this option as required, you don't have to do it again for 1099's.

This option only has to be run **once per workstation** per year and not for every client. The recommended way to do this is to access the option and click on the **[Reset All Forms to Original Values]** button and then click on the [Close] button. At this point you can check the alignment of any1099 form such as 1099 MISC by selecting it in **Form Type** field and clicking **Test Print**. You could then check your alignment by holding it up to a 1099 form against the light or you could actually print the test pattern on an actual 1099 form.

If you find that your data print positions are not correct for the Copy A's, you will need to fix this. One reason for this would be a printer that is not printing in the standard manner (i.e., minor variations in the laser registration) In order to correct this problem, select the option and choose the appropriate form and field from the drop list and move it. If you have to do this, you must select the form and the box number you wish to adjust.

The choices also allow you to modify a whole form and a whole page if the entire form is not lined up properly. Typically a move would be at least 90 twips or one sixteenth (1/16) of an inch.

Note: There are 1440 twips to an inch.

The most common use of this option other then setting the printer positions for a new year, is to adjust a field location by a small amount to allow for minor variations in the registration of a laser printer as has been discussed. However, there are times when this option can be used in other useful ways. Customers have used this option to print an uncommon 1099 Copy A such as the 1099 OID (Original Issue Discount). They did this by setting their 1099 DIV alignments to conform to the necessary 1099 OID print locations. This allowed them to print **only** the Copy A's. Then they obtained the recipient's copy and the file copy by photocopying the Copy A. Because there is a lot of overhead time in doing something like this, this technique would only be useful if there were a large quantity of an uncommon 1099 form to print.

You are now ready to print the 1099's. Click on the **[Close]** button to return to the **W2 and 1099 Home Screen**.

Step 2: Setup 1099 Company Information (Required)

The **Setup 1099's** option appears below and must be taken to begin the 1099 process. It can be accessed from the W2 and 1099 pull-down menu

Figure 23: 1099 Setup Screen

Correct or enter the **Company's Name and Address**, the **Tax Year**, contact phone, contact name, the **Sequence By** and the **Type of 1099**. The Company Name and Address is originally taken from the **Setup ↪ Company ↪ Payroll Reports/Tax Forms** *tab.*

The Company Name and Address entered here is what will print on the 1099's, so make any desired changes and click **[OK]** to save the changes.

Note: If you ran 1099s last year for this client, a common mistake is not updating the **Tax Year** to the current year.

Exclude If less than - The amount entered in this field will be checked against the amount earned by any 1099 recipient and if they were paid less than this amount they will not get a 1099 created/printed for them. There is an exception to this rule, which is that all amounts for attorneys will be shown with no lower limit as per IRS regulations.

Type of 1099 - Determines what type of 1099's will be created/printed. **Note:** The **Type of 1099** selected will determine what screen appears in the next step to be filled out and printed. So if the **1099 Amt Setup** screen isn't the correct one, return to the **Misc Setup** *tab* and select the desired type of 1099.

When you click on the **1099 Amt Setup** *tab* for a **1099 MISC** type, the following screen will display:

Figure 24: 1099 Amount Setup Screen

Each box shows what *payroll items* will be printed in these boxes. The information in boxes 1 to 15 may be edited/changed to control the amounts that are printed in these boxes. To edit a box, first click on the **Payroll Item** box that you want to edit and then click on the **[List PR Items]** button. A screen similar to the one shown on the next page will appear:

Figure 25: Payroll Item Selection Screen

At this point you could add or delete *payroll item codes* for the various boxes as necessary.

After you are satisfied that the boxes contain the correct/needed *payroll items* with the correct ("+") or (" -") sign in the following box, click the **[OK]** button to <u>**save**</u> your changes.

Note: The most common reason for 1099's not to print the correct figures is that the *payroll items* entered here are incorrect. (ie: missing, in wrong boxes, etc).

Note: Another common mistake is to click the **[Close]** button instead of the **[OK]** button. The **[Close]** button will close the screen and <u>**not save**</u> any changes made to the screen.

It is important to note that you have complete control of what prints on the form. For example, a common question is "**<u>Can I print both rent and non-employee compensation (1099M) 1099's for the same company</u>**". You can do this quite easily. The easiest way to do this is to have two 1099 payroll item codes, one for non-employee compensation and one for rent. Let's suppose that all your 1099 information is currently in 99GR and not broken down. You should first decide which 1099's individuals or company should get rent and change their code from 99GR to RENT. (See special 1099M instructions, which follow this page to do this for **ATTY** and **RENT** codes. You can also change 99GR to other codes using the *Client Write Up* **Setup** pull-down menu then the **Payroll** and **Employee Utility** option, and **Substitute/add Payroll Items**.) Once you have changed their code from 99GR to RENT for their rent payments, then you would place RENT in box 1 on the previous page. Now the 1099 will print the non-employee compensation 1099's in box 7 and the RENT 1099's in box 1. If an individual had both types of payments, you would have to give them two payroll items, a 99GR for the non-employee compensation amount and a RENT for the rent amount. Then their 1099 would print with both types of 1099 amounts.

Again, once you have verified that this screen reflects the *payroll item codes* correctly, you should accept it by clicking on the **[OK]** button. This will return you to the **W2/1099 Home Screen.**

Note: The last 2 tabs labeled **Electronic 1099's** and **Electronic/2** will be discussed in the section entitled, **Filing your 1099's and 1096's Electronically**, beginning on page 83.

1099'S FOR ATTORNEYS AND LANDLORDS

This section covers **Attorneys (ATTY)** and **Landlords (RENT)** who were incorrectly setup using the *Payroll Item* code **99GR.**

To help you position the amounts paid to attorneys (ATTY) and landlords (RENT) into the right boxes (14) and (1) respectively on the **1099M** form, we have created a special utility. (**Utilities ↦ 1099M Utility**)

This utility allows you to easily change the incorrect 99GR *payroll item code* on any 1099M recipient to the correct code **ATTY** or **RENT**. These new codes then can be entered on the **1099 Setup Screen,** insuring that the recipient's earnings will be printed in the right boxes on the 1099M form. Running this option before creating/printing 1099M's will make it possible to do a single 1009M run, with all the earnings in the right boxes with a minimum of effort.

Note: While the system will add the **ATTY** and **RENT** *payroll item codes*. It will not assign account numbers to these items. You will have to assign account numbers manually by selecting **Payroll ↦ Payroll Items** and then selecting **ATTY** and/or **RENT** from the Payroll item list.

To access this utility, click on the **Utilities** pull-down menu and then click on **1099M Utility**. A screen similar to the one shown will appear:
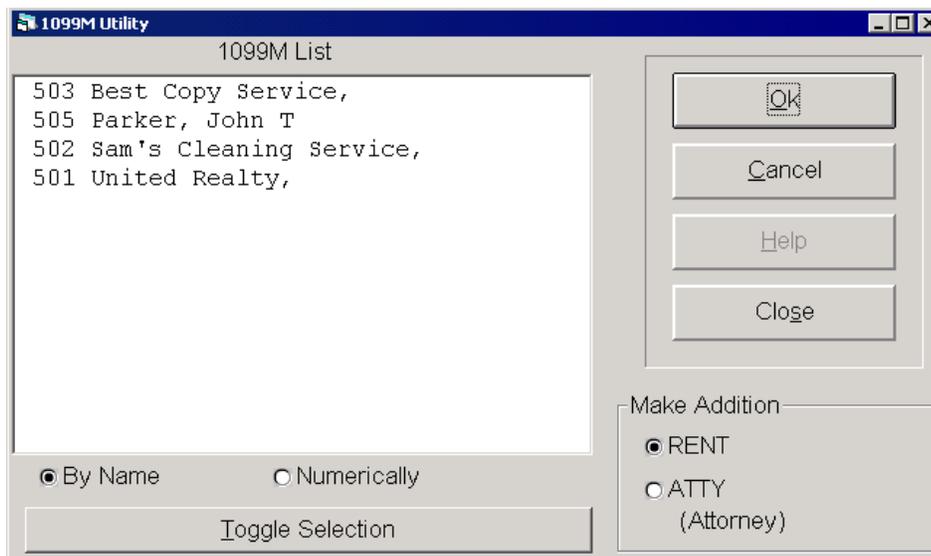
Figure 26: 1099M Utility

The names that appear on the list will be the 1099 recipients that you have setup that meet the following two conditions. (1) The 1099 recipients will have the *payroll item code* 99GR setup as an addition under **Employee File Maintenance** and (2) The 1099 recipient will be designated as a **1099M** employee/vendor.

Let us suppose that two of the individuals/companies shown should have their compensation show in box seven on the 1099 as non-employee compensation. They are Sam's Cleaning Service and Best Copy Service. They are both setup correctly and should be left alone. Now let us suppose that John Parker is an attorney and his compensation should show in box 14 and that United Reality is the name of a landlord that should receive a 1099M with the rent shown in box 1.

The goal is to change the 99GR *payroll item code* of John Parker from 99GR to ATTY and the 99GR *payroll item code* of United Realty from 99GR to RENT. This has to be done in two steps. First highlight John Parker and then click on the **ATTY** *radio button*. The screen will now appear as below:
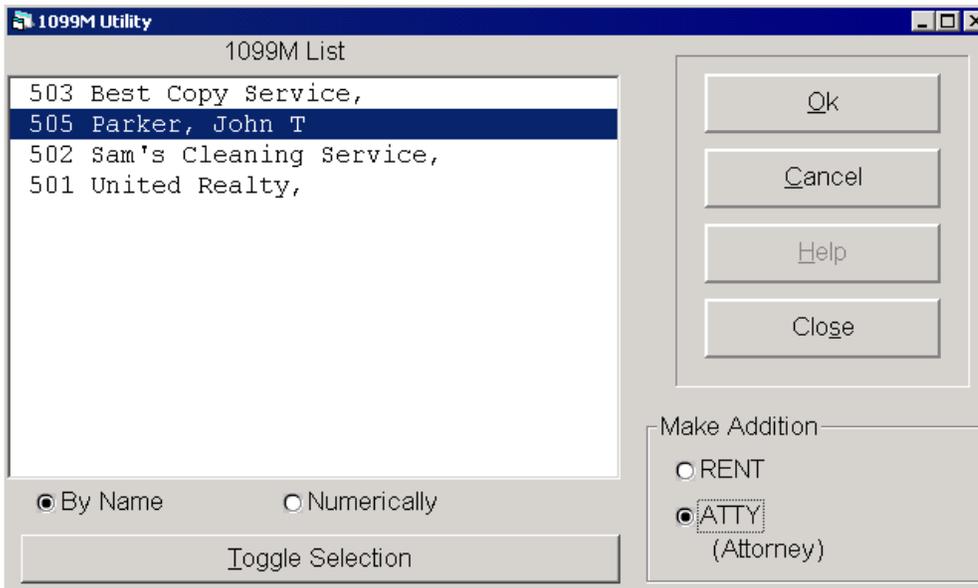
Figure 27: Changing 99GR to ATTY for John Parker

Click on the **[OK]** button and the 99GR *Payroll Item code* setup in **Employee File Maintenance** and all existing payment records for John Parker will be changed from **99GR** to **ATTY**. John Parker will disappear from the list as the list only shows **99GR** employees/vendors.

Next we need to change the 99GR *payroll item code* of United Reality from **99GR** to **RENT**. Click on United Reality to highlight it, then click on the **RENT** *radio button* and the screen should appear as follows:
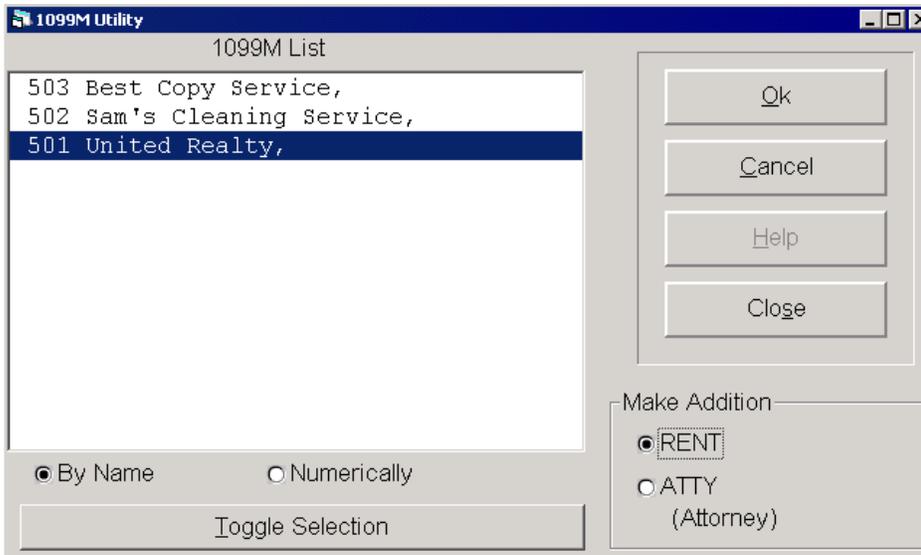
Figure 28: Changing 99GR to Rent for United Reality

Click on the **[OK]** button and this will change the 99GR *payroll item code* from **99GR** to **RENT** in the employee/vendor file and on all the existing payroll records for United Reality. United Reality will also disappear from the list as the list only shows **99GR** employees/vendors. You can now close the utility and your two tasks will be completed.

Step 3: Additional Employee Data

Some W2's and types of 1099's may require additional non-standard information. You must enter this information using the option **W2 and 1099 ↪ Additional Employee Data**. The **W2/Everything Else** *tab* contains special entries for W2's, the **1099M, 1099 DIV/INT,** and **1098** forms. Additional tabs are available for the **1099S, 1099B** and **1099R**. Enter the information on the appropriate tab. The 1099B tab is shown below:
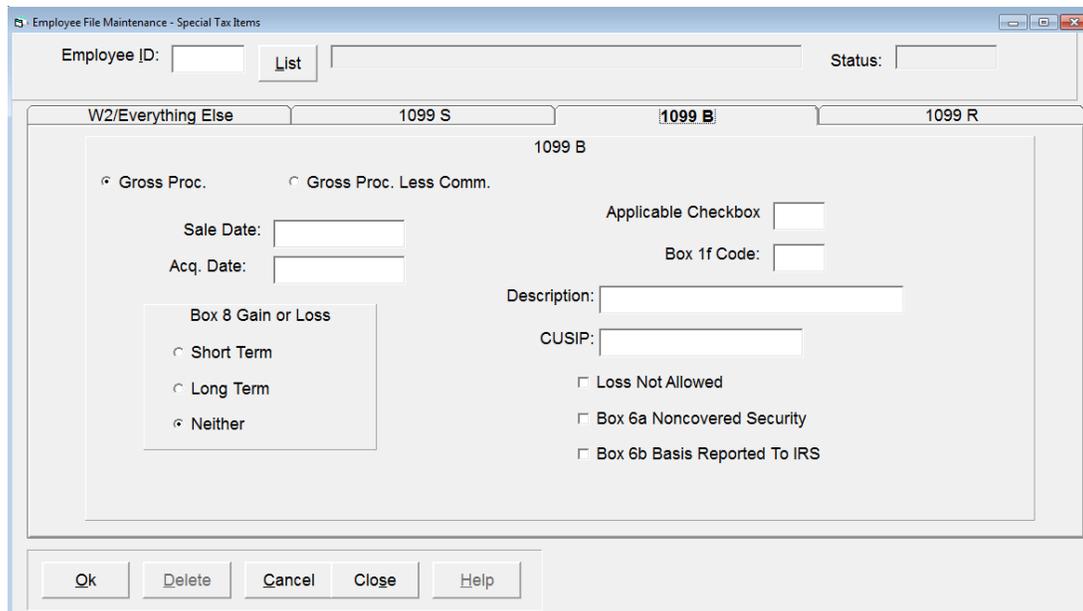
Figure 29: 1099B Additional Information Tab

W2 / 1099 Instructions   **46**

Step 4: Create 1099 Forms (Required)

Select the **Create/Print Tax Forms** option from the **W2 and 1099** pull-down menu or use the **F7** function key. Enable the **Create 1099/1096 Files** *radio button* by clicking on it and the following screen will display:

Figure 30: Create/Print Tax Forms – Create 1099/1096 Files Screen

The 1099 Type option is only for **viewing** purposes. It shows you what type of run you selected on the **W2 and 1099 ↪ Setup 1099** screen. (If the type of run is not correct, return to the **1099 Setup** option and correct it.) You do not need to select a form to print on the right hand side of the screen while creating 1099's, only when you ask the program to print them.

The **Create 1099/1096 Files** takes a short time to run and the above screen will remain displayed. While running the *Windows* pointer will change to an **hourglass** and then back to a pointer when it is finished. (If you selected the **View/Edit on screen while creating** option, you will be able to view and change the 1099 information item by item if desired while the 1099's are being created. This feature may be used to check the accuracy of the forms and insure that all payroll items are being considered and it is also the easiest way to make a change.)

