

For EasyPayNet clients **ONLY**

Bonus Payroll Reply Form B

Completed form due to ADP by November 11, 2011

Refer to the Year-End Letter in your payroll package for instructions on how to return your completed form.

Bonuses are an important way to recognize employee performance. Completing this form now will help ensure that we process your bonus payroll accurately. **Please see the back of the form for additional information.**

Step 1: Schedule your bonus payroll

Branch/Client Code: _____ Company Name: _____

Contact Name: _____ Phone Number: _____

☐ Yes, I will be processing a separate bonus payroll on _____

☐ I will not be processing a separate bonus payroll.

I will be including my bonus checks in a regular payroll on _____

KEY INFORMATION

- If this payroll is separate from a regularly scheduled payroll, be sure to select "Special" as the monthly pay cycle number so your regularly scheduled payrolls stay on schedule.
- If you are using one of our banking features, such as Full Service Direct Deposit or ADPCheck, you must report your bonus payroll at least three business days before the check date.
- If you want to distribute the bonus checks, be sure to cancel direct deposit for this payroll.
- Once you process a bonus payroll, the bonus amounts will be included in the year-to-date section of the employees' check stubs. To prevent bonus amounts from appearing on an earlier check, schedule your bonus payroll as the last payroll prior to distribution of the bonus checks.

Step 2

■ Taxing Options

To help ensure that bonuses are taxed correctly, select *one* of the following options:

☐ Tax my bonus payroll using regular table rates for all taxes.

☐ Tax my bonus payroll at the supplemental wage rate for federal tax and withhold all applicable state, city, FICA (Social Security/Medicare), unemployment and disability taxes. (SUPW) **The federal supplemental tax rate is a flat 25% for earnings up to \$1,000,000.00 and a flat 35% for earnings over \$1,000,000.00.**

☐ Do *not* withhold federal or state tax, but withhold all other applicable taxes. (BONS)

Using this option, wages are considered taxable for federal and state and will be included on W-2s.

With the EasyPayNet Paycheck Calculator, you can easily obtain gross-to-net figures for bonus payrolls using your employees' withholding and deduction data and save the results as pre-calculated checks to be processed when you submit your bonus payroll.

For additional information and procedures regarding bonus payrolls, refer to the ADP Small Business Services Client Center Web site at

<http://smallbusiness.adp.com/small-business-services/client-support/year-end-central.aspx>.

Checkpoint

If you plan to issue bonus checks, please send this form to ADP by November 11. No action is required if you are not planning to issue bonus checks.

Thank you for completing the Bonus Reply Form.

Instructions for Completing Bonus Reply Form B

ACTION REQUIRED BY November 11, 2011

If you are not an EasyPayNet client, use Bonus Payroll Reply Form A.

Step 1 Schedule your Bonus Payroll

When scheduling a bonus payroll, keep these points in mind:

- Processing bonus payrolls separately prevents issues with employee taxes and/or voluntary deductions.
- Please allow at least 48 hours between reporting your regularly scheduled payroll and the bonus payroll to afford you ample time for reviewing and making changes, if necessary.
- Bonus amounts will be included in the year-to-date section of employee check stubs – so schedule it as the last payroll prior to distribution of the bonus checks.
- You must be available on the day of delivery to check that the payroll is accurate and to wire funds, if necessary.

If you are using one of our banking features, such as Full Service Direct Deposit or ADPCheck, your bonus payroll must be reported to ADP at least three business days before your check date.

If you require assistance determining pre-calculated bonus check amounts, check out our Resource Center Web site at <http://www.adp.com/tools-and-resources.aspx>.

Special Information about Bonus Payrolls

► Bonus payrolls with federal tax liabilities in excess of \$100,000

Federal tax liabilities in excess of \$100,000 must be deposited by the next banking day after the check date to avoid penalties and interest. ADP Tax Filing Service clients must report this payroll to ADP at least three business days prior to the check date.

► Funding requirements

In addition to federal regulations, ADP also applies certain restrictions to large bonus payrolls that may require a wire transfer prior to check date. If these restrictions apply to your bonus payroll, ADP will supply you with the necessary wire instructions by the next business day after the bonus payroll has been processed.

► Calculating gross from net pay for bonus checks

If you know what net bonus you would like to award an employee and FICA (Social Security/Medicare) is the only tax deducted from a bonus check, you may use the following formulas to calculate FICA and the inflated gross amount:

Year-To-Date Gross*	Inflated Gross	FICA
Under \$106,800.00	Net Bonus Pay ÷ 0.9435	5.65% x Inflated Gross
Over \$106,800.00	Net Bonus Pay ÷ 0.9855	1.45% x Inflated Gross

* The employee's year-to-date gross earnings determines which formula should be used.

Please select "Special" as the monthly pay cycle number, verify scheduled deductions, and enter the appropriate check date for the bonus payrolls. Want to hand-deliver the checks? You can cancel Direct Deposit for a bonus payroll so that you can personally deliver bonus checks.

Step 2 Taxing Options

This allows you to explain how your bonus will be taxed. Ask your accountant for more information regarding bonus taxation.

For more information on payroll resources, federal, state and local tax information, and other tools, visit <http://www.adp.com/tools-and-resources.aspx>.