



**2014 EasyPaySM
Year-End
Reference Guide**

Contact information

Internal Revenue Service

Forms – (800) 829-3676

Assistance for Businesses – (800) 829-4933

Web Sites: Home Page – <http://www.irs.gov>

Forms – <http://www.irs.gov/formspubs/index.html>

Social Security Administration

General Information – (800) 772-1213

Web Site – <http://www.ssa.gov>

Other resources

ADP Small Business Services

Web Site – <http://smallbusiness.adp.com/>

- ✓ EasyPay clients may access valuable payroll and tax information, product information, and other helpful resources on the Client Services and Support page on the ADP Small Business Services web site.

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

ADP Tax and Financial Services

Compliance and Payment Solutions (CAPS) Portal –

<http://sharepoint.adpcorp.com/Sites/CAPS/default.aspx?PageView=Shared>

- ✓ For state wage and tax information, we recommend using the Compliance Connection, or BNA references if available in your center.

<http://www.adp.com/tools-and-resources/compliance-connection.aspx>

SBS Service Training

Web Site Home Page – <http://sbslearning.es.ad.adp.com/>

State at a Glance – http://sbslearning.es.ad.adp.com/Reference_Lib/State_At_Glance/State.htm

Quick Reference Procedures – http://sbslearning.es.ad.adp.com/Reference_Lib/Quick_Ref_Procedures/WebHelp/ORCHTML.htm

Copyright © 2014 ADP, LLC

The information contained herein constitutes proprietary and confidential information of ADP. It must not be copied, transmitted or distributed in any form or by any means, electronic, mechanical or other, including photocopy, recording or any information storage and retrieval system, without the express written permission of ADP. All Rights Reserved.



Table of Contents

Chapter 1 Preparing for Year End/ Agency Contact Information.....	1-1
Preparing for Year End: Quality Initiatives.....	1-2
Joint pilot testing with AutoPay.....	1-2
Accountant audit conducted with AutoPay	1-2
Year-End Dress Rehearsal.....	1-2
Agency Contact Information	1-3
IRS contact information	1-3
Social Security telephone numbers	1-3
Chapter 2 Payroll Procedures	2-1
Processing the Last and First Payroll of the Year.....	2-3
Balancing Error Messages	2-5
Cutting the Fourth Quarter.....	2-8
Quarter-cut indicators	2-8
Cutting the fourth quarter through Callin.....	2-10
Cutting the fourth quarter through Correct a Payroll	2-10
Manually cutting a quarter	2-11
System updates for the first payroll of the next year.....	2-13
Clearing the master file.....	2-13
Correcting Payrolls Processed in the Wrong Quarter	2-14
Rerunning a payroll that should have been processed in a <i>future</i> quarter	2-14
Rerunning a payroll that should have been processed in a <i>previous</i> quarter.....	2-16
Making Adjustments at Year-End.....	2-19
Rerunning the last payroll of the quarter when the next payroll has <i>not</i> been processed	2-19
Editing a client's profile for the prior quarter.....	2-21
Processing fourth-quarter adjustments after the first payroll of the new year.....	2-22
Creating an M. file from a QT. file.....	2-23
Entering and balancing an adjustment payroll.....	2-23
Adjusting prior quarter figures in the current fourth-quarter master file to rerun quarterly reports	2-25
Adjusting current quarter figures without affecting taxes	2-26
Client Processing History.....	2-27
Correcting Employees' W-2s after They Have Been Filed	2-28
Correcting employees' W-2s for clients who are responsible for their annual filings.....	2-28
Correcting employees' W-2s for Full Level Tax clients	2-29
Correcting employees' W-2s for data changes (e.g., correct an SSN)	2-29
Amendments	2-30
Amendment types	2-30
San Dimas fee structure for amendments and exceptions	2-32
Tape/transmission amendments.....	2-32
Entering the ascertained date and reason code(s) for amendments	2-33
EasyPayNet Interim Details Files.....	2-34
Callin message: "interim details file exists"	2-34
Chapter 3 Bonus Payrolls	3-1
Scheduling a Separate Bonus Payroll	3-2
Setting Up a Separate Bonus Payroll	3-3
Reviewing bonus payroll information with clients	3-3
Setting up bonus payrolls	3-4
Taking a Separate Bonus Payroll in Callin.....	3-7
Changing payroll options on the Date Page.....	3-7
Entering bonus pay on the Pay screen.....	3-8