Note: The same general rules apply for creating and printing 1099's as for creating and printing W2's. See the section of printing W2's about these general rules as it will help you and save you time and effort if corrections need to be made to one or just a few of the 1099's. (See the note on the bottom of page 31 and the top of page 32 for a discussion of reprinting one or a few corrected W2's and the W3. The same concept applies to reprinting one or a few corrected 1099's and the 1096 after one 1099 or a few have been changed.)

Step 5: Print 1099 Forms

Once the **Create 1099/1096 files** finishes running select **Print 1099's** and **Copy A** and the screen will look as follows:
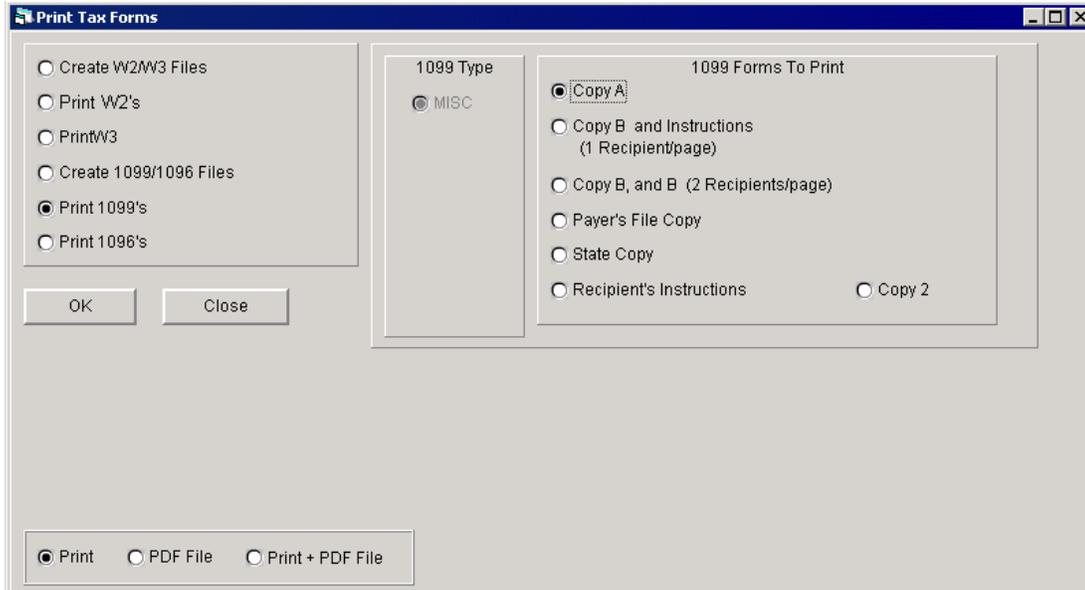
Figure 31: Create/Print Tax Forms – Print 1099's Screen

Click the **[OK]** button and the **Copy A** form will print. Continue to select and print the forms you need until you have printed all the desired 1099 forms.

Next you will select the **Print 1096's** option. When this option is selected the following screen will display allowing you to print the **1096 Copy A** and then the **1096 File Copy**:
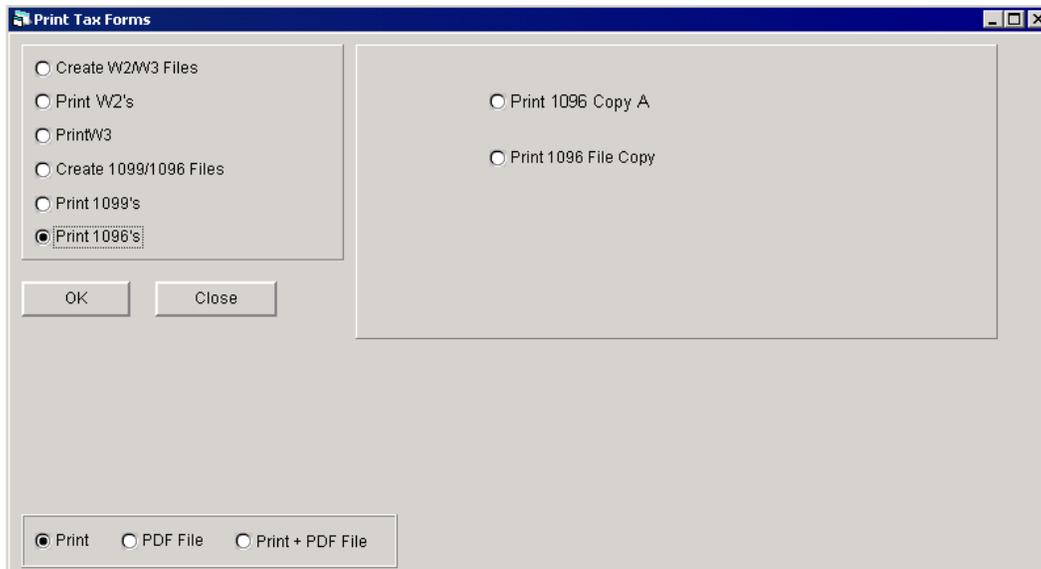
Figure 32: Create/Print Tax Forms 1096's Screen

Printing the 1096's completes the normal 1099 process.

Quick W2 and 1099 Entry

There is often a need to prepare W2's and 1099's for companies that you have not processed on your **Client Write Up System** during the year. For example, suppose a new client just walked in the door and needs W2's and/or 1099's printed. This option is designed to facilitate this task by allowing you to key W2 or 1099 information into a W2 or 1099 screen that looks exactly like a W2 or 1099 form. With this information the system will have what it needs to produce W2's and W3's and 1099's and 1096's. The system **does require** that you set up the client in the *Windows Client Write Up System* but the setup is very limited. (You could also Clone an existing client.)

Note: The information entered using **Quick W2 and 1099 entry** cannot be used to generate **Electronic Filing** information. This option is only intended to be used to print **paper** copies of W2's, W3's, 1099's or 1096's.

This option works very well if you make sure that everything is accurate before you key in the information. If you do notice mistakes while checking the documents, you can change your initial information and reprint the forms.

Overview

In order to use this option, you will have to follow the basic instructions below. **The main thing that you must remember to do is to run the creation step from the Quick entry option and not from the Create/Print forms option**

1. **In the Client Write Up System create a new company if you have not already created a company for this client in processing the previous years' quick W2s or 1099s**. The required setup will be very limited. Employees or 1099 recipients are not entered in setup. (You could also Clone a client.)

2. **Setup W2's and/or 1099's** using the **Setup W2** and **Setup 1099** options that you use for normal W2 and 1099 processing. You will only have to enter very minimal information into these setup screens.

3. **Input W2's and/or 1099's** using the special Quick Input of W2's or 1099's directly into W2 or 1099 look-alike screens. These options are labeled **Input W2's** and **Input 1099's**.

4. **Create W2's and/or 1099's** using the **[Create]** button found on the special Input of W2's or 1099's screen.

5. **Print the W2's and/or 1099's** using the normal print function for W2's or 1099's labeled **Create/Print tax forms**. Remember you **should not** run the create option found on this option.

6. **Print the W3's and/or 1096's** using the same option as in Step 5.

7. You typically would not delete the tax file when you are finished because if you process the same client next year you can just update the year and amounts and not have to re-enter names, addresses and SSNs.

Overview Continued

When you select the **W2 and 1099 menu**, the following sub menu will appear:

W2 and 1099	
Adjust Field Positions	
Setup W2's	F5
Setup 1099's	
Additional Employee Data	
Create/Print Tax Forms	F7
Setup W2 Electronic Filing	
Electronic W2/1099 List And Copy	
940	
943	
944	
Delete Tax File	
GL Transactions To 1099 Transfer	
Tax Client Utility	
Fix State W2 Setup Problems	
Input W2's	
Input 1099's	▶
Modify W3	
Modify 1096	
Edit Single W2 Or 1099	
W2c/W3c	▶
State-Specific W2/W3's	▶
1095 / 1094 (C and B)	▶
W2/1099 Instructions	

Figure 33: W2/1099 Menu Options

The two options labeled **Input W2's** and **Input 1099's** are used for the **quick entry** of W2's and 1099's directly into look alike screens for those forms.

The **Setup W2's** and **Setup 1099's** options and the **Create/Print Tax Forms** option found near the top of this sub menu are also used to complete the necessary processing.

W2 / 1099 Instructions   **50**

Detailed Instructions for Quick W2's

Step 1: Setup a New Company

Important Note: Before you setup a new company, make sure that you did not process this company last year for W2's or 1099's. If you did process them last year, the client should already be setup on the system. If you find the client on the system you should skip this Setup the New Company step and proceed to step 2 entitled **Access the W2 and 1099 Program** located on the next page.

The easiest way to setup a new company is to **clone** an existing company (**File ↪ Copy ↪ Clone Client**) that has payroll and make sure that the *checkbox* labeled **Remove all the employees/tax jurisdictions** is checked. Then access the new company and select **Setup ↪ Company** and change the company name also then enter the company name and address in the **Company Payroll Reports/Tax Forms** *tab.* Next access **Setup ↪ Payroll ↪ Payroll Setup** and enter the **Federal ID**. Finally access **Setup ↪ Payroll ↪ State** and enter the **State ID**. If there are local taxes that must be reported on the W2, access **Setup ↪ Payroll ↪ Localities** and enter any needed local id's.

If you do not have a client that you can clone, you can set one up for cloning using the following steps.

1. In the *Client Write Up System,* create a new company using the **Create a New Client Icon**.

2. Assign a **Current Fiscal Year** to that client, using the **Setup ↪ Date ↪ Enter Change Fiscal Year** option. It is easiest to use one period for the number of reporting periods.

3. Assign a processing period within that year, using the **Setup ↪ Date ↪ Current Reporting Period** option. (The specific dates that you select in these options really do not matter to the processing. A logical date to use would be 12/31/xx where xx is the year for which you are processing W2's and 1099's.

   If you have used one period assign that period as the current period. If you have used multiple periods assign the year ending period.

4. You also have to enter or copy a simple Chart of Accounts using the **Setup ↪ Account ↪ Chart of Accounts** option (to enter a chart) or **Copy Chart from Another Client** (to copy a chart from an existing client). As a minimum you need a **Cash Account**, **Retained Earnings Account**, **Profit and Loss Account**, the **State**, **Local** and **Federal Taxes Liability Accounts** and a **Salary Account**. All of the accounts you enter should be level 5's. You do not need to enter any totaling accounts like Assets, Liabilities, etc. (The account numbers you select in the chart of accounts are only used to allow a company to be setup without encountering errors so the account numbers you pick really do not matter.) You do not need to enter any initial balances.

5. You will need to enter the Company's name using the **Setup** ↪ **Company** option. Also enter the Company's name and address on the Payroll Reports/Tax Forms tab, because if you do, this information will carry forward to the **W2 and 1099 Setup Screens**. Before you hit the **OK** button, you will also need to enter the **Retained Earnings** and **Profit And Loss** account using the Options tab.

6. You will need to select the **Payroll Setup** option using the **Setup** ↪ **Payroll** ↪ **Payroll Setup** option. The only item you must enter is the **Federal ID.**

7. You also need to enter any state using the **Setup** ↪ **Payroll** ↪ **State** option. When you enter the state, enter the income tax ID as it is used on the W2. You must also enter the state salary and liability accounts. These accounts must be the same ones that you setup in the chart of accounts. It is not necessary to enter any locality information on the setup screen since the locality name, if any, must be entered on each particular Quick W2.

Step 2: Access the W2 and 1099 Program

To access the **W2 and 1099 Program** from the *Client Write Up System* go to **Reports** ↪ **Payroll Reporting** ↪ **W2 and 1099.** If you are unable to do this on the workstation, refer to the authorization instructions detailed at the beginning of this manual, on page 4.

Select the second option on the **W2 and 1099** pull-down menu entitled **Setup W2's**. (1099's are accomplished using the same basic sequence of steps that are shown below except the 1099 options and screens are used instead of the W2 options and screens. Quick 1099s are discussed in detail beginning on page 55.) After you select **Setup W2's,** the following screen will appear:

Figure 34: W2 Setup – Required Choices Screen

The **Required Choices** *tab* is only used for the **Company's Name, Company Address, Tax Year**, **Type of W3** and the type of presentation you desire on Quick W2's. (Note: The Company name should carry forward from the **Company Payroll Reports/Tax Forms** *tab* (**Setup** ↪ **Company**) if you entered it. You should select **None** for the FICA Medicare recalculations as this answer is not used with this option. **You should not do anything with the State, Local, or W2 Amt Boxes. Filling in any of the information on those tabs is a waste of time since none of it is used with the quick entry option**. However you should fill in the **W3** contact information located on the **MISC** *tab*, as this information is used on the W3. When you have entered the information on this screen, click the **[OK]** button. You will get another screen entitled, **Fix State Setup Problems for W2's**. This option does not apply to the **Quick W2's Option** so just click the **[Close]** button to bypass it.

Step 3: Enter the Quick W2's

From the **W2 and 1099** pull-down option select the **Input W2's** sub-option.

Figure 35: Quick W2 Entry Screen

If you processed **Quick W2's** for this client last year then you can call up existing employees using their numbers and update their amounts for this year. You can also delete employees that worked last year but did not work this year. If this is the first year that you are processing this client with **Quick W2s**, enter a starting number (usually 1) and press **[Enter]**.

You will notice that there are only two boxes for the employee's name, as this is how the W2 is setup. The first box on a W2 includes the first name and middle initial, so enter it that way on this screen.

Enter the W2 for an individual exactly as you wish it to appear on the W2. Whatever you enter here is what will print. This program is acting like a typewriter. It does not attempt to check or change any values. It does try to make your job a little easier by duplicating your box 1 entry in box 3 and 5 and also calculating the correct Social Security and Medicare amounts based on the box 1 value. If these automatically calculated numbers are not correct, you must change them. When you finish an individual's information, click on the **[OK]** button to save the information.

Step 4: Continue to Enter Individual Information until Everyone Is Entered

Remember to click the **[OK]** button after entering each individual to accept the information. If you want to check your work or change some information, you can return to any individual by entering their Employee Number in the **Emp #** Field and pressing **[Enter]** or by selecting them off the list using the **[List]** button located next to the **Emp #** field.

Step 5: Create the W2's

When you have finished entering the last individual's information, click the **[OK]** button and then click the **[Create W2's]** button on this screen. This is the key step. **The W2's entered here must be created from this screen**, not with the create W2/W3 files *radio button* found on the Create/Print Tax Forms option, which is used for normally processed W2's. Once you have completed this step, you will be returned to the **W2 and 1099 Home Screen**.

Step 6: Print the W2's

Select the **Create/ Print Tax Forms** option from the **W2 and 1099** pull-down menu. As mentioned above, **DO NOT CHOOSE TO CREATE W2'S** from this option. If you do this, you will **erase** the W2 print file that you just created in the prior step, and you will have to return to the Input W2's option to create it again. All you have to do on the **Create/Print Tax Forms** option is to select **Print W2's** and print the W2's that you need.

Step 7: Print the W3's

Print the W3's that you need using the same steps that you used in **Step 6**, except this time select **Print W3** instead of Print W2.

Step 8: Delete the Tax Files

You will normally want to save the file that you just entered for next year so that you would not have to re-enter names and addresses for W2 recipients next year. Saving the file also makes it much easier if there is an error in the W2's and you have to redo them.

If you are sure that you will not be preparing this file again you could delete it using the **Delete Tax Files** option on the W2 and 1099 pull-down menu.

Detailed Instructions for Quick 1099's

Step 1: Setup the New Company

Important Note: Before you setup a new company, make sure that you did not process this company last year for W2's or 1099's. If you did process them last year, the client should already be setup on the system. If you find the client on the system you should skip this Setup the New Company step and proceed to the next page to step 2 entitled **Access the W2 and 1099 Program**.

As discussed in detail on page 51, the easiest way to setup a company is to **Clone** an existing one. Use the instructions located on page 51 to do this, if you have existing **Quick W2** clients. If you do not have a client that you can clone, you can set one up for cloning using the following steps.

1. In the *Client Write Up System, c*reate a new company using the **Create a New Client Icon**.

2. Assign a **Current Fiscal Year** to that client, using the **Setup** pull-down menu then **Date ↪ Enter Change Fiscal Year**.

3. Assign a processing period within that year, using the **Setup** pull-down menu then **Date ↪ Current Reporting Period**. (The specific dates that you select in these options really do not matter to the processing. A logical date to use would be 12/31/xx where xx is the year for which you are processing W2's and 1099's.

    Probably the easiest way to handle the periods is to make it one period for the whole year. Then assign that one period as the current reporting period.

