

## W-2 Helpful Hints

Make sure all W-2s, Governmental Reports, 941s, and other reports have been printed with the proper past year Tax Table installed before performing Year-end Processing.

- From the Payroll **Setup** menu, select **Payroll Options**. Select the Retain Year to Date Check History check box.
- Also select the Retain Perpetual Payroll History check box. Quarter-end doesn't affect this field, but it is important when updating checks.

### W-2 Printing

- Before the first Payroll of the new year, you must print your W-2 forms.
- Any new year Payroll data updated before the W-2 forms are printed will be included in the employees' past year payroll totals.
- If you are unable to print the W-2 forms before the first pay period of the new year, back up your Payroll data files so they can be restored in their entirety. Then change your new year Tax Table limits back to the past year limits when you are ready to print the W-2 forms.
- W-2s do not print in alphabetical order by state. If you wish to print in this fashion, enter the state in the Sort field on the Employee Maintenance screen. On the W-2 Form Printing screen, choose to sort printing based on the Sort field.
- Subtotals are no longer required for the reporting of Federal W-2 information. Enter zero (0) in the Sub-Total on Form field on the W-2 Form Printing screen.
- The last W-2 form printed is not a grand total. It is the final sub-total of the forms that have been printed since the prior sub-total was printed.
- The 4 Per Page W-2 option does not provide a Copy A. If you purchase 4 Per Page W-2s you must also purchase a set of 2 Per Page to meet filing requirements.

Use the PRZRK2 utility for laser W-2 printer alignment. More information can be found in PR3000-ABC.

### NOTE

Printing in Windows to a local printer can cause difficulty when the printer becomes jammed, runs out of paper, or receives an off-line message. This is because MAS 90 may print directly to the printer port and Windows does not return an off-line message when printing to a local driver. Because of this, we strongly recommend that you:

- Print to a network printer whenever possible.
- Always keep enough forms available so the print job does not have to be restarted.
- Always perform a direct print. DO NOT print from preview or to deferred printing.

If your forms get jammed or you run out of paper when printing W-2 forms, stop the print job, then fix the paper jam or fill your paper supply. Set the same selection criteria as the original print run and enter the specific employee to restart printing. Failure to use the same selection criteria may result in incorrect sub-total information for W-2 forms.

### Tax Table Maintenance

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

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

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

### **Three important facts to remember**

- There is no future period in Payroll
- Tax tables are system-wide files, therefore changes made to the tax tables affect all company codes
- Limits printed on W-2 forms come from the tax tables

### **Payroll Year-end Example 1**

Completing Year-end Processing prior to running new year Payroll:

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

### **Payroll Year-end Example 2**

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

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

### **Allocated Tips**

#### **W-2 Box 8**

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

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

### **Deceased Employee's Wages**

- If an employee dies during the year, then accrued wages, vacation pay, and other compensation paid after the date of death are not reported in Box 1 of the W-2.
- The income must be reported in Box 3, 1099-MISC.
- If the payment is made in the same year as the death, then Social Security wages (Box 3), Social Security tax withheld (Box 4), Medicare wages & tips (Box 5), and Medicare tax withheld (Box 6) must be withheld and reported.
- All wages paid to the employee during the current year but prior to death are also reported on the W-2 and are subject to the appropriate taxes.

### For payments made after death

- Set up a new earnings code that is subject only to FICA, Medicare, and state taxes (if applicable).
- Payments made after death are not subject to federal withholding or FUTA.
- Perform Payroll data entry and update.
- Payments made after the year of death are not reported on the W-2 and no taxes are withheld.
- The W-2 must reflect the appropriate wages in Box 1 and Box 3, and Box 5, as well as withholdings in Box 2, Box 4, and Box 6.
- W-2s must include all wages and withholdings prior to death.
- W-2s must also include wages subject to FICA and Medicare as well as withholdings for FICA and Medicare made after death within the calendar year of that person's death.

### Dependent Care Benefits

#### Qualified Plan

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

#### Nonqualified Plan

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

### Fringe Benefits

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

#### NOTE

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

There is only one Fringe Benefits box, to which all fringe benefit earnings will update. See the Payroll manual's *Helpful Hints* section for additional information on fringe benefits.

## Group Term Life

### Coverage over \$50,000.00

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

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

Field Description	Print?	Line	Tab	Print?	Line	Tab	Description	Misc
LOCAL UNEMPLOYMENT WAGES	N			N				
FRINGE BENEFITS	N			N				
STATE SDI WAGES	N			N				
LOCAL LDI WAGES	N			N				
STATUTORY EMPLOYEE BX	Y	017	047	N				
ALLOCATED TIPS	Y	011	064	N				
BOX 12a CODE	Y	015	065	N				
BOX 12a AMOUNT	Y	015	069	N				
MISC. EARNINGS CODE 1	N			N				
MISC. EARNINGS GROSS 1	N			N				
MISC. EARNINGS AMOUNT 1	N			N				

### Coverage under \$50,000.00

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

## Moving Expenses

- Qualified moving expense reimbursements are excluded from wages and reported in Box 12 of the W-2.

- Create a deduction code with the Deduction Type set to *Standard Deduction* and a W2-Box 12 Label of “P”.
- In Payroll Data Entry enter the deduction code with a negative amount.
- In the W-2 Form Printing screen type *P* in one of the Box 12 Label boxes.
- Make sure that the Print check box on the Data line for Box 12 is selected.

## Reimbursements

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

## 401(k) Plans

### Qualified Plan

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

### Other Pension Plans

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

## SDI-State Disability Insurance

- Many states require that the SDI amount be printed on the W-2 form.
- This amount is normally printed in the Local Tax box.
- In W-2 Forms Customization on the **Detail** tab, the Print check box on the Data line for State Disability Withheld and State SDI Wages must be selected.
- Select the Print check box on the Description line for State SDI Wages and enter a description.

## Box 12

- To print information in Box 12 of the W-2, set up a deduction code with a Box 12 label in Deduction Code Maintenance.
- When printing W-2 forms, enter the label in one of the boxes for the Box 12 Label field in the W-2 Form Printing screen.
- In W-2 Forms Customization on the **Detail** tab, the Print checkbox on the Data line for the Box 12 list option must be selected.

## 3rd Party Sick Pay Reporting

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

## Period-end Reports

### Quarterly Governmental Report

- Reads information from the PR3 file based on the record type (Federal, State, and Local).
- Fields can be changed in Forms Customization to display wage information like gross wages, withholding wages, or FICA wages.

### Quarterly 941 Report

- You can print the Quarterly 941 Report using plain paper or a preprinted form.
- This report cannot be modified in Forms Customization.
- You can modify the data within the report by using PRZDRR. Select **Run** from the **File** menu, then type *PRZDRR* and click **OK**.

### DE6 Report (**California only**)

Although MAS 90 does not support the California DE6 report, you can design the report using Forms Customization. The following documents provide information about configuring your DE6.

- Resolution ID: 414519
- [PR3004-A](#)
- RA#7726
- The form requires modifications to the Quarterly Governmental Report. See Resolution ID: 414519 for an explanation of the modifications.