Providing Bonus Checks as Second Checks with a Regular Payroll	3-10
Handling Tax Breakdowns.....	3-12
Calculating net-to-gross checks.....	3-12
Calculating gross-to-net checks.....	3-14
Calculating FICA and Inflated Gross for a Bonus Check	3-16
Calculating FICA and inflated gross—employee’s FI taxable wages are under \$110,100.00.....	3-17
Calculating FICA and inflated gross—employee’s FI taxable wages are already over \$110,100.00.....	3-18
Calculating FICA and inflated gross—employee’s FI taxable wages will exceed \$110,100.00 <i>with the</i> bonus check	3-19
Handling Million-Dollar Bonus Payrolls	3-20
Guidelines for processing large bonus payrolls in Callin	3-20
States with Supplemental Wage Rates.....	3-21
Chapter 4 Special Taxation/ Miscellaneous Reporting.....	4-1
Allocated Tips for Restaurant Employees.....	4-4
Allocated Tips for Restaurant Employees.....	4-4
Explanation of taxability	4-4
Where do allocated tips appear on the W-2?	4-4
Setting up allocated tips	4-4
Box 14 on Form W-2 (Codewords B14A, B14B, and B14C)	4-5
Displaying taxable amounts as information in box 14	4-5
Displaying Illinois employer contributions to medical savings plans as information in box 14	4-9
Displaying nontaxable amounts as information in box 14.....	4-11
Cafeteria 125 Plans.....	4-12
Explanation of taxability	4-12
Where do Cafeteria 125 plan amounts appear on the W-2?	4-12
Questions to ask clients.....	4-13
Setting up Cafeteria 125 plans.....	4-13
Cost of Employer-Sponsored Group Health Plan Coverage.....	4-14
Explanation of taxability	4-14
Where does the cost of employer-sponsored group health plan coverage appear on the W-2?	4-14
Questions to ask clients.....	4-14
Setting up the cost of employer-sponsored group health plan coverage.....	4-15
Deferred Compensation and Pension Plans (Qualified and Nonqualified).....	4-16
Where does deferred compensation appear on the W-2?.....	4-17
Questions to ask clients.....	4-18
Setting up pension and deferred compensation plans.....	4-18
Entering year-end, FICA-taxable deferred compensation amounts as fourth quarter adjustments after a client’s last live payroll has been processed.....	4-22
Common client situations.....	4-22
Dependent Care Benefits	4-23
Explanation of taxability	4-23
Where do dependent care benefits appear on the W-2?.....	4-23
Questions to ask clients.....	4-23
Setting up dependent care.....	4-23
Entering year-end, FICA-taxable dependent care amounts as fourth-quarter adjustments after a client’s last live payroll has been processed	4-25
Common client situations and solutions.....	4-25
Fringe Benefits	4-26
Explanation of taxability	4-26
Where do taxable fringe benefits appear on the W-2?	4-26
Questions to ask clients.....	4-26
Setting up fringe benefits	4-26
Entering year-end, FICA-taxable fringe benefits as fourth-quarter adjustments after a client’s last live payroll has been processed	4-27
Common client situations and solutions.....	4-27