4. You also have to enter or copy a simple chart of accounts using the **Setup** pull-down menu then **Account** and **Chart of Accounts** (to enter a chart) or **Copy Chart from Another Client** (to copy a chart from an existing client). As a minimum you need a <u>**Cash Account**</u>, <u>**Retained Earnings Account**</u>, <u>**Profit and Loss Account**</u>, the <u>**State**</u>, **Local** and <u>**Federal Taxes Liability Accounts**</u> and a <u>**Salary Account**</u>. All of the accounts you enter should be level 5's. You do not need to enter any totaling accounts like Assets, Liabilities, etc. (The account numbers you select in the chart of accounts are only used to allow a company to be setup without encountering errors so the account numbers you pick really do not matter.) You do not need to enter any initial balances.

5. You will need to enter the Company's name using the **Setup** pull-down menu then **Company**. When you enter the company name, you will need to enter the **Retained Earnings** and **Profit And Loss** account that you setup in your chart of accounts. You should also enter the Company's name and address in the **Company Payroll Reports/Tax Forms tab,** because if you do, this information will carry forward to the **W2 and 1099 Setup Screens**.

6. You will need to select the **Payroll Setup** option using the **Setup** pull-down menu then **Payroll** and **Payroll Setup**. The only item you must enter is the <u>**Federal ID.**</u>

7. You also need to enter any state that you will be using with the **Setup** pull-down menu then **Payroll** and **State**. When you enter the state, you will be asked for the state salary and liability accounts. These accounts must be the same ones that you setup in the chart of accounts.

Step 2: Access the W2 and 1099 menu

From the **W2 and 1099** pull-down menu select **Setup 1099's**. After you select **Setup 1099's**, the following screen will appear:

Figure 36: 1099 Setup – Misc Setup Screen

The **Misc Setup** *tab* is used for the **Company's Name** and **Address, Tax Year**, and **Type of 1099** you want to print. Click the **[OK]** button when you have finished entering the information. (Note that the company name will appear here if it was setup with the **Setup ↪ Company ↪ Payroll Reports/Tax Forms** *tab*. However if you change the company name on this screen, the changed name will be used for any subsequent 1099 processing for this company.

Note: The **Type of 1099** selected will determine what screen appears in the next step to be filled out and printed. So if the **Input 1099** screen isn't the correct one, come back to this screen and select the desired type of 1099.

Step 3: Enter 1099 Information

Enter the 1099 information by selecting **W2 and 1099 ↪ Input 1099's**. Then you will be further prompted to select either the 1099 Misc, Int, Div or R option or the 1099 B, S or 1098 option. Select the same form you selected in Step 2 and the correct screen for that form will appear: If you setup and select 1099Misc, the following screen will appear:
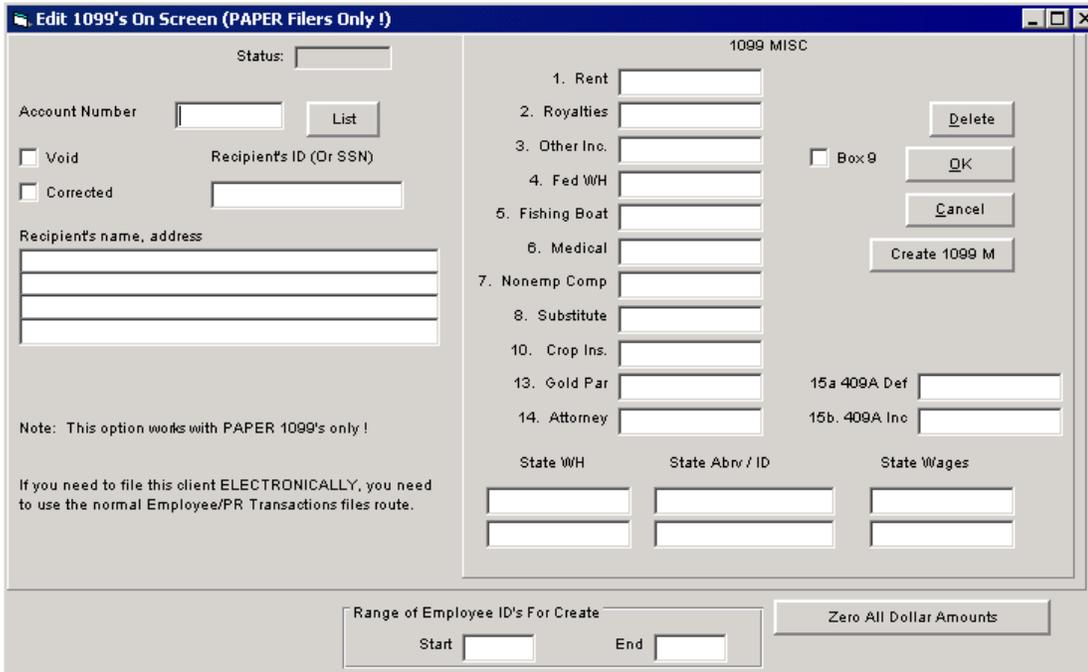
Figure 37: 1099 Entry Screen

Make sure you have the correct 1099 entry screen before you start entering information. You can determine the type currently selected by looking at the 1099 type that is displayed on the upper right portion of the screen. If the type is incorrect go back to the **W2 and 1099 ↦ Setup 1099** option and select the correct **Type of 1099**.

If you processed **Quick 1099's** for this client last year then you can call up existing recipients using last year numbers and update their amounts for this year. You can also delete recipients that worked last year but did not work this year. If this is the first year that you are processing this client with **Quick 1099's**, enter a starting number and press **[Enter]**. (Normally you would just enter the first recipient as number 1, the second recipient as number 2, etc) Now enter the 1099 for a recipient exactly as you wish it to appear on the 1099.

Whatever you enter here is what will print. In general, this program acts like a typewriter. It does not attempt to check or change any values. When you finish entering a recipient's information, click the **[OK]** button to save the information.

Continue to enter individual information clicking the **[OK]** button until all recipients are entered. If you want to check your work or change some information, you can return to any recipient by entering their Recipient Number in the **Account #** Field and pressing **[Enter]** or by clicking on the **[List]** button next the Account # field and selecting them from the list.

When you have finished entering the last recipient's information, click the **[OK]** button and then click on the **[Create 1099's]** button. This is the key step. **The 1099's entered here must be created from this screen, not with the create 1099/1096 radio button found on the Create/Print Tax Forms option, which is used for normally processed 1099's**. Once you have completed this step, you will be returned to the **W2 and 1099 Home Screen**.

Step 4: Print the 1099s

Select the **Create/Print Tax Forms** option from the **W2 and 1099** pull-down menu. As mentioned above, **<u>DO NOT CHOOSE TO CREATE 1099/1096 Files</u>** from this option. If you do this, you will **<u>erase</u>** the 1099 print file that you just created in the prior step, and you will have return to the Input 1099's screen and create them again from that screen. All you have to do on the **Create/Print Tax Forms** option is to select **Print 1099's** and print the 1099's that you need.

Step 5: Print the 1096

Print the 1096's using the same **Create/Print Tax Forms** option that you used to print the 1099's in step 4 above. Only this time select **Print 1096's** instead of Print 1099's.

Step 6: Delete Tax File if Desired

You will normally want to save the file that you just entered for next year so that you will not have to re-enter names and addresses for recipients who will receive 1099's next year. Saving the file also makes it much easier if there is an error in the 1099's and you have to redo them. If you are sure that you will not be preparing this file again you could delete it using the **Delete Tax Files** option on the W2/1099 pull-down menu.

]

Alignment Rules for Black Scannable Tax Forms

Alignment Rules for Black Scannable W2/W3 Copy A

PC Software Accounting was approved by the Social Security Administration, as a software provider for Blank Scannable W2's and W3's the first year this program was announced. Since that time, the great majority of our customers have been producing their W2 and W3 Copy A's on plain paper. To date, we have not received any reports from our customers or the *IRS* that any forms produced by our system have been rejected.

The black W3/W3 copy A's that are produced by PC Software are now exact copies of .PDF files provided to us by the SSA. The location on the page is not adjustable.

The positioning of these .PDF files should be perfectly acceptable in 99.99%+ of the cases. It is possible that the registration of a given printer may be far enough off that the poor alignment may cause the W2/W3 forms to be rejected. Although this has never happened, it is possible.

Just to be sure that your printing is acceptable, you should check each workstation/printer combination that will be used to produce black copy A W2/W3's. Print sample black copy W2's and W3's and make sure that the positioning of the black forms provides ½ inch margins on the left and right sides and also on the top margin. If there is a significant enough difference to prevent proper scanning (usually more than 1/8 inch) then the forms should be either printed as red forms or be printed on a different printer.

There is a provision for repositioning the names and addresses of the recipients' copy so that these names and addresses fit into the windows of the envelopes better. You can do this in the Adjust Field Positions option, found on the W2 and 1099 pull-down menu and described on page 16 of this document. You should select Black Copy from the Form Type pull-down. When you select this, you will gain access to all the available adjustments to the black forms, such as

All W2 Employees' copies
All 1099 Recipients' Copies
All W2/1099 Payer's and Payees' Names and Addresses

Edit Existing Tax Files (Correcting already prepared (modify W3, 1096 or Edit W2/1099) and/or already submitted forms (W2c, W3c)

There are several options that can be very helpful to you when processing your W2's and 1099's. These options allow you to make corrections to individual forms, the W3, or 1096 forms without having to go through the whole create/print process again. These options are **only** for **paper** filers. **Electronic** filers will need to take the **Create W2/W3 Files** or **Create 1099/1096 Files** again in order to fix errors. Also clients that were entered with the **Quick W2** and/or **Quick 1099 e**ntry can not be changed with these options. You will find these options on the **W2 and 1099** pull-down menu.

W2 and 1099	
Adjust Field Positions	
Setup W2's	F5
Setup 1099's	
Additional Employee Data	
Create/Print Tax Forms	F7
Setup W2 Electronic Filing	
Electronic W2/1099 List And Copy	
940	
943	
944	
Delete Tax File	
GL Transactions To 1099 Transfer	
Tax Client Utility	
Fix State W2 Setup Problems	
Input W2's	
Input 1099's	▶
Modify W3	
Modify 1096	
Edit Single W2 Or 1099	
W2c/W3c	▶
State-Specific W2/W3's	▶
1095 / 1094 (C and B)	▶
W2/1099 Instructions	

Figure 38: Edit Existing Forms

Modify W3 and **Modify 1096** - These options are the only way to directly modify the W3 or the 1096. After making changes, you can immediately reprint either of these tax forms. **Do Not** take the option **Create** again after you have changed these forms, because that would **overwrite any changes you just made.** Instead of that just choose to print the W3 or 1096 form again with the normal print option.

Edit Single W2 or 1099 - This option allows you to change the information for an employee or a 1099 recipient. The screen is the same one used by **View/Edit on the screen** during the **Create W2's** or **Create 1099's** option. The major reason you would use this option is to save time and effort if you had changed numerous forms during the original creation and now need to change just one or two. If you recreate the forms you will have to re-enter all the changes again. Whereas, with this option you can directly access just the individual or individuals that need to be changed, leaving all the other forms alone, thus preserving your previous changes.

Note: Any dollar changes made to a W2 or 1099 will automatically result in changes in the corresponding totals on the W3 or 1096.

W2c/W3c - This option allows you to create **correction W2** and **W3'**s forms. Once again this option is only valid for **paper** W2's and W3's. You should also be aware that this option requires the **red scannable** W2c's and W3c's. What this option really provides is a "forgiving" typewriter that captures the information for the W2c's and W3c's. When you select this option the following sub menu will appear.

W2c/W3c ▶	Input W2c
	Input W3c
	Print W2c/W3c

Figure 39: W2c/W3c Menu Options

Select **Input W2c** and the following screen will appear.
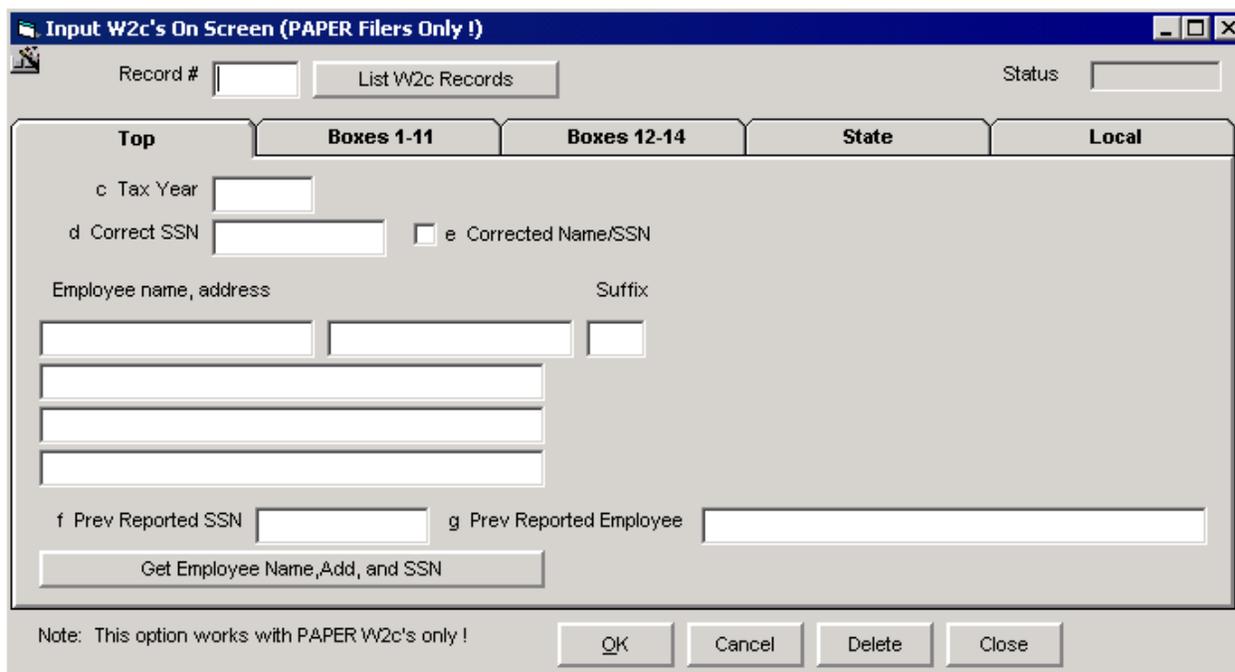
Figure 40: Input W2c Entry Screen

This screen allows you to correct the employee's name and *Social Security Number.* There are four more *tabs* that allow you to correct any of the remaining fields on the W2c.

When you have completed all your corrections, on all the tabs for a W2c, click the **[OK]** button to save your changes and then you can enter another W2c in the same way, until you have finished them all.

The next step is to print the W2c's. When you do this, not only will the W2c's print, but the program will also accumulate the appropriate totals for the W3c. To do this, select **Print W2c/W3c** and the following screen will appear.
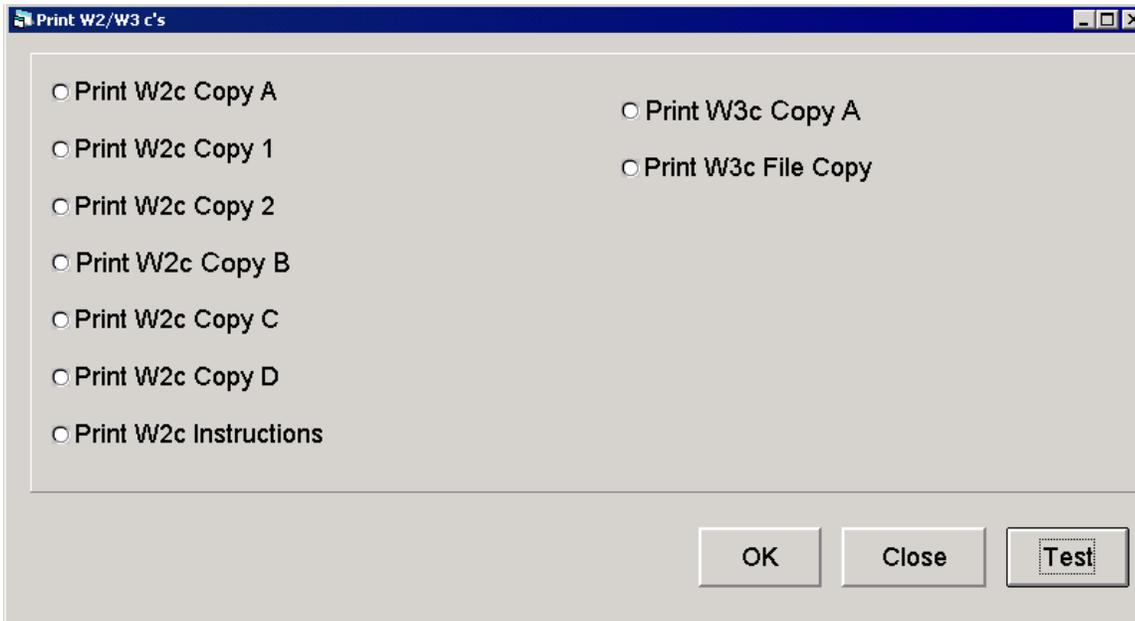
Figure 41: Print W2c/W3c Screen

Print the W2c's as desired. You have to select each different **copy** one at a time.

The next step is to make any changes to the W3c that are needed. The totals from the W2c will already be in boxes 1-11 and 12. Select **Input W3c** and the following screen will appear.
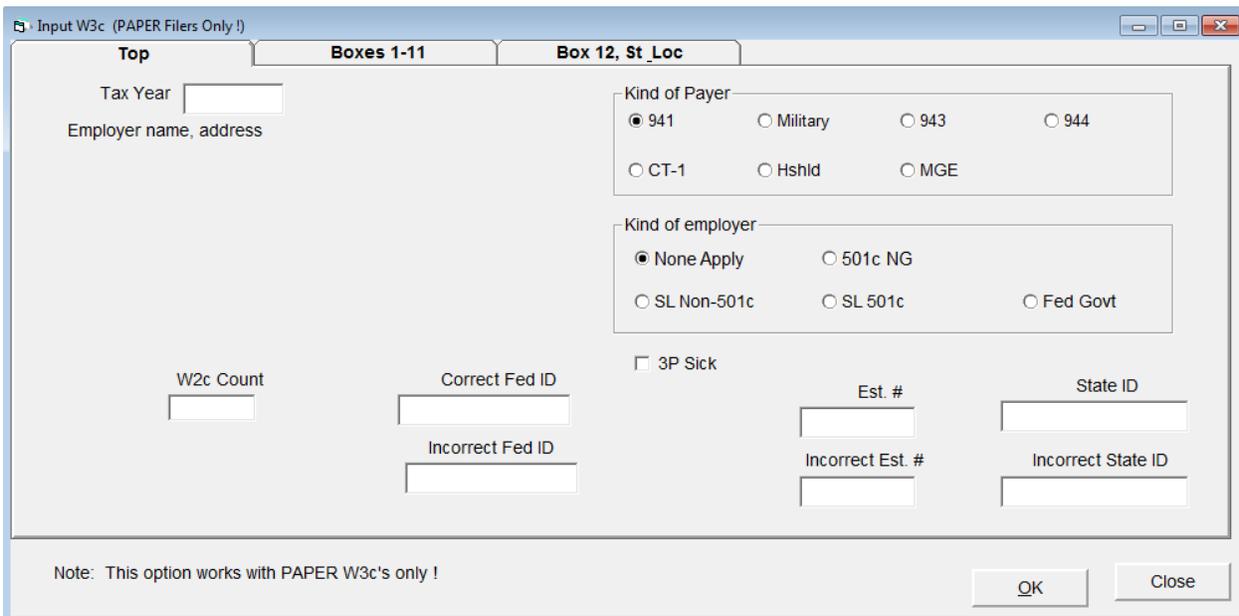
Figure 42: Input W3c Entry Screen

The first *tab* allows you to correct the **Federal ID, State ID** or establishment number. There are two other *tabs* that allow you to correct any of the remaining fields on the W3c.

When you have completed all corrections or additions, click on the **[OK]** button to save your changes. The next step would be to print the W3c using the **Print W2c/W3c** option.

Select the W3c <u>copy</u> you wish to print and click the **[OK]** button to print the corrected form.

943/944/940 Overview

These three options are accessed from the W2 and 1099 pull down menu. They are designed to allow you to check, change or enter year-to-date payroll information for the client and then produce the appropriate form on plain paper. When you select the option for any of these forms, you will access a series of screens that allow you to check, change or enter the information for that particular form using displays that show the same information as the form. If you have entered the payroll information for this client with either the *Client Write Up* or the *Computer Checkbook* System, and the information is appropriate to the form you have selected, then the information from the payroll checks will be on the form when you display the screens for that form. If you have not entered payroll information for this client during the year, you can still fill out any of these forms for a client by entering the correct year-to-date payroll information into a particular form. The reason that the 943, the 944 and the 940 are on the W2 and 1099 menu rather than on the Client Write Up or Computer Checkbook menus is that they are annual forms not quarterly forms.

Form 943

When the 943 form is accessed from the **W2 and 1099** pull-down menu the following screen will appear:
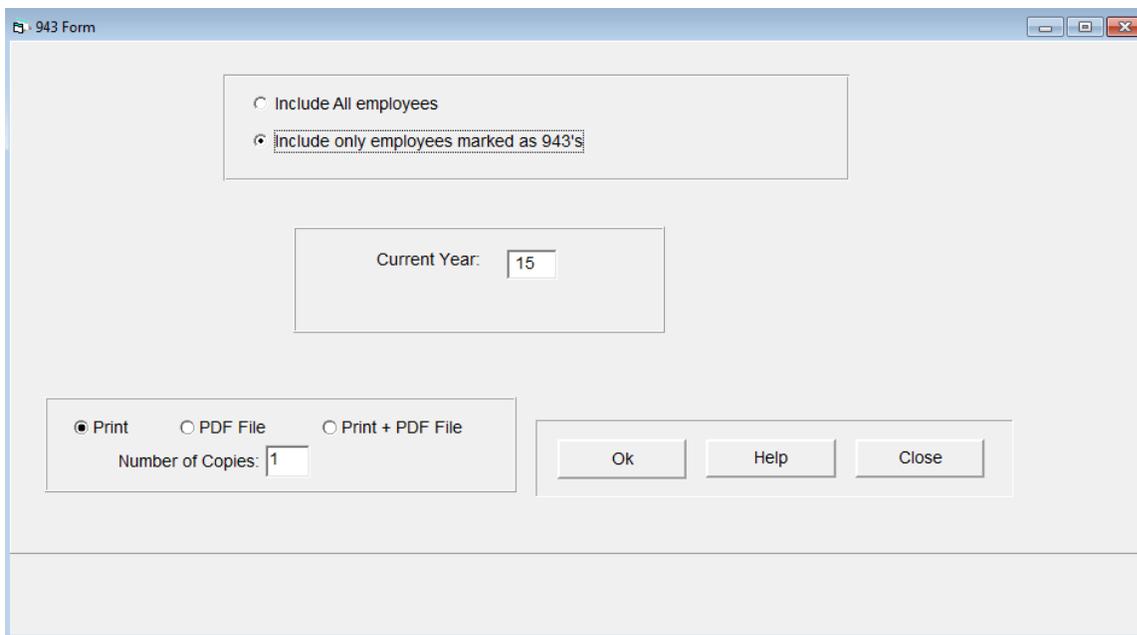
Figure 43: 943 Entry screen

This screen allows you to make your print choices and designate the year of the form that you are producing. Note that there is a choice that allows you to include all employees in the client file on the 943 form. Normally you would only include employees that are marked with the 943 code on their employee master record. However, in order to save you time and effort, this button is provided to allow you to temporarily mark all employees as 943 employees if that is the case for this client and you have neglected to correctly mark them when you first set the employees up. If you do click that button all employees in the client file will be shown as 943 employees for this form, so make sure that is what you want if you click this button. When you have entered the screen for this client, click the **[OK]** button and the following screen will display:

Figure 44: 943 Name/Address tab

The company information will appear on this screen if you have entered the company information under **Setup** ↪ **Company** ↪ **Payroll Reports/Tax Forms** *tab*. (If you used the 943 form last year, the last year's 943 information will appear. If you did not enter the Payroll Reports information on the Payroll Reports/Tax Forms tab, you may go back and enter it at this time and then return to this screen, or just enter the necessary payroll information on this screen.

You may have to change some of the company information after it appears on the 943 form screen depending on the particulars of the company address, i.e. number of lines etc. You might also have to check the Address Different or Final Return boxes for some particular clients depending on their situations.

You can also enter an IRS "3rd Party Designee" on this screen.. There are three other tabs of information that are needed to complete the 943 form, the **Wages, Tax** *tab,* the **Liabilities** *tab,* and the **Paid Preparer** *tab.* The **Wages, Tax** *tab* screen is shown on the next page:

Figure 46: 943 Wages, Tax tab

If you have entered payroll information for 943 employees during this year and they were designated as 943 individuals in **Employee File Maintenance**, then the accumulated totals of all their payroll information will show on this screen. Check the **Total Deposits** figure in box 12 and make any changes that are needed. Also check the fields in boxes 13a and 13b if you have **COBRA** for this client. Once you have entered the information on this screen click on the **Liabilities** *tab* and check or enter the liability information. (Note the fields that are shaded are calculated fields and cannot be entered.)

If you have not processed payroll for this client this year, enter the Wages and Tax information from your records. When you have done this, the balance due will show on line 15. Make sure you enter the deposit amount on line 12. When you are satisfied with the figures shown, click on the **Liabilities** *tab* and correct or enter the liability information.

If you need to enter a paid preparer, you may enter the paid preparer information on the **Paid Preparer** *tab*. After you have finished checking or making changes to the information on all four tabs and are satisfied with the information click the **[OK]** button to print your form 943. Make sure to check the printed form.

Form 944

The 944 form is used to process clients who had relatively small payrolls. When this option is selected the screen will appear as shown below:
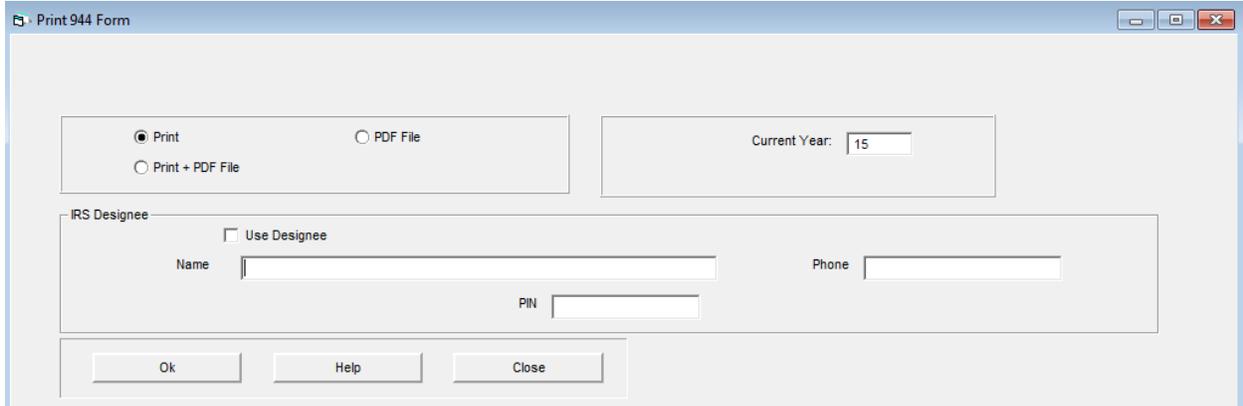
Figure 47: Print 944 screen

Make your print choice. Making sure that you have the correct **Current Year** and have entered an IRS designee if desired. Click the **[OK]** button and the following screen will appear:
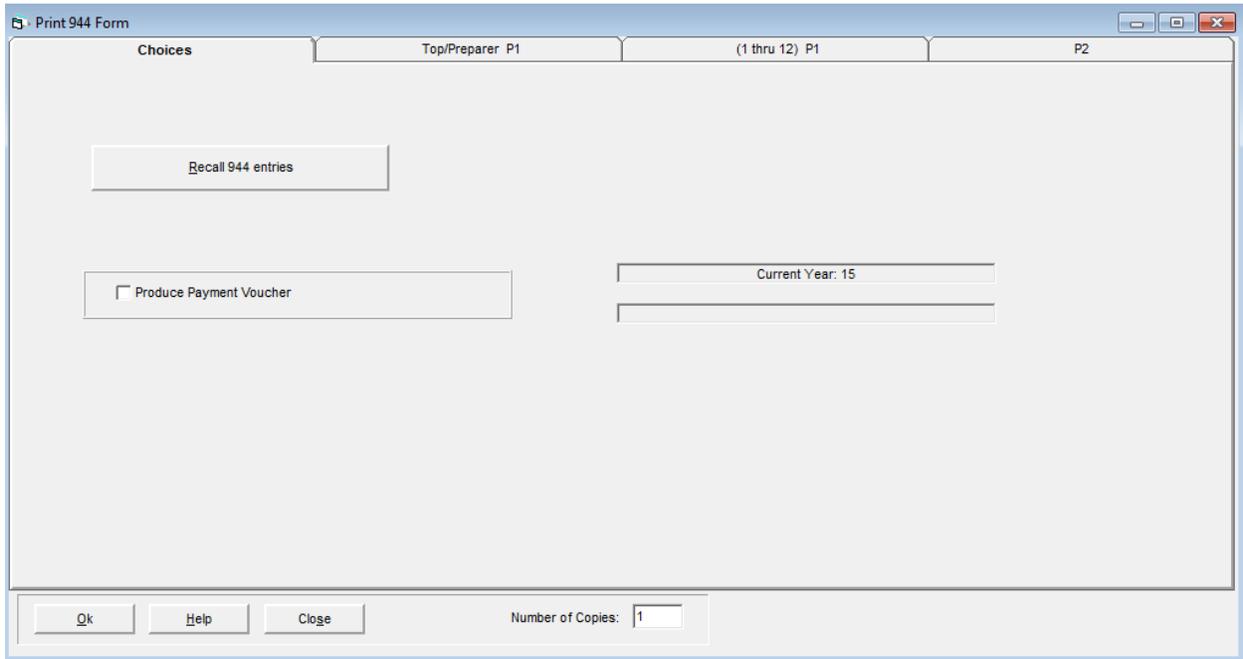
Figure 48: 944 Choices tab

Check the **Produce Payment Voucher** *checkbox* if you want the system to produce a payment voucher. You can also recall a previously entered 944. When you have completed this screen click on the **Top/Preparer** *tab* and the screen shown on the next page will display:

Figure 49: 944 Top/Preparer tab

The 944 form has a different format than the standard payroll forms and therefore some of the company or preparer information may not transfer correctly from the information that you entered under the **Setup ↪ Company ↪ Payroll Reports/Tax Forms** *tab*, for the company and **Setup ↪ Payroll ↪ Payroll Setup ↪ Unemployment Page 1** *tab, for the preparer*. Enter or change any company or preparer information that did not transfer correctly. When you are satisfied with the entries on this screen, click on the **(1 thru 12) P1** *tab* and a screen similar to the following screen will display:

Figure 50: 944 (1 thru 12) P1 tab

If you have entered payroll information for this client in either *Client Write Up* or *Computer Checkbook* for this year, the accumulated totals for those figures will appear on this screen. You should check and change any figures as necessary. If you have not processed payroll for this client for this year, you may still enter the correct wages and W/H figures in boxes, 1,2 and 4a through 4c. The form will compute necessary totals such as that shown in box 4d. Calculated boxes will be shaded and you can not enter them directly. You can only change them by changing the fields that make them up. **Box 6** is a "calculated box" used to reflect the difference between the total taxes before adjustments and the liabilities which are shown on tab **P2**. The 944 instructions ask you to enter various fields such as fractions and sick pay adjustments into this field. You will not be able to make those entries directly into box 6, but box 6 will reflect the difference between the taxes on line 5 and the liabilities shown on tab P2, which is necessary for the form to be correct. If box 6 does not reflect items like sick pay correctly, you would make corrections to the liabilities on the **P2** tab, until box 6 shows correctly. You may access tab **P2** to enter liabilities and return to this tab as necessary until you are sure that your balance due shown in box 11 is correct. Make sure to enter the total deposits that have been made in line 8. The liability entry screen that you might have to adjust is shown below.

Figure 51: 944 P2 tab

Now you will have to enter the liability by month in the boxes provided, if the figures were not entered from the system. Notice that the **Fractions** box aids you in accounting for the total liability. You should end up with a fractions amount of zero or a very small amount. Fill in the remainder of the screen and when you are satisfied with the information, click on the **[OK]** button to print the 944 form. **Note:** If the liability remaining is greater than $2500 you will receive a message. Usually this means you have neglected to enter your deposit amounts on line 8 of the (1 thru 12) P1 tab.