Golden Parachute Payments.....	4-28
Explanation of taxability	4-28
Where do federal excise tax amounts appear on the W-2?.....	4-28
Setting up and entering golden parachute payments and excise tax amounts.....	4-28
Entering year-end golden parachute payments as fourth-quarter adjustments after a client's last live payroll has been processed	4-29
Common client situations and solutions.....	4-29
Group Term Life Insurance.....	4-30
Where does GTL appear on the W-2?.....	4-30
Explanation of taxability	4-30
Setting up GTL.....	4-32
Entering year-end, FICA-taxable GTL premiums as fourth-quarter adjustments after a client's last live payroll has been processed	4-33
Health Savings Accounts.....	4-34
Provisions of HSAs.....	4-34
Explanation of taxability	4-34
Where do HSA amounts appear on Form W-2?	4-34
Setting up HSA earnings and deductions	4-35
Entering year-end, FICA-taxable HSA contributions as fourth-quarter adjustments after a client's last live payroll has been processed.....	4-35
State taxability for HSA codewords.....	4-36
Household Client Setups.....	4-37
Discussing limitations before the setup.....	4-37
Setup procedures.....	4-38
Long Term Disability Payments.....	4-39
Explanation of taxability	4-39
Where does LTD appear on the W-2?.....	4-39
Setting up LTD.....	4-39
Moving Expenses	4-40
Explanation of taxability	4-40
Where do moving expenses appear on the W-2?.....	4-40
Setting up moving expenses	4-40
Entering year-end, FICA-taxable moving expenses as fourth-quarter adjustments after a client's last live payroll has been processed	4-41
Common client situations and solutions.....	4-41
S-Corporations	4-42
Where do S-Corporation earnings appear on the W-2?.....	4-42
Setting up S-Corporation earnings.....	4-42
Entering year-end, FICA-taxable S-Corporation insurance coverage as fourth-quarter adjustments after a client's last live payroll has been processed.....	4-43
Statutory Employees.....	4-44
Stock Option Benefits.....	4-45
Questions to ask clients.....	4-45
Setting up and entering stock option benefit amounts.....	4-45
Common client situations and solutions.....	4-46
Entering year-end stock option amounts as fourth-quarter adjustments after a client's last live payroll has been processed.....	4-46
Third Party Sick Pay Amounts.....	4-47
Explanation of taxability	4-47
Where do 3PSP amounts appear on the W-2?	4-47
Payroll entry	4-47
Creating a second W-2 for employees over the Social Security limit with 3PSP	4-48
Creating a second W-2 for employees over the Social Security limit with 3PSP	4-49
Uncollected FICA on GTL Premiums	4-50
Explanation of taxability	4-50
Where does uncollected FICA on GTL premiums appear on the W-2?.....	4-50
Setting up and entering uncollected FICA on GTL premiums	4-50
Where does uncollected FICA on GTL premiums appear on the 941?.....	4-51

Unsubstantiated/Substantiated Employee Expense Reimbursements	4-52
Explanation of taxability	4-52
Where do employee expense reimbursements appear on the W-2?	4-52
Questions to ask clients	4-52
Setting up employee business expenses	4-53
Entering year-end, FICA-taxable employee business expenses as fourth-quarter adjustments after a client's last live payroll has been processed	4-53
1099-R Earnings.....	4-54
Questions to ask clients about 1099-R earnings	4-54
Setting up and reporting 1099-R earnings on a client's <i>current</i> client number.....	4-54
Setting up and reporting 1099-R earnings on a <i>separate</i> client number.....	4-55
Reporting 1099-R earnings when the taxable portion cannot be determined	4-57
Using Customer Service Tools to Research Tax Information	4-59
Accessing the Customer Service Tools (MNUTOOLS) menu	4-59
Researching codeword definitions	4-60
Finding city information	4-62
Codeword Taxability Tables	4-63
Chapter 5 Quarterly and Annual Output	5-1
Year-End Process Flow	5-3
Quarterly Control System	5-4
W-2 Issues	5-5
Billing for W-2s and 1099s	5-5
Transmitting W-2s and W-3s to the AutoPay mainframe	5-6
Creating CD-ROM output	5-6
Reprinting an entire set of W-2s for a client.....	5-6
Reprinting one or more individual employee W-2s for a client.....	5-7
Accessing W-2s in Electronic Reports	5-7
Rerunning and printing selected W-2s	5-7
Guidelines for Processing Quarterly and Yearly Reports	5-9
Selecting clients.....	5-9
Processing earnings records	5-10
Quarterly Reports	5-12
Quarterly Wage and Tax report	5-13
Quarterly Wage Detail report	5-14
End-of-Quarter / Year-to-Date report (EOQ/YTD)	5-15
Quarterly Tax Summary.....	5-16
Quarterly Earnings Record report.....	5-17
Statement of Deposits and Filings (SOD)	5-18
Quarterly Tax Forms	5-19
Federal Form 941.....	5-19
Federal Form 941B.....	5-22
Resolving 941 errors.....	5-23
State Forms 941A.....	5-23
Annual Tax Forms.....	5-24
Form W-2.....	5-24
Laser-printed federal Copy A Form W-2	5-33
Laser-printed Form W-3	5-34
Wage and Tax Statement Totals report	5-36
940 Tentative Credit Worksheet	5-37
1099-MISC.....	5-39
1099-R	5-41
Chapter 6 Service Reports.....	6-1
Client Audit Report	6-2
Sample Client Audit report.....	6-2
Viewing the Client Audit report	6-3
Printing the Client Audit report	6-3