Form 940

When you select the 940 option from the W2 and 1099 menu, the following screen will appear:
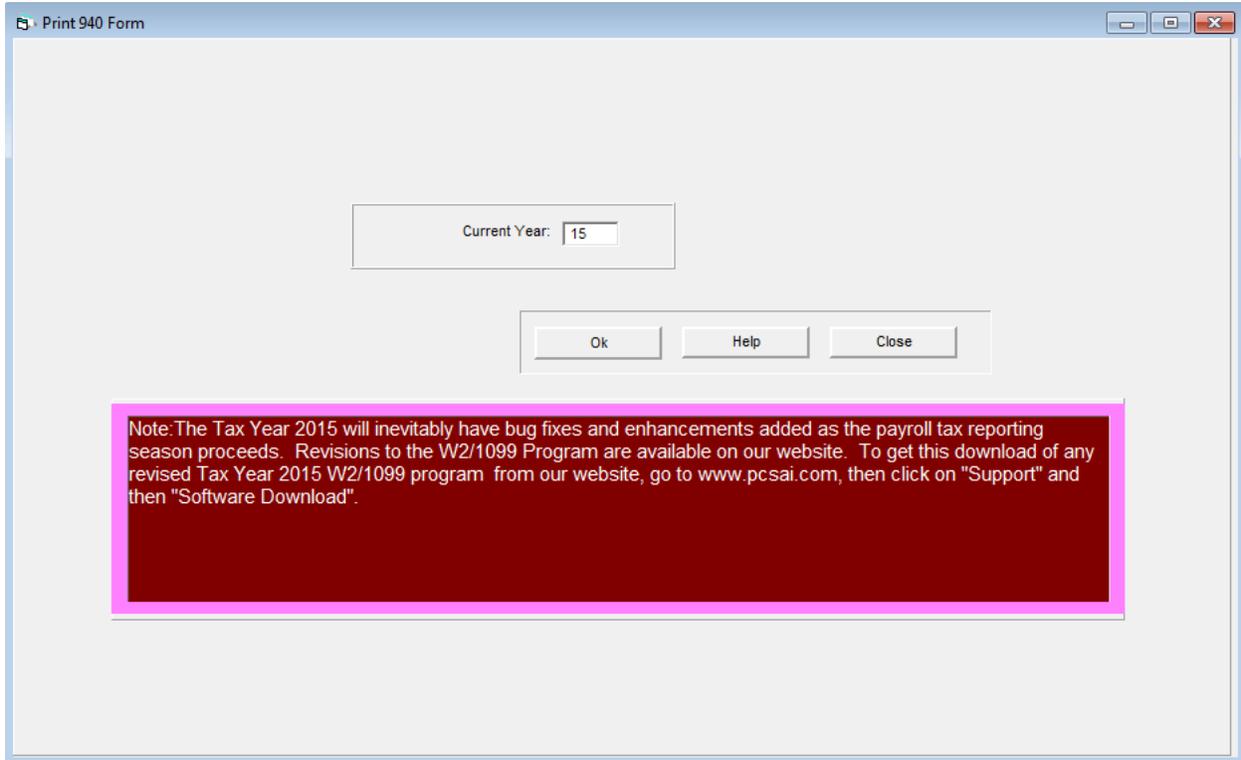
Figure 52: 940 Select year

Check the current year box and correct if necessary.   Also note another warning about checking our website to see if any updates have been made to the W2-1099 program that you should download. This note appears here because typically the 940, 943, and 944 forms are released by the government at a later time than the standard W2 and 1099 forms and therefore changes to them are more likely. Once you have changed the current year and checked that there are no updates to the W2/1099 program, click the **[OK]** button. A screen similar to that shown on the following page will appear:

Figure 53: 940 Name/Address Part 1 tab

The company information will appear on this screen if you have entered the company information under **Setup ↪ Company ↪ Payroll Reports/Tax Forms** *tab*. (If you used the 940 for last year, the company information from last year will display. Change the company information if necessary and enter the other information on this screen. Once you are satisfied with this information you have five more tabs of information to access to completely fill out the form. The tabs are **Parts 2 and 3**, **Parts 4 and 5**, **Designee, Signer**, **Paid Preparer/Print Voucher**, and **Schedule A**.

Select the **Parts 2 and 3** *tab* and a screen similar to that shown on the following page will display:

Figure 54: 940 Parts 2 and 3 tab

If you have entered payroll information for this client in either *Client Write Up or Computer Checkbook* for this year, the accumulated payroll total figures will appear on this screen. You should check and change any figures as necessary. If you have not processed payroll for this client for this year, you can simply enter the necessary information. Note shaded fields represent automatic totals or calculations and can only be changed by changing fields which affect them. When you are satisfied with this information, click on the **Parts 4 and 5** *tab* and a screen similar to that shown on the following page will display:

Figure 55: 940 Parts 4 and 5 tab

Change or enter this information as necessary and when you are satisfied with it, click on the **Designee, Signer** *tab*. The following screen will display:

Figure 56: 940 Designee, Signer tab

Enter the 3rd Party Designee if desired and the Signer information. When you are satisfied with your entries on this screen, click on the **Paid Preparer/Print Voucher** *tab*. A screen similar to that shown on the following page will display:

W2 / 1099 Instructions   **72**

Figure 57: 940 Paid Preparer/Pmnt Voucher tab

When you are satisfied with your entries on this screen, click on the **Schedule A** *tab*. Depending on your state, or states, a screen similar to the following will display:

Figure 58: 940 Schedule A tab

Note: **You must use Schedule A if you paid wages to employees in more than one state or paid wages in a state that is subject to a credit reduction.** (Note that the system will automatically indicate any states that are set up in your state file (Setup/Payroll/State) for the company being processed. It will also put checks in the boxes for any states that this company has paid wages to using the normal options. Depending on the state's reduction rate, it will also show the appropriate FUTA taxable wages. (Many states do not have a reduction Rate. Their rates show as zero.) Make sure to check your entries on all six (6) screens. Then click **[OK]** to print the 940 form.

Delete Tax File

This option allows you to delete the active clients tax file, which includes the **Setup W2's** and **Setup 1099's** information that was entered from the **W2 and 1099** pull down menu. Normally you would take this option at the beginning of the next W2 and 1099 season for clients that you processed bookkeeping information for on a monthly or quarterly basis. Remember this option does not delete any payroll check information, employee/recipients master record information or 1099 recipients that you process bookkeeping information for on a monthly or quarterly basis.   **Normally you would never delete the tax file information for clients that you only process W2's or 1099's for using the "Input W2's" and/or the "Input 1099's" option as you would then have to rekey the employees or 1099 recipients names, addresses and social security numbers which would be time consuming to redo each year.** Be aware that there is also a **Tax Client Utility** sub option that allows you to delete multiple tax files at once. This option is discussed below.

GL TRANSACTIONS TO 1099 UTILITY

This option is used to help the user organize their 1099 information at year end for printing purposes. If 1099 transactions have been entered as general ledger transactions using the vendor ID code feature rather than as W2 transactions, and the vendor id codes were not setup and used correctly from the beginning for one or more transactions, then this option will reprocess the 1099 amounts for these transactions at year end after the vendor ids have all been corrected. This process is discussed in detail on pages 36 through page 39.

Tax Client Utility

This option allows you to delete tax files (previous W2 and 1099 information) for multiple clients at once, by first highlighting the tax files for the clients that you wish to delete. Normally the Show Directory Listing radio button is enabled which will show all the clients in the selected data directory. **Important Caution: If you have processed clients with the "Input W2's" or "Input 1099's" sub options, you would typically enable the radio button in front of the "Show Directory Listing of Tax Files with No Data in Input W2s and Input 1099's.   In that way, you could be careful not to delete client information that you would have to rekey**. Once you have highlighted the tax files that you wish to delete, click the [**Delete**] button to delete them all at one time.

Note: If you delete a tax file you will have to run though the setup options again. (**Setup W2's** and **Setup 1099's**)

Fix State Setup Problems

This option is used to correct problems with state tax jurisdictions. For example, if a state with state income tax and state withholding has been setup for an employee and no state tax jurisdiction was used, this option will quickly add the necessary tax jurisdictions. Just click on **Look for Setup Problems** button on the screen that displays and choose to fix the jurisdictions.

PDF Capability for all W2 Options

One of the features of the *W2 and 1099 Program* is the ability to generate forms in a PDF format. This means that you can print almost any report, listing or form to disk in a PDF format. This feature allows you to print any W2 and 1099 form or report to a PDF file for storage, e-mailing, etc. If you do this, you can reprint any W2, 1099 form or report at a later time without reprocessing the W2's and 1099's or having to find copies of the forms in the files. This PDF capability is a very nice solution for the classic case of quickly having to provide another copy of the W2 or 1099 to a person who has lost their copy. To use this feature all you have to do is designate where you want to store the information using the **Default PDF Directory** option located under **Setup ↦ System.** Once you setup the location for the files a **PDF ICON** will appear on the *Icon Bar* of the various programs. Clicking on this icon allows you to view and print the files if you have a version of *Adobe Acrobat Reader* installed on your computer.

Note: The *Adobe Acrobat Reader* is a free download from *Adobe's* website.

3rd Party Sick Pay

If an employee has received 3rd party sick pay (i.e. from an insurance company) and the "liability has been transferred to the employer" (i.e. usually by the insurance company notifying the employer he has this liability), then the matching FICA, Medicare and FUTA liabilities will be the responsibility of the employer) and the employer will usually have to include the sick paycheck as part of the W2. (Note that if you have 3rd party sick pay, you should refer to the appropriate government instructions such as the IRS 15-A Employer's supplemental tax guide/Sick pay Reporting section).

Here is how we recommend you proceed.

Make sure that you have a *Payroll Item* setup for **3PSICK** (Third Party Sick Pay). If you also have any sick pay which is exempt from anything other than federal income tax or is otherwise taxed differently, you will also need another Payroll item for that kind of pay. We suggest **3PSNT** (Third Party Sick Pay/Nontaxable) as a payroll item that is exempt from taxes.

You probably already have these payroll items in your Payroll Item file, as they are automatically created for a client when you choose any menu option from the 2015 W2/1099 pull-down menu (such as Setup W2's). If you let the system setup the payroll items, then you will need to take the **Setup ↦ Payroll ↦ Payroll Item** option and call up **3PSICK** and fill in the **Posting Account** on the **Main** *tab*. If you need a 3PSNT then do the same for 3PSNT.

If the payroll item codes are not on the list then you will have to set them up yourself. Using a **Group - Additions** and **Category - Other Additions**. If you do this, **3PSICK** is not subject to federal income tax so click on the **Federal** *tab* and unchecking the Federal box. Leave the FICA, Medicare and Unemployment boxes checked. Enter a posting account number. **3PSNT** (3rd Party sick pay non taxable) is not subject to any federal tax so click on the **Federal** *tab* by unchecking all four boxes.

Next click on the **State** *tab*. If the **3PSICK** is exempt from state unemployment, add the state abbreviation of that state to the list on the right side. If **3PSICK** is exempt from state withholding, then add the state abbreviation to the list on the left side. If you need a **3PSNT** item, mark it appropriately for the state or states for this client.

Entering the Payroll Transactions

Enter the Payroll transaction normally. Depending on the type of Sick pay that the employee has, enter it as an addition in either 3PSICK or 3PSNT on their individual checks. Mark the checkbox on the right-hand side of the entry screen that indicates "Don't Generate GL Trans". This will prevent this PR Transaction from being added into the calculations for the GL transactions that reflect payroll. This is appropriate because the cash portion of the PR transaction comes from the 3rd party.

The liability for matching FICA, matching Medicare, and FUTA are the responsibility of the employer and should be reflected in the ledger. Therefore, a journal entry should be manually entered to reflect these liabilities.

941 Reporting

Because a real payroll transaction was entered for the sick pay, the lines 3, 5a, and 5c will include this sick pay into the calculation of liabilities. But, because the 3rd party is required to report and pay for those liabilities, you should get credit for the amounts that have already been paid by the third party. To accomplish this, put the 941 amount paid by the 3rd party in line 7b. Enter it as a negative number. This will reduce your liability.

W2 Reporting

For each employee who received 3rd party sick pay, on the W2 menu, take W2 and 1099/Additional Employee Data. Select the employee, and on the W2/Everything Else tab, check the box for 3rd Party Sick Pay. This will put the "X" in box 13 of the W2 to indicate 3rd Party Sick Pay.

Take W2 And 1099/Setup W2's. Choose the W2 Amt Boxes tab, and then take the Box 12 subtab. Put 3PSICK (or whatever PR Item you are using for the reportable sick pay) into the PR Item field for the first available line. Use "J" for the code.

The take the sub-tab for amt boxes 1-11. Add the 3rd party sick pay PR Item to the list to the appropriate boxes. Usually this is boxes 1, 3, and 5. It may also be necessary to add this PR Item to the list for any state or local tax jurisdiction that the employee is subject to depending on the rules for a particular state or locality regarding third party sick pay.

Many Localities

When there are too many localities to process in the normal way. (You might ask how many are too many. There are only two locality boxes on a single W2. So if you have employees with two or less localities, it is simple to process them. If you have to have a separate W2 for localities in your state and an employee has three or four localities, then you would have to run two W2's running the first two localities on the first W2 and the remaining localities on the second. If you have five or more localities you would need at least three W2's, etc., etc. At some point, depending on the number of localities and the number of employees that have multiple localities, this gets to be very tedious. You have to decide when that is for your situation. This option was originally written for an accounting firm in Ohio who told us that they had a client with local taxes due in sixty three different localities.)

In some states, such as Kentucky and Ohio, it is possible to have a large number of localities on individual employees. In the past, processing a client's taxes for a large numbers of localities like this has made producing W2's containing local information very time consuming and it required a lot of manual intervention. We have implemented a system for combining a large number of local withholdings into a single deduction, and we have made it possible for W2's containing local information to be produced without manual intervention.

First, take **Setup ↪ Payroll ↪ Payroll Item**. Add the payroll item **CBLWH** (Combined Local Withholding). The Group should be "Deduction" and the Category should be "Local Withholding". Add this payroll item to any employee who has more than 2 local jurisdictions that need to be reported on the W2. Do not enter any local tax jurisdictions on employees if you are using CBLWH. You will have to know in advance the dollar amount for the CBLWH deduction even if you are producing a live payroll, because there is no local tax jurisdiction attached to this payroll item.

After payroll transactions have been entered, take **Setup ↪ Payroll ↪ Locality ↪ Breakdown Payroll Transactions By Locality**. The following screen will appear:

Figure 59: Locality Breakdown

Here, you can indicate how much of the gross wages and CBLWH are assigned to each locality. This will be stored in the payroll transaction. It is assumed that wages are often subject to more than one locality, and therefore the wages assigned to the localities never have to add up to the wages on the PR transaction. If you want the sum of the local withholdings to add up to the withholding on the PR transaction, there is a "Withholding Must Balance" checkbox on the bottom left to indicate this.

The Withholding Must Balance checkbox is useful when you are breaking down each payroll transaction. However, this is not necessary. It is possible to enter the breakdown once a month, once a quarter, or even once a year. In this case, both the wages and the withholding can be much more than the wages and the withholding on the PR transaction.

If you want to verify that the local breakdown information that you entered is correct, take the option List Local Breakdowns, which is found by accessing **Setup ↪ Payroll ↪ Localities ↪ List Local Breakdowns**.

Taking the option Transaction Detail is useful to verify your input.

The other option "W2 Attachment" prints a document which may be suitable to provide to localities in place of a normal W2. This is particularly attractive when an individual employee has 20, 30 or more localities to report.

If you still want to produce regular W2's showing each locality, you can do this in the normal way, even though some of your employees do not have any local tax jurisdictions. On the Setup W2's screen, select a Type Run of "Local" and on the Local tab enter one locality at a time (optimal for producing copy 1 to send to the locality). Entering 2 localities at a time is optimal for producing copy 2's for the employee's local tax returns.

The breakdown of local wages and withholding will be seen in only these two documents (List Local Breakdowns and actual W2's). The regular listing of PR Transactions, PR Summary will never show this information.

Electronic Filing

FILING YOUR W2'S AND W3'S ELECTRONICALLY:

To electronically file your W2's and W3's.

Step 1: Print out the **SSA Pub #42-007** (**EFW2**). This can be done by directly accessing it from the *Social Security Administration* website with the following address: http://www.ssa.gov/employer/efw/14efw2.pdf

SSA Publication No. 42-007 (**EFW2**) provides the instructions to electronically file W2's and W3's.

Diskettes are no longer allowed. All electronic files must be filed using the **BSO** (Business Services Online) website. Filing electronically can be advantageous because:

1. The deadline for electronically filing using BSO is March 31.

2. All you need is the file that is produced by the *Client Write Up* program.

3. If you file electronically, your file will get a reasonability check. If it fails, the problem is presumed to be caused by the electronic transmission. Your problem will be described, and you will be notified that you need to re-send the file. This does not count as an incorrect submission! Therefore, BSO strongly protects you from large fines.

Step 2: In order to send W2 and W3 files electronically, you have to have a **USER ID**. You have to get this **USER ID** from the *Social Security Administration*. (Note that the USER ID was called a pin in 2007 tax years and earlier.) Information about your **USER ID** and how to obtain one are found in **SSA Pub #42-007**, chapter 5 - starting on page 66. If you are required to file electronically for your state or if you elect to do so, most states will accept the file that you created for federal purposes. You will have to find out from your state how to electronically send them the file. If you do not have your state requirements in a state provided booklet, you can get your questions answered about using state records by calling the appropriate help line for that state. These state by state phone numbers are found on page 74 of the **SSA Pub #42-007**.

Step 3: SSA Pub #42-007 is long and very technical in some places. The safest course of action would be to read it, however, we have done our best to let you know the sections that you will have to refer to in this handout. We have also provided an overview of what is covered in **SSA Pub #42-007** starting on page 82. It would probably be worth your time to read this overview to help you decide what sections of the **SSA Pub #42-007** you might want to read.

Step 4: Prepare the electronic file for the *Social Security Administration* and a single state if all your employees are in a single state.

You will need to be familiar with how to Setup and Create W2's and W3's which is covered in the W2 and 1099 documentation on the W2 and 1099 menu. This documentation can be printed from that menu. (Select the W2 and 1099 pull down menu and then further select the

W2 and 1099 Instructions option. This option will also allow you to print this documentation using Adobe Acrobat.)

SINGLE STATE PROCESSING ONLY

For **MULTIPLE STATE PROCESSING - GO TO ALTERNATE STEP 4a** on the next page and continue following the alternate steps through step 4f.

Step 4a: Select **Setup W2's** and setup your W2's in the normal manner. Make sure that **Federal** is selected in the Type Run field on the Required Choices screen. If you have employees in more than one state, you do not have to have the state information filled out but you can have it if you wish. If your employees are only in a single state, it would save you time to produce the state records at the same time as you produce the federal records and you should setup the state record with your state in the **Top State** box.

Step 4b: Now Select **Setup W2 Electronic Filing**. Make sure that you check the box **Produce Electronic File**. If your employees are in multiple states, you do not need to check the box for RS records for the *Social Security Administration* but it will not hurt anything if you do as the Federal government will ignore these records. If your employees are in a single state, you can produce the same file for both federal and state purposes and you should check the RS box also. Referring to the **SSA Pub #42-007** instructions on pages 21 to 33, you should fill out your RA and RE information prompts. You can access these prompts with the check boxes on the right hand portion of the screen. It takes two screens RA1 and RA2 to apture all the required RA record information and just a single screen to capture the RE record information. After you have filled in all these screens, make sure to click on the OK button to save this information.

Step 4c: Now select **Create W2/W3's.** Normally you would make sure that the **Create W2'/W3 Files** is selected, and then click the **[OK]** button. You could also check the box to **View/Edit on screen** while creating and then edit the W2 information and click **[OK]** on each individual's information. Because you have checked the box to produce an Electronic File in step 4b, the special file required for the *Social Security Administration* and for most states that accept electronic filing of the W2 information will be created in addition to the normal W2 and W3 file from which you could print employee copies of the W2's and other copies that you desire. At this time you should also print a file copy and make sure the figures are correct, since these are the figures that will be on the created electronic file.

Step 4d: Now select the **Electronic W2/1099 List and Copy** option. The first step should be to **List** your W2 Electronic file. This is your hard copy of what you are sending in. Then you should create a copy of the file on either diskette or somewhere on the hard disk using one of the next two options. It is necessary to use either the **Copy W2 File to Diskette** or the **Copy W2 File to Other Drive/Folder** function before sending in the file because the SSA requires that the last record not have a CR/LF symbol (carriage return/line feed symbol) at the end of the file.   (When you create the file on a diskette or on the hard disk, these characters are eliminated and the file will be in the final format that the SSA requires.)

Step 4e: Access the **BSO website** (see Chapter 7 of the **SSA Pub #42-007** and follow their 70 instructions beginning on page to send in the file you just created in step 4d.) Make sure to get their confirmation of your data, which will tell you whether or not they accepted your file. If they do not accept your file for some reason, there is no penalty, you can submit it again. If that happens for some reason, copy down the error that they give you and call P.C. Software for

assistance. We will decipher what they are telling you and help you to correct the information for resubmission or help you to resend the information if it was not sent correctly.
This completes single state processing.

MULTIPLE STATE PROCESSING ONLY

Alternate Step 4a: Decide how many states that you have to submit W2 information electronically for. If you don't know your state requirements for electronic filing, you can get the state information telephone numbers from page 74 of **SSA Pub #42-007** and by calling the various states you should be able to get the state by state requirements.

If you have more than one state, you will have to run through a federal run to include all the employees from every state and then a state run for each state that you have to submit electronic information for. You would do your federal run exactly the same as described in the **Single State Processing** and submit that file using the *Social Security Administration* BSO website as described there. Then you would go through the process listed below for each different state that you have to file electronically for. The remainder of the alternate steps below show you how to do a state run that will only include employees from a single state.

Alternate Step 4b: Select **Setup W2's** and setup your W2's in the normal manner. Make sure that **State** is selected in the Type Run field on the Required Choices screen. Fill out the State record portion of the W2 Setup with the state run that you are doing in the **Top State** box and no second state setup.

Alternate Step 4c: Now Select **Setup W2 Electronic Filing**. Make sure that you check the box **Produce Electronic File**. Make sure that you check the **RS** records box also otherwise your state records will not be created. Check that the information that you entered when you were doing a federal run for the RA and RE records is still present and correct. It is possible that you might want to change the submitter and employer information to match the state that you are submitting to (i.e. an address for the company in that state.)

Alternate Step 4d: Now select **Create W2/W3's.** Normally you would make sure that the **Create W2'/W3 Files** is selected, and then click the **[OK]** button. You could also check the box to **View/Edit on screen** while creating and then edit the W2 information and click **[OK]** on each individual's information. Because you have designated a state run in alternate step 4b and designated the state you wish to produce as the TOP state in the W2 Setup, then the file for the state you have designated will be produced and only records for employees in that state will be in that file. You will also create the normal file from which you could print the employee copies of the W2's and other copies that you desire. At this time you should also print a file copy and make sure the figures are correct, since these are the figures that will be on the created electronic file.

Alternate Step 4e: Now select the **Electronic W2/1099 List and Copy** option. The first step should be to **List** your W2 Electronic file. This is your hard copy of what you are sending in to the state. You should look it over and make sure it only has employees from that state. Then you should create a copy of the file on either diskette or somewhere on the hard disk using one of the next two options. This is the file that will be needed to send to the State.

Caution: You should be aware that all W2 electronic files for a given client get created in the same location with the same name.

Therefore, the "federal" W2 file created previously will be overwritten unless it was copied to another location.

Alternate Step 4f: Send the electronic file to the state office using the BSO website (chapter 7 of **SSA Pub #42-007** beginning on page 66 covers this). If you have any problems with your state submission, copy down the error that they give you and call P.C. Software for assistance. We will decipher what they are telling you and help you to correct the information for resubmission or help you to resend the information if it was not sent correctly, (i.e. the file not attached correctly, or technical problems with the transmission itself, etc.) If you have another state or many states that you have to submit electronic W2 information to, go back to Alternate Step 4B again and repeat these alternate steps until you have all your states done.

This completes the Multiple State instructions. This concludes the instructions for the actual filing of W2 information electronically.

The next section is an overview of the contents **SSA Pub #42-007**. It is provided to help you decide what sections of this book you might want to read.

OVERVIEW OF SSA Pub #42-007
In order of importance to you.
What's New and Filing Reminders – Front of book, you should review it.
Chapter 1 - General Information - This is a short chapter, you should read it.
Chapter 2 – Special Situations – You should check to see if any apply to your clients
Chapter 5 - How to get your USER ID. This is required to file.
Chapter 6 - Accuwage Software. This is not required, but highly recommended.
Chapter 7 - How to submit electronic W2 files using BSO. You need to know this.
Chapter 4 - Describes each field of each record of the W2 file. This is where you get detailed instructions on filling in the fields required for electronic W2 filing. You should at least review the RA or RE records.
The rest of the book contains very technical information and can probably be ignored in most firms.

On the **Setup W2 Electronic Filing** screens, there are a few fields for which you will definitely need to refer to Chapter 4, based on your filing situation. Here's a list of the most likely fields that you might need to review and the pages where you can find more information:

From the RA record
Resub Indicator & Resub Wage File ID (WFID) - Page 22
Preferred Method of Problem Notification Code – Not used this year - (This 2011 field is no longer used. It has been replaced by Contact name and separate fields for contact phone & extension, contact email and contact Fax.) – These fields are on Page 25 and 26.
Preparer Code – Page 27

From the RE record
Agent Indicator Code – Page 29

NOTE: If you efile your W2's or W3's and later need to make a correction, you can fill out a W2C or W3C and print them on paper and mail them in, the same way you would correct an incorrectly filed W2 or W3 that you had sent in on paper forms. There is currently no online W2C or W3C capability in this program.

FILING YOUR 1099'S AND 1096'S ELECTRONICALLY

To electronically file your 1099'S AND 1096'S

Step 1: Eiither print out or refer to **IRS PUBLICATION 1220** online. This can be done by directly accessing it from the *IRS* website with the following address:

http://www.irs.gov/pub/irs-pdf/p1220.pdf

This book contains "Specifications for Filing forms 1097, 1098,1099, 3921, 5498, 8935 and W2-G Electronically for 2015.

The P.C. Software system supports using the **FIRE** system accessible at http://fire.irs.gov (electronically). The electronic method seems to be more advantageous for the following reasons:

1. The deadline for sending the file electronically using the FIRE system is March 31.

2. If you use the FIRE system, all you need is the file that is produced by the *Client Write Up* program.

3. If you send it in on FIRE, your file will get a reasonability check. If it fails, the problem is presumed to be caused by the modem transmission. Your problem will be described, and you will be notified that you need to re-send the file. This does not count as an incorrect submission! Therefore, using FIRE strongly protects you from large fines. Connecting to the FIRE system in discussed starting on page 23- on **IRS Publication 1220**.

Step 2: In order to send files electronically, you have to have to apply to the Internal Revenue Service using a form 4419, which is an Application for Filing Information Returns Electronically (FIRE). The directions for accessing an IRS website and doing this are found on page 8, in Section 5 Additional Resources.   Once you have filed out this form and have received your approval, you will receive a TCC (Transmitter Control Code). This code will be in your approval letter. This code must be used when you prepare your data files for electronic transmission. General information about form 4419 is found in Publication 1220, Sec. 6., starting on page 7.

Step 3: PUBLICATION 1220 is long and very technical in some places. The safest course of action would be to read it, however, we have done our best to let you know the sections that you will have to refer to in this handout. We have also provided an overview of what is covered in PUBLICATION 1220 on page 85. It would probably be worth your time to read this overview to help you decide what sections of PUBLICATION 1220 you might want to read.

Step 4: Prepare the electronic file for the Internal Revenue Service.

You will need to be familiar with how to Setup and Create 1099's and 1096's which is covered in the W2 and 1099 documentation on the W2 and 1099 menu. This documentation can be printed from that menu. (**W2 and 1099 ↪ W2/1099 Instructions**). This option will allow you to print this documentation using *Adobe Acrobat*.

Step 4a: Select **Setup 1099's** and setup your 1099's in the normal manner on the **Misc Setup** and **1099 Amount Setup** tabs. Now you will also have to access the tab labeled **Electronic**

1099's and fill in those fields. There is a check box on the resulting screen labeled **Produce Electronic File**, that must be checked. The user fields that are on this screen are described in PUBLICATION 1220 Beginning on page 28. Unless you specifically know what is required in these fields, you will probably have to refer to PUBLICATION 1220 to determine how to fill in some of these fields. For example, the Payer Name Control field can be obtained from the mail label on the Package 1096 that is usually mailed to most payers in early December, but you can also figure it out from Publication 1220. The **Payer Name Control** field is explained on page 34 in this way:

"To determine the name control using the following simple rules or leave the field blank. For a business, use the first four significant characters of the business name. Disregard the word 'the' when it is the first word of the name, unless there are only two words in the name. A hyphen (-) and an ampersand (&) are the only acceptable special characters. Names of less than four (4) characters should be left-justified, filling the unused positions with blanks."

Note: The **Electronic/2** *tab* of the 1099 setup only applies to 1099 Electronic files that have **been rejected** and need to be resubmitted or were submitted with incorrect information. Do not fill in this tab if you are submitting your original electronic file. If you have to resubmit a file, it is strongly recommended that you read carefully and understand fully the sections concerning "corrected" and "replacement" files. (Important note: The procedure for the electronic filing of corrections for 1099's is very complicated (beginning on page 10 of Publication 1220) Unless you have to correct more than 250 1099's for a particular client, you can also correct any 1099's that need correction by printing them on paper and mailing them in. This is what we recommend you do.)

Step 4b: Now select **Create 1099's/1096's** and fill this screen out in the normal manner as described in the W2 and 1099 documentation. Because you have checked the box to Produce Electronic File on the Electronic 1099's tab in step 4a, the special file required for the *Internal Revenue Service* will be created in addition to the normal 1099 and 1096 file from which you could print employee copies of the 1099's and any other copies that you desire. At this time you should also print a file copy and make sure the figures are correct, since these are the figures that will be on the created electronic file.

Step 4c: Now select the **Electronic W2/1099 List and Copy** option. The first step should be to **List** your 1099 Electronic file. This is your hard copy of what you are sending in. Then you should create a copy of the file on either diskette or somewhere on the hard disk using one of the next two options. This is the file that will be needed to be sent to the *Internal Revenue Service* using the **FIRE** system on the http://fire.irs.gov website. You should also keep a **back-up copy** of the file that you are going to submit electronically.

Step 4d: Access the **FIRE website** (see Part B of PUBLICATION 1220 page 22 and follow their instructions to send in the file you just created in step 4c.) Make sure to get their confirmation of your data, which will tell you whether or not they accept your file. If they do not accept your file for some reason, there is no penalty, you can submit it again. If that happens for some reason, copy down the error that they give you and call P.C. Software for assistance. We will decipher what they are telling you and help you to correct the information for resubmission or help you to resend the information if it was not sent correctly.

This concludes the instructions for the actual filing of 1099 information electronically.

The next section is an overview of the contents of the PUBLICATION 1220 book. It is provided to help you decide what sections of this book you might want to read.

OVERVIEW OF PUBLICATION 1220

This book is not broken down into numerical chapters like most books. Instead it is divided into five parts labeled PART A through PART E. **Part A** of PUBLICATION 1220 contains an introduction and general information. You should read the general information sections unless you are already familiar with them and you have to access the section about filing the form 4419 (page 12). If you have to electronically file 1099's by state, and decide to do them "combined," this part of the book gives the state codes which are numerical and not the normal state abbreviation, on page 22. Without looking here, you will not know the required state codes. (Combined filing is not typical –See pages 20-21 to decide if it is needed in your situation.) **Part B** of PUBLICATION 1220 contains the electronic filing specifications. This Part is relatively short and should be read in full. It covers such things as the electronic filing approval procedure and how to connect to the FIRE system. **Part C** of PUBLICATION 1220 covers the record format specifications and record layouts. You should read the general section and the Transmitter and payer sections and also the sections which pertain to any types of 1099's that you plan to send. **Part D** of PUBLICATION 1220 contains a discussion of extensions of time and waivers of electronic filing. If you need information about these matters, you should read the appropriate pages. Part E contains detailed instructions on the requirements for the Name Control field. This must be read to determine your correct Name Control information.

Here is a short list of fields that you will probably need to consult Publication 1220 for clarification of your particular data that must be entered for each client.

First Payer Name Line Page 57
Second Payer Name Line Page 57 (Read this carefully, if there is a Transfer or Paying Agent, that name goes here)
Transfer Agent Indicator – Page 58 (Used to identify the Transfer agent in Second Payer Name field)
Combined Filer – Page 45 (Referred to as Combined Federal/State Filing Program)
Foreign Country Indicator – Page 64
Name Control – Page 45 (Referred to as "Payer Name Control") If you access the online Publication, you can access a Name Control section. This information is also covered in detail in Part E of the Publication 1220.
Combined Filer State Code – Page 89 (Referred to as Combined Federal/State Code)
                                      For 1099Misc –Note other type 1099's other pages
Transmitter Control Code - Page 39
Transmitter EIN (TIN) - Page 39 (Referred to as Transmitter's TIN)
Transmitter Name - Page 39

TROUBLE SHOOTING

1 **Problem:** I get a **Run Time Error 3022** when I try to run **Adjust Field Positions**.

   Answer: The *System File* is corrupt and must be repaired before you can run this option. To repair the system file do each of the following steps:

   1) Leave the W2 Program and return to either the *Client Write Up* or *Computer Checkbook*.
   2) Go to **Utilities** ↪ **System Utilities** ↪ **Repair System Data** click on the big **[OK]**.
   3) Go to **Utilities** ↪ **Repair Data**. Make sure the bottom box is pointing to drive "C:" and the middle box is highlighted on "PCSW". Now in the top box find the file named **System.mdb** click on it to select it and click the **[Repair]** button.
   4) Once step 3 finishes go to **Utilities** ↪ **System Utilities** ↪ **Process System Data Update.**
   5) Once the big "Please Wait" message goes away return to the W2 Program and run **Adjust Field Positions.**

2 **Problem:** The names and figures on my **W2** or **1099** forms are not **printing** in the correct places on the forms. They are wrong on all the forms.