W-2 Error Report.....	6-4
Viewing W-2 errors online.....	6-5
Printing the W-2 Error report by CSR.....	6-8
Sample W-2 Error report.....	6-8
Sample W-2 Error report.....	6-9
Additional information for certain errors	6-10
EasyPay Year End Revenue Analysis Report	6-11
Generating and printing the EasyPay Year End Revenue Analysis report	6-11
Year-End Processing Statistics Report	6-12
Year-End Processing Statistics Report	6-13
Summary report.....	6-13
Detail report	6-16
Chapter 7 Year-End Billing.....	7-1
Accessing the Client Service Year End Menu.....	7-2
Manually Billing for W-2/1099 Processing	7-3
DDF invoices.....	7-3
Charges for additional year-end items.....	7-4
Manual billing procedure for current-year reruns	7-5
Entering Billing Overrides and Promotions	7-8
Override codes and types	7-8
Adding an override item.....	7-9
Changing an override item	7-11
Promotions	7-12
Researching Issues with the Year-End Billing Audit File.....	7-13
Browsing the Year-End Billing Audit file.....	7-14
Printing reports from the Year-End Billing Audit file	7-16
Working with Additional Controls	7-20
Setting up billing parents for additional controls.....	7-20
Using the Ask MIS report	7-21
Chapter 8 Magnetic Media.....	8-1
Types of Magnetic Media	8-3
Types of Magnetic Media	8-3
Filing W-2 magnetic media with the SSA.....	8-3
Filing 1099-MISC magnetic media with the IRS.....	8-3
Magnetic Media Process Flow	8-4
Magnetic Media Indicators	8-6
Federal filing output.....	8-6
Viewing or changing magnetic media indicators.....	8-6
Output produced for clients who receive individual federal W-2 magnetic media	8-7
Using the Magnetic Media Menu	8-9
Updating Clients' Year-End Magnetic Media Information.....	8-10
Using Queries to Ensure Proper Output.....	8-11
Service center tasks.....	8-12
Print partner tasks.....	8-12
Using the Annual Filing Reconciliation Report	8-13
Producing the Annual Filing Reconciliation report	8-13
Reading the Annual Filing Reconciliation report	8-14
Viewing the reconciliation online for a selected client	8-15
Correcting errors found in the reconciliation.....	8-16
Processing the Year-End Edit Transmission Report	8-18
Year-End Edit Transmission report description.....	8-18
Resolving errors.....	8-19
Producing an archive copy of the Annual Filing Reconciliation report	8-21
Handling SSA Rejected Federal Magnetic Media.....	8-22
Service associate procedures for rejected magnetic media.....	8-22
Processing 1099-MISC CD-ROMs	8-25
Printing a list of 1099 clients.....	8-26

Appendix A Frequently-Asked Questions	A-1
Forms W-2 and 1099 Questions	A-2
Form W-2.....	A-2
Form 1099.....	A-5
Bonus Payroll Questions.....	A-6
Special Taxation Questions.....	A-8
Third Party Sick Pay Questions.....	A-10
Tax Filing Service Questions	A-11
Tax filing validation.....	A-12
Appendix B Client Letters	B-1
Appendix C Client Audit and W-2 Error Messages Table	C-1

1

Preparing for Year End/ Agency Contact Information

This chapter provides an overview of quality initiatives that are conducted throughout the year to help us prepare for a successful year end and general agency contact information.

- ✓ For situations involving EasyPayNet clients, refer to *Service Center Procedures for EasyPayNet* for additional information. To access, go to the SBS Service Training intranet site at <http://sbslearning.es.ad.adp.com>. Under the Reference Library menu, highlight **Products/Features** and click **EasyPayNet**.
- ✓ EasyPayNet year-end procedures will also be published on the ADP Small Business Services Client Center Web site in October. EasyPayNet clients may access them by going to this address: <http://adp.com/small-business-services/client-support/year-end-central.aspx>.