   Answer: This probably means that you have not yet selected **Adjust Field Positions** for the workstation you are using for tax year 2015. Access the W2 and 1099 menu and select ADJUST FIELD POSITIONS and then click on the Reset all Forms button. Reprint the forms.   If they are still printing incorrectly, refer to **Trouble Shooting** problem number 9.

3 **Problem:** My **W2's** have **no figures** in them.

   Answer: If the W2's have no figures in them at all, this is usually because the tax year is not set to the **current tax year**. In this case, 2015 should be in the tax year on the first tab of the W2 SETUP option.

4 **Problem:** On my **W2's**, the **federal figures** are incorrect. They have amounts but the amounts are not what they should be.

   Answer: The normal cause for this problem is that you have not included all the *payroll items* for the W2 box that is wrong. For example, suppose the taxable wages box was incorrect. They were not high enough and something seems to be missing. This type of problem could be caused in a company that owns a restaurant if TIPS were not setup on the W2 SETUP option on the W2 AMOUNT BOXES tab in the taxable wages box. On other types of companies, you might have setup other payroll additions like commission (COMM) or bonus (BONUS) but then failed to show them in the taxable wages box on the W2 AMOUNT BOXES IN W2 SETUP. Go to the W2 SETUP option and then W2 AMOUNT BOXES and add the necessary payroll items.   You can also have too many items in a box or be subtracting or adding when you should be doing the opposite. For example, 401K deductions would normally be subtracted from taxable federal wages.

5 **Problem:** On my **W2's**, the **state figures** are incorrect. They have amounts but the amounts are not what they should be.

Answer: Just like in problem 4 above, you have probably left out payroll items that affect the state wages box. Or you could have extra items or you could be subtracting or adding payroll items when you should be doing the opposite. Access the W2 SETUP option and then the **STATE** tab and correct the *payroll items.*

6 **Problem:** On my **W2's**, the **local figures** are incorrect. They have amounts but the amounts are not what they should be.

  Answer: Just like in problem 4 above, you have probably left out payroll items that affect the local wages box. Or you could have extra items or you could be subtracting or adding payroll items when you should be doing the opposite. Access the W2 SETUP option and then the LOCAL tab and correct the payroll items.

7 **Problem:** I print a "**Final Total W2**", but it has no totals for my state lines (or my local lines.) Since this is the reason why I run the final total W2, I don't know what to do.

  Answer: On the W2 State (or Local) tab, you have probably chosen to "let program pick top & bottom States (or localities). When this box is checked, it is not predictable which state's wages etc will print in the top or bottom box. The basic problem is that the W2 form only allows for two states and two localities and when there are more, the program does not have room to print totals for all of them. Therefore totaling more than two state or local totals into two boxes would be meaningless. If you want totals in the final total W2, you must limit yourself to two states (or two locals) and indicate which states prints on the top, and which prints on the bottom.

8 **Problem:** I keep getting notified that there is an adjustment of **FICA/Medicare** of a certain amount. What do I need to do?

  Answer: On the W2 setup, there is a FICA/Med Recalculation box. The default is to force the correct amounts into FICA and Medicare withholding. What this means is that the program will take the gross wages subject to FICA and Medicare and multiply by the correct percentages to get the correct numbers for the W2 forms. The message appears when the program gets a different answer than the amount that has been withheld in the employee's records. If the difference is a few cents, it is probably not worth worrying about but if the difference is significant, it should be fixed in the payroll records and the W2 CREATE option should be run again until there are no errors. Errors can sometimes occur here when the FICA and Medicare amounts are actually correct. This can happen if a payroll item such as TIPS was left out of gross wages and therefore the program would calculate a lower FICA and Medicare amount. Check this. If you have no idea where the files are wrong, there is a very helpful option on the UTILITIES pull down menu. The option is named the FICA/MEDICARE DIAGNOSTIC. This option will show any checks that do not have the correct FICA or MEDICARE amounts. It is a very helpful option in figuring out the FICA/MEDICARE adjustment error. If the problem is not caused by an incorrect payroll item being left out or handled incorrectly, the individual payroll transactions should be corrected. The easiest way to do this is to make the necessary corrections in federal and fica out of federal withholding. A potential problem comes up when FICA/ Medicare has been over withheld. If you let the program make the adjustment and correct the fica and medicare, the government won't care because they are receiving the correct amount. However, since a FICA or MEDICARE would not be reported on the W2 (unlike income tax withholding) the employee will not get this money unless the employer corrects the error. This is one of the

reasons why you can designate a threshold amount for notification for FICA and MEDICARE errors. The default amount is $1.00.

9   **Problem:** I got all my **W2/1099's** lined up exactly right, and now they are all wrong again.

    Answer: You are probably not using the same computer where you aligned them. Remember that each workstation has to run **Adjust Field Positions** and the adjustment is based on the printer being used on that workstation. The positioning for forms is stored in the System.MDB file on your C drive in the program directory. If the same printer is used to print W2/1099's from all terminals, then you can solve the problem by copying a correct System.MDB file out to the data directory (Utilities/System Utilities/Copy System Data). Then on all other machines (but not the one where the forms are aligned correctly), each user should go to Setup/System/Default Data Directory and check the box in the lower left for W2 Tax Form Positions. This will copy the table holding the W2 tax form positions from the file in the data directory to the System.MDB in your C drive each time you enter the program. If each computer has it's own local printer, then each user should align their own forms, because each printer can print differently and not copy their System MDB file anywhere or have anyone else's System MDB file copied to their machine.

10   **Problem:** My **1099's** have **no figures** in them.

    Answer: Make sure that you are in the 2015 tax year. Access the W2 and 1099 Menu and the SETUP 1099's option. On the first tab, make sure the tax year is 2015. While you are there also check that you have selected to run the correct type of 1099. For example, if you are running 1099 DIV's, and have 1099M's checked, the figures would be blank. If these two items do not fix the problem, and if the data was processing using the Computer Checkbook system, then run GL Transactions to 1099 Transfer. This option is discussed in general on page 74 and in detail on pages 36 through 39.

11   My **1099** figures are incorrect. They have amounts but the amounts are not what they should be.

    Answer: The normal situation that would cause this error would be using the incorrect payroll items on the 1099 SETUP or using incorrect items in some of the individual checks to the 1099 recipients during the year. For example, suppose the correct payroll item is 99GR for a 1099 MISC recipient. If you used 99GR on most of the checks that you wrote that recipient for the year but used a state gross like NYGROS for New York gross on some of the early checks you wrote to that person, that is the problem. The correct way to fix this kind of problem is to use the Payroll Utilities option under SETUP to substitute the correct payroll item for the incorrect payroll item. The problem could also be that items are signed incorrectly in the 1099 SETUP option. You might also have incorrectly entered your 1099 information during the year. See pages 36 through page 39 which discuss this problem and how to correct it.

12   **Problem:** I need to produce "**State**" information on my **1099 MISC**.

    Answer: You will need to setup State tax jurisdiction records for each1099 MISC recipient. The PR Items in the tax jurisdiction is how the dollars and withholdings are calculated for the states. Don't do this for each individual record especially if you have a large number of 1099 recipients. This should be done using the SETUP pull down menu and PAYROLL utilities option. It can be quickly done on that option using the ADD TAX JURISDICTION sub option.

13 **Problem:** I am having trouble getting started doing **Electronic Filing** (e filing) for my **W2's** or **1099's**.

Answer: It appears to us that every government entity that allows or requires e-filing has developed a different way to do it. Some of these procedures are fairly straightforward and some are very complex but they are all different so there is no way to do the job other than to do what the particular government entity requires. In the case of the W2's and 1099's, at least they have fairly good documentation (manuals) describing what they require. If you have never e-filed W2's or 1099's before, you should print out the manuals that the government has provided to instruct you in these tasks as is recommended in the W2 and 1099 Electronic Filing documentation. With these manuals in hand, read the *P.C. Software* W2 and 1099 Electronic Filing documentation beginning on page 79 and follow the recommendations as to which parts of the SSA Pub #42-007 and Publication 1220 that you definitely should read. If your problem is how to enter information for a particular field, there is no other way than to read the information provided in the SSA and IRS publications. If you still can't understand how to enter your information for a special situation, there are phone numbers provided for each state for Electronic Filing assistance. The individuals answering those phones should hopefully be able to help you with special case questions.

FORMS 1095-C, 1094-C, AND FORMS 1095-B AND 1094-B

Due to the passage of the Affordable Care Act by Congress and its subsequent approval by the Supreme Court, The government has added forms 1095-C, 1094-C and forms 1095-B and 1094-B to annual reporting requirements for affected employers.

1095-C AND 1094-C Overview: The 1095-C and the 1094-C are forms that must be filed by applicable large employers, defined by the IRS as "generally employers with 50 or more full-time employees (including full time equivalent employees) in the previous year." The 1095-C is a form that must be completed for each employee and filed with the IRS and a copy of the form 1095-C must be given to each employee.   The 1094-C is the transmittal sheet or form that must be sent to the IRS that includes the information about all the 1095-C's that are being filed by that company.

The general instructions provided by the IRS entitled "2015 Instructions for Forms 1094-C and 1095-C" for filling out these forms can be found at the following address: https://www.irs.gov/pub/irs-pdf/i109495c.pdf   These instructions are quite detailed and are currently 17 pages long.   You should access and print these instructions. The information that is required to fill out these forms includes the names, addresses, and social security numbers of the individuals who are employees of the companies. This employee information is available in the P.C. Software payroll records, and can be imported into the form. However, there is other information about the specifics of the insurance coverage and the monthly amounts of coverage that must be entered on the form.   This information must be provided from the company or from the company and the providing insurance company.   As to the complexity of filing this form, and the time required to fill it out, here is the comment from the IRS that is found on page 17: "The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Form 1094-C   4 hours
Form 1095-C   12 minutes."

In any case, these estimates indicate that the form is complex and requires a significant amount of time. Once you have reviewed the IRS instructions and understand what must be done, you should review the available information for this client. First you should review if your firm has prepared the checks for this client's payroll using the "live" PC Software payroll checkwriting system, in other words the Computer Checkbook system. If this company has had their payroll prepared by your firm, you can run a report from the 1095/1094 (C and B) menu entitled the ACA Hours Report. This report can be used to help determine whether the employees of that company were full time employees on a month by month basis. The rules for making this determination are found on the 2015 Instructions for Forms 1094-C and 1095-C. page 13 of the instructions under the heading- Full-time employee. If your client prepared their own payroll using the P.C. Software Computer Checkbook system, then they could send you the backup file for the year, and you could run this same report.

If neither your company nor your firm prepared the payroll using the P.C. Software Computer Checkbook System, you can see if the system that was used to prepare payrolls or the payroll service has a report that will help you to determine how many full time employees were paid according the IRS rules found on page 13 of the 2015 Instructions for Forms 1094-C and 1095-

C. The next thing you should determine is the information that you need for each employee for every company that you need to prepare a 1095C for. Then you need to organize this information, especially the information for lines 14, 15 and 16.   To assist you or your clients in organizing this information, you might wish to examine the Excel spreadsheet provided in the menu option labeled Import 1095-C Employee Data from Tab Delimited File that is found on the 1095/1094 (C and B) menu. This spreadsheet would allow you or your client to enter this information into an Excel spreadsheet. After it was entered into the spreadsheet it could be imported into the Input 1095-C option on the menu below.

You could also just enter the information directly into the option labeled "Input 1095-C found below. This might be the easiest option if you are going to enter all the information for the first time in your office.

Once you have decided whether or not a client needs the Forms 1095-C and 1094-C, based on the number of full-time employees paid in 2015, and have gathered and organized the information for completing the forms1094-C and 1095-C, you should make a decision as to how you should proceed to the next option. Most typically you will enter the information for these forms, from the input options found on the menu that is described below. In some cases, you might use the EXCEL spreadsheet input feature, especially if someone who is more familiar with the information for a company is willing to prepare the Excel spreadsheet. (Note: the EXCEL spreadsheet input feature is described under option Import 1095-C (Employee Data from Tab Delimited File), which is found on the menu that is described below.

If you are going to enter the information into the form itself (rather than use the Excel spreadsheet), the options to prepare and print the forms 1094 and 1095 B and C, are found on the **W2 and 1099** Pull Down Menu. This menu option is labeled **1095/1094 (C and B)** When this option is selected, the following sub options appear:
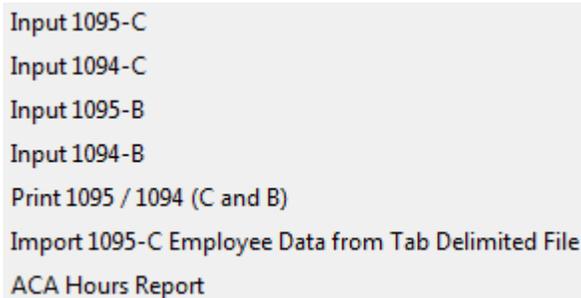
Input 1095-C

Input 1094-C

Input 1095-B

Input 1094-B

Print 1095 / 1094 (C and B)

Import 1095-C Employee Data from Tab Delimited File

ACA Hours Report

When this option is selected the following screen will appear:

INPUT 1095 C INSTRUCTIONS:

There are three tabs on this screen. They are **Name Address**, **Part II** and **Part III**. You will be in the Name Address tab and the cursor will be asking for Record #. Each individual employee will have a record number. You should start by entering a number 1 as the first Record #. Now, if you have this company setup in the Client Write Up system, the first step is to select, the first employee who has received health insurance. This can be quickly accomplished, using the button on the lower left hand side of the screen labeled:
[Get Employee Name, Add, and SSN]

This will bring the information from the employee file for that employee to this screen. If you do not have the employees entered in the Client Write Up System, it would probably be a good idea to add them to that system and then return to this option. You could just add them to this screen, but then next year, you will have to add them again, and if you instead enter them in the Client Write Up System, they will be there for this year and subsequent years.

Once the employee information is correctly entered on this screen, click on the **Part II** tab. There are three rows of information on this screen, referring to lines 14, 15 and 16 of the 1095-C form. Line fourteen requires a code to be entered. If the code was the same for all twelve months, it can just be entered in the all 12 month box.   The possible codes are 1A, 1B, 1C, 1D, 1E, 1F, 1G, 1H, or 1I. If the codes varied during the year, the codes for each month must be individually entered. These codes are described in the Instructions for the form 1094-C and the 1095-C (2015), page 10. For example the description for code 1D is "Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependents(s)). In any case, the company that is filling out the form should know from their insurance company what the applicable code or codes are and

whether they varied by employee. You will need to find out these codes and enter them for each employee.

The instructions for lines 15 and 16 information are also found in instructions for the Forms 1094-C and 1095-C (2015), beginning on page 10

In any case, once you fill out these three lines for a particular employee, you may select the **Part III** tab. This information that needs to be entered on this tab is found in the instructions for Forms 1094-C and 095-C (2015), page 11. These instructions from the IRS are quoted below:

"Part III reports the name, SSN (or TIN for covered individuals other than the employees listed in Part I), and coverage information about each individual (including any full-time employee and non-full time employee, and any employee's family members) covered under the employer's health plan, if the plan is 'self-insured.' A date of birth will be entered in column (c) only is an SSN (or TIN for covered individuals other than the employee listed in Part 1) is not entered in column(b). Column (d) will be checked if the individual was covered for at least one day in every month of the year. For individuals who were covered for some but not all months, information will be entered in column (e) indicating the months for which these individuals were covered. If there are more than 6 covered individuals, see the additional covered individuals or Part III, Continuation Sheet(s)."

Once again, this information is not clear-cut from these instructions and hopefully the insurance company can provide the company or the accounting firm with any individuals and codes that need to be listed on Part III. Once this information is entered, the form can be printed, the print option for this form that is accessible from the W2 and 1099 pull down menu, option 1095/1094 (C and B).

Note: This program supports a maximum of 18 "covered individuals" on the 1095C. (See Part III tab above.) This program only supports foreign addresses that can conveniently be fit into the format of U.S. addresses. If you wish to electronically file 1095-C's there is a cost, because P.C. Software files these forms through a third party. If you need to electronically file the 1095-C's, you should check with us for prices, and also for specific instructions on how to create and send the electronic file.

The next step would be to input the 1094-C

INPUT 1094 C INSTRUCTIONS:

The form 1094-C is a form that is labeled **Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns**.

This form is submitted with the 1095-C Forms discussed in the previous step. When the option for this form is taken the following screen appears:

The screen that appears will have four tabs. They are labeled: Tab 1 **Name, Address,** Tab 2 **Part II**, Tab 3 **Part III** and Tab 4 **Part 1V**.