Chapter contents

Preparing for Year End: Quality Initiatives.....	1-2
Joint pilot testing with AutoPay	1-2
Accountant audit conducted with AutoPay	1-2
Agency Contact Information	1-3
IRS contact information.....	1-3
Social Security telephone numbers	1-3

Preparing for Year End: Quality Initiatives

Every year end, SBS and AutoPay perform various tests on the output for the coming year end to ensure that our clients have a successful year-end experience.

Joint pilot testing with AutoPay

In June and September, we conducted joint pilot tests with AutoPay in Southern California and Dallas. These tests allow us to specify client criteria so we can ensure that W-2s produced on the AutoPay mainframe reflect changes for this year end. A December pilot with AutoPay is scheduled with the location to be determined.

Accountant audit conducted with AutoPay

As you may be aware, every year ADP in Roseland brings in accountants to verify that the calculations on our year-end output are occurring correctly. The first audit is scheduled for September. The final audit is scheduled for December. Any issues found are ranked and scheduled for development and released accordingly.

Agency Contact Information

This section includes the following:

- IRS contact information
- Social Security contact information

IRS contact information

General telephone numbers and links

Deaf Communications	(800) 829-4059
Forms	(800) 829-3676
Assistance for Businesses	(800) 829-4933
Assistance for Individuals	(800) 829-1040
Internet	http://www.irs.gov
Locate a Taxpayer Assistance Center	http://www.irs.gov/uac/Contact-Your-Local-IRS-Office-1

Applying for an Employer Identification Number

IRS contact information is provided below for clients applying for Employer Identification Numbers (EIN).

To apply	Number/Link
By Phone	(800) 829-4933
By Fax	(859) 669-5760 (267) 941-1040*
Online (EIN Assistant)	https://sa1.www4.irs.gov/modiein/individual/index.jsp

* For employers or individuals who have no legal residence, principal place of business, office or agency in any state.

Social Security telephone numbers

General contact information

Deaf Communications	(800) 325-0778
General Information	(800) 772-1213
Internet	http://www.ssa.gov

State Social Security Administration telephone numbers

For a listing of Social Security Administration regional office locations and phone numbers, visit the SSA Web site at: http://www.ssa.gov/employer/wage_reporting_specialists.htm.

2

Payroll Procedures

The first part of this chapter contains the following payroll procedures, which are used during year-end:

- Processing the last and first payroll of the year
- Balancing error messages
- Cutting the fourth quarter
- Correcting payrolls processed in the wrong quarter
- Making adjustments at year-end

The second part of this chapter contains information about the following topics:

- Client Processing History
 - Correcting employees' W-2s
 - Amendments
 - EasyPayNet interim details files (for EasyPayNet payrolls only)
- ✓ For information and procedures on bonus payrolls, refer to chapter 3 in this guide.
- ✓ For situations involving EasyPayNet clients, refer to *Service Center Procedures for EasyPayNet* for additional information. To access, go to the SBS Service Training intranet site at <http://sbslearning.es.ad.adp.com>. Under the Reference Library menu, highlight **Products/Features** and click **EasyPayNet**.
- ✓ EasyPayNet year-end procedures will also be published on the ADP Small Business Services Client Center Web site in October. EasyPayNet clients may access them by going to this address: <http://adp.com/small-business-services/client-support/year-end-central.aspx>.