The information that needs to be entered on this form is discussed in detail in the instructions for Forms 1094-C and 1095-C (2015) beginning on page 5.

When this option is selected, the user will be on the first tab and can enter the basic information about the company that will be reported on the form. **Parts II, III** and **IV** allow the entry of the remainder of the information for this form. Once again this form is not clear-cut in what it requires and hopefully the company or the insurance company that the company is working with will provide the accounting firm with the information that needs to be entered on the form. Once this information is entered, the form can be printed, the print option for this form is accessible from the W2 and 1099 pull down menu, option 1095/1094 (C and B).

1095-B AND 1094-B Overview: The 1095-B and the 1094-B are forms

that must be filed by insurance companies or self-insured employers The 1095-B is a form that must be completed for each employee and filed with the IRS and a copy of the form 1095-B must be given to each employee.   The 1094-B is the transmittal sheet or form that must be sent to the IRS that includes the information about all the 1095-B's that are being filed by the insurance company or the self-insured employers.

The general instructions provided by the IRS entitled "2015 Instructions for Forms 1094-B and 1095-B" for filling out these forms can be found at the following address: https://www.irs.gov/pub/irs-pdf/i109495b.pdf

These instructions are currently 7 pages long.   You should access and print these instructions. The information that is required to fill out these forms includes the names, addresses, and social security numbers of the individuals who are employees of the companies. However, there is

other information about the specifics of the insurance coverage and the monthly amounts of coverage that must be entered on the form.   This information must be provided from the company or from the company and the providing insurance company

In any case, once you have reviewed the IRS instructions and gathered the information for completing the forms 1094-B and 1095-B, you should proceed to the next option to prepare and enter these forms, from the menu that is described below:

INPUT 1095 B INSTRUCTIONS:

The option to prepare and print the forms 1094 and 1095 B and C, are found on the **W2 and 1099** Pull Down Menu. It is labeled **1095/1094 (C and B**) When this option is selected, the following sub options appear:
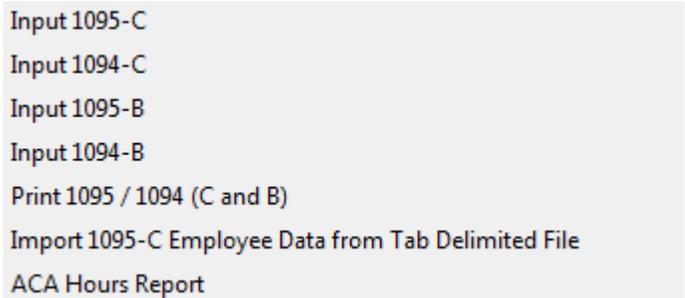
Input 1095-C
Input 1094-C
Input 1095-B
Input 1094-B
Print 1095 / 1094 (C and B)
Import 1095-C Employee Data from Tab Delimited File
ACA Hours Report

The first step would be to take the **Input 1095-B** option.

When this option is selected the following screen will appear:

The screen that appears will have two major tabs: They are labeled: **Name, Address**, and **PART IV**.

You will be in the Name Address tab which has three sub tabs: They are labeled: **Responsible Individual**, **Employer Sponsored Coverage** and **Issuer or Other Coverage Provider**.

The information that needs to be entered on this form is discussed in detail in the instructions for Forms 1094-B and 1095-B (2015) beginning on page 6.

When this option is selected, the user will be on the **Name Address** tab and the **Responsible Individual** sub tab. The IRS defines the "responsible individual" in the instructions for Forms 1094-B and 1095-B (2015) in this way on page 5: "The responsible individual is the person who, based on a relationship to the covered individuals, the primary name on the coverage, or some other circumstances, should receive the statement. Generally the statement recipient should be the taxpayer (tax filer) who would be liable for the individual shared responsibility payment for the covered individuals, if that person is known. A statement recipient may be a parent if only minor children are covered individuals, a primary subscriber for insured coverage, an employee or former employee in the case of employer-sponsored coverage, a uniformed services for TRICARE, or another individual who should receive the statement. Filers may, but aren't required to furnish a statement to more than one recipient."

Basically, the Responsible Individual in the normal business case would apparently be the employee of the firm. Enter record # 1 and then enter the information for this individual. The information is described on page 6 as mentioned above. Then enter the other insured individuals as record #2 etc. Once an individual is entered, then click on the second sub tab labeled **Employer Sponsored Coverage**. The following screen will appear:

Referring to the IRS Instructions for "Part II Employer Sponsored Coverage" which is found on page 6 of the 2015 Instructions for Forms 1094-B and 1095-B, determine if any information needs to be entered on this tab and if so enter it.

Once you have completed the **Employer Sponsored Coverage** sub tab, click on the Issuer or **Other Coverage Provider** sub tab. The following screen will appear:

Referring to the IRS Instructions for "Part III Issuer or Other Coverage Provider" which is found beginning on the bottom right hand side of page 6 of the 2015 Instructions for Forms 1094-B and 1095-B), determine if any information needs to be entered on this tab and if so enter it.

Once you have entered the information for the Issuer or **Other Coverage Provider** sub tab click on the **PART IV** tab.   The following screen will appear:

The **Part IV** tab requires the entry of all the "Covered Individuals." Referring to the IRS Instructions for "Part IV –Covered Individuals" which is found beginning on page 7 of the 2015 Instructions for Forms 1094-B and 1095-B), determine what information needs to be entered on this tab and enter it.   Basically the covered individuals appear to be any other covered individuals related to the responsible individual entered on the Responsible Individual tab

Now return to the **Name Address** tab and enter the next "Responsible Individual" and the related sub tabs and the Part IV information as described above. Continue this process until all the individuals are entered.

Note: We support a maximum on 12 "covered individuals" on the 1095B (See Part IV above). We also do not support foreign addresses that don't conveniently fit into the format of US Addresses. We also do not support electronic filing of the 1095B's

You have now completed entering the form 1095-B.

INPUT 1094 B INSTRUCTIONS:

The form 1094-B is the related Transmittal Sheet that is sent to the IRS that contains the information about the 1095-B forms that have been completed for this company.

This form is submitted with the 1095-B Forms discussed in the previous step.

This option to access the 1094-B is found on the **W2 and 1099** Pull Down Menu. It is labeled **1095/1094 (C and B)** When this option is selected, the following sub options appear:

Input 1095-C
Input 1094-C
Input 1095-B
Input 1094-B
Print 1095 / 1094 (C and B)
Import 1095-C Employee Data from Tab Delimited File
ACA Hours Report
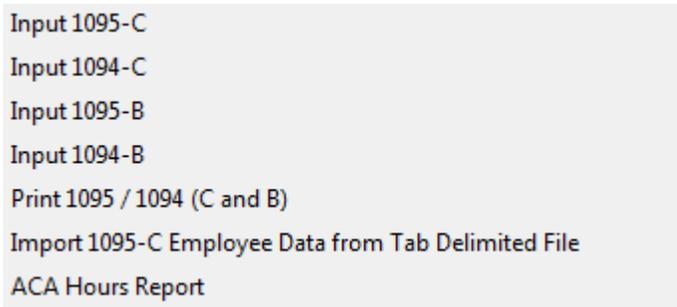
The first step would be to take the **Input 1094-B** option.

When this option is selected the following screen will appear:

Referring to the IRS Instructions for "Specific Instructions for Form 1094-B," which is found on page 7 of the 2015 Instructions for Forms 1094-B and 1095-B, determine the information that needs to be entered on this tab and enter it.

PRINTING REQUIRED FORMS

When you have completed all the forms that you need, you should access the menu to print the ones that you need for this particular client.

This option to print forms is found on the **W2 and 1099** Pull Down Menu. It is labeled **1095/1094 (C and B)** When this option is selected, the following sub options appear:

Input 1095-C
Input 1094-C
Input 1095-B
Input 1094-B
Print 1095 / 1094 (C and B)
Import 1095-C Employee Data from Tab Delimited File
ACA Hours Report

You would select **Print 1095/1094 (C and B)** and the following sub menu would appear:
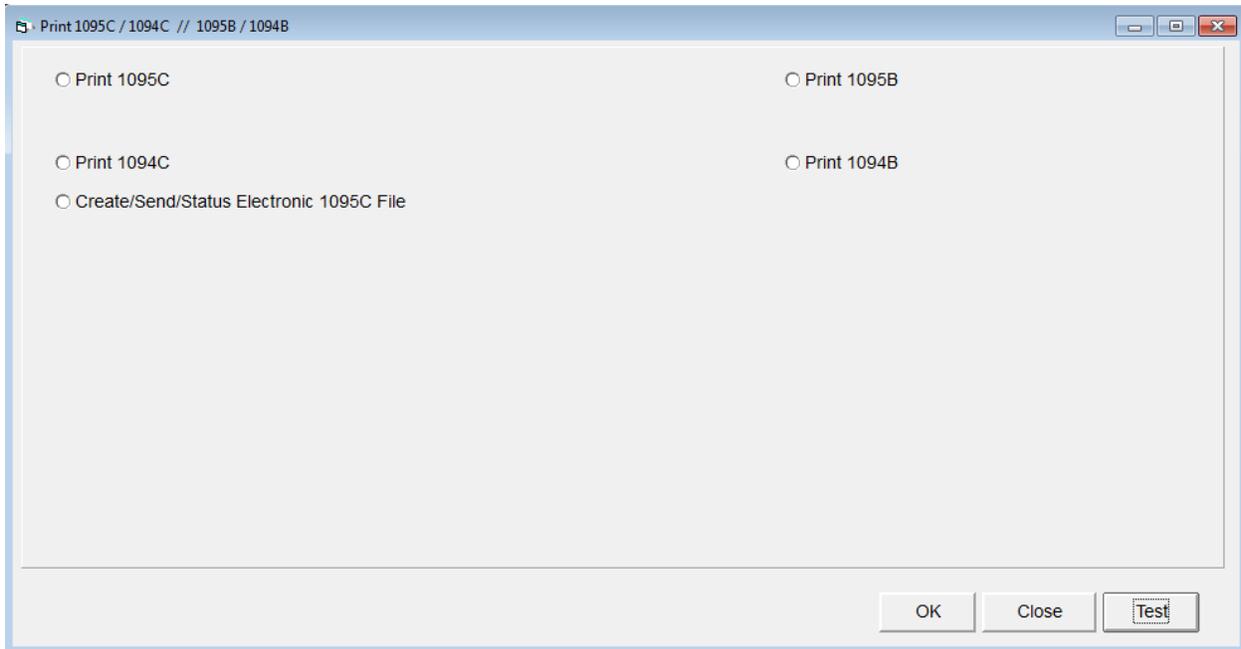
With this option you can print the forms that you have input if you have not already done so.

IMPORT 1095-C Employee Data from Tab Delimited File:

There is also an option to allow you to import information from a tab delimited text file for boxes 14, 15 and 16 of the 1095-c in case you can get this information from whomever prepared the payroll or from an insurance company in the format that you need in an Excel format. You can send them the Excel format by accessing the company directory on your computer, where you have the PC Software Client Write UP program loaded. Typically, that would be the found on the C drive in the PCSW folder. Its name would be 1095CImport.XLS. The person entering the information into the Excel file for each employee would use EXCEL and that template to enter the basic employee information and the lines 14, 15, and 16 information for them. When you received the EXCEL file, you would then enter EXCEL, check the information and if it appeared to be correct, change the file to a tab delimited text file as described in the text in the right hand column of the screen below:

When this option is selected the following screen will appear:
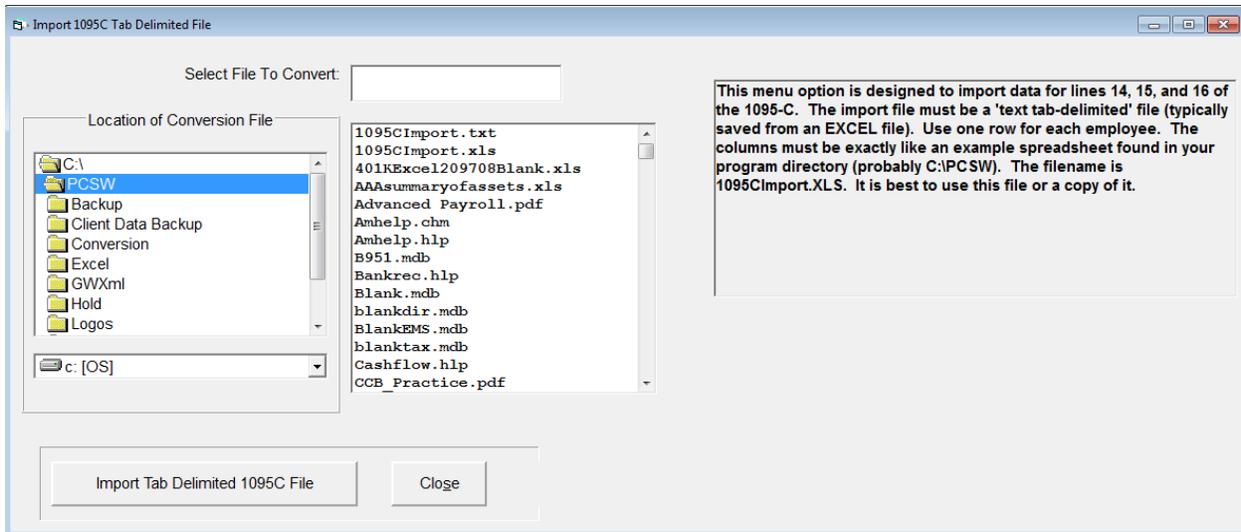
The first step would be to access the file if it has already been prepared by someone else. If it has not yet been prepared, you should access the basic format which will appear as shown below. (Note that if someone from another organization is going to enter this information for you, you must first send them the template so that the information will be able to be read into this program.)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1									14 Offer of Coverage							
2	Employee Name	SSN		All 12	Jan	Feb	March	April	May	June	July	August	September	October	November	December
3																
4																
5																
6																
7																
8																
9																
10																

Note that one line will be used for each employee. There are boxes for lines 14, 15 and 16 for each employee. The boxes for lines 15 and 16 do not show on the screen above, but in Excel, they are on the same line as the line 14 information for the employee only they are found further to the right of the entry screen.

Once all the information for all the employees has been entered. This file can be imported into the 1095-C input screens using the tab on the first screen above labeled: Import Tab Delimited 1099C File.

After it has been imported, it can be further adjusted using the 1095-C Input screen.

ACA Hours Report

The ACA Hours Report is a report that might be helpful in determining if the company that you are processing needs a 1095-C and 1094-C. If you have prepared the payroll for this client using the Computer Checkbook System, you can run this report and prepare a worksheet that can help you in determining the number of full time employees that were paid by this company, according to the rules found on page 13 of the 2015 Instructions for Forms 1094-C and 1095-C.

IT IS VERY IMPORTANT TO REALIZE THAT THIS REPORT WILL ONLY WORK IF YOU HAVE PREPARED A "LIVE" PAYROLL FOR THIS CLIENT FOR THE WHOLE YEAR WITH THE PC SOFTWARE COMPUTER CHECKBOOK SYSTEM AND HAVE ENTERED HOURS FOR EACH PAYCHECK. THIS REPORT WILL NOT WORK IF YOU HAVE PREPARED AFTER-THE-FACT PAYROLL FOR THIS CLIENT WITH THE CLIENT WRITE UP SYSTEM, BECAUSE NO HOURS ARE ENTERED INTO AFTER-THE-FACT PAYROLL AND THEREFORE NO REPORTED HOURS COULD BE DETERMINED WITH AFTER-THE-FACT PAYROLL.

A sample portion of a sample report from this option is shown below:

The Sample Checkwriting Company
ACA Hours Report

Client No: 101PY   Page 1

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	S/H: H George T Jones					Hire Date:			Term Date:				
	Hours	0.00	0.00	126.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FTE	N	N	N	N	N	N	N	N	N	N	N	N
2	S/H: H John Michael Smith					Hire Date: 05/12/99			Term Date:				
	Hours	0.00	0.00	125.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FTE	N	N	N	N	N	N	N	N	N	N	N	N
3	S/H: H Daniel J. Wilbur					Hire Date:			Term Date:				
	Hours	0.00	0.00	130.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FTE	N	N	Y	N	N	N	N	N	N	N	N	N
4	S/H: H Howard W. Campbell					Hire Date: 12/15/04			Term Date:				
	Hours	185.00	177.50	92.00	205.00	131.00	151.00	129.50	156.90	192.00	158.00	144.00	199.00
	FTE	Y	Y	N	Y	Y	Y	N	Y	Y	Y	Y	Y
5	S/H: H James T. Kirk					Hire Date:			Term Date:				
	Hours	145.00	158.00	166.00	199.00	121.00	210.00	155.00	167.00	200.00	135.00	159.00	177.00
	FTE	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y