Chapter contents

Processing the Last and First Payroll of the Year	2-3
Balancing Error Messages	2-5
Cutting the Fourth Quarter	2-8
Quarter-cut indicators	2-8
Cutting the fourth quarter through Callin	2-10
Cutting the fourth quarter through Correct a Payroll.....	2-10
Manually cutting a quarter	2-11
System updates for the first payroll of the next year	2-13
Clearing the master file.....	2-13
Correcting Payrolls Processed in the Wrong Quarter	2-14
Rerunning a payroll that should have been processed in a <i>future</i> quarter	2-14
Rerunning a payroll that should have been processed in a <i>previous</i> quarter	2-16
Making Adjustments at Year-End	2-19
Rerunning the last payroll of the quarter when the next payroll has <i>not</i> been processed	2-19
Editing a client's profile for the prior quarter	2-21
Processing fourth-quarter adjustments after the first payroll of the new year	2-22
Creating an M. file from a QT. file	2-23
Entering and balancing an adjustment payroll	2-23
Adjusting prior quarter figures in the current fourth-quarter master file to rerun quarterly reports	2-25
Adjusting current quarter figures without affecting taxes	2-26
Client Processing History	2-27
Correcting Employees' W-2s after They Have Been Filed.....	2-28
Correcting employees' W-2s for clients who are responsible for their annual filings	2-28
Correcting employees' W-2s for Full Level Tax clients	2-29
Correcting employees' W-2s for data changes (e.g., correct an SSN)	2-29
Amendments.....	2-30
Amendment types.....	2-30
San Dimas fee structure for amendments and exceptions.....	2-32
Tape/transmission amendments	2-32
Entering the ascertained date and reason code(s) for amendments	2-33
EasyPayNet Interim Details Files	2-34
Callin message: "interim details file exists"	2-34

Processing the Last and First Payroll of the Year

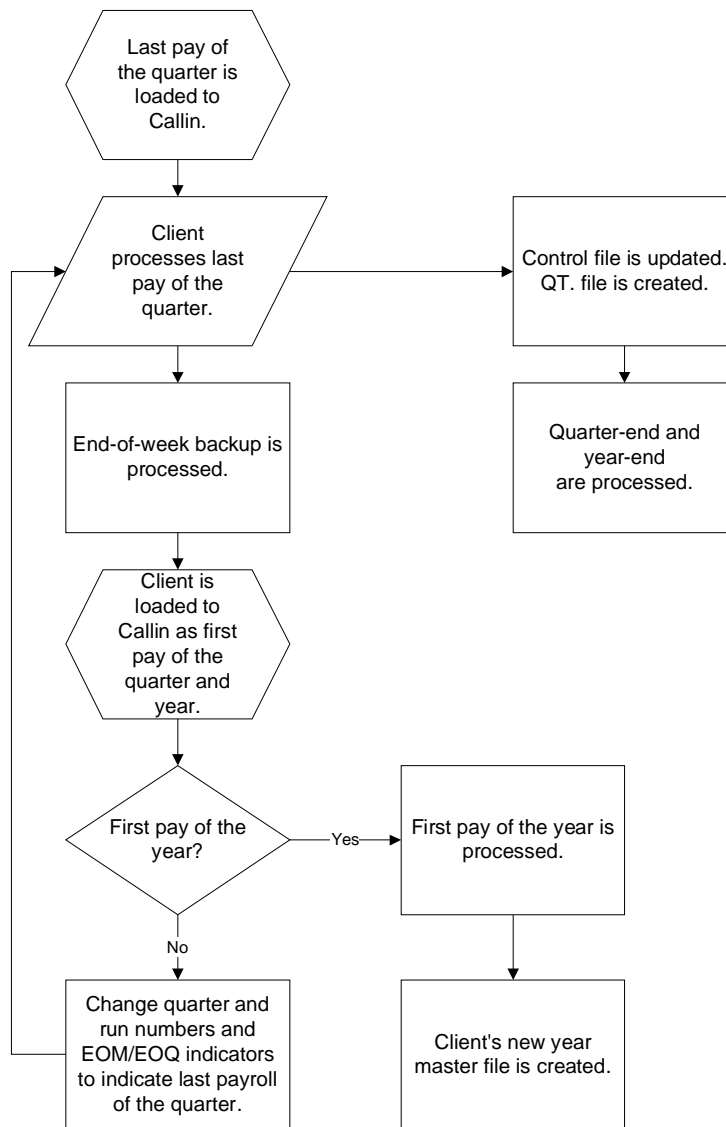
When your center processes each client's first payroll of the year, all year-to-date totals, quarter-to-date totals, and terminated employees from the prior year are deleted. The run number and quarter number are set to one, and the year is increased by one.

Terminated employees who have declining balance deductions with year-to-date figures, fiscal year-to-date deductions, or deductions set up with "NO" in the Clear field are *not* deleted. These employees remain on file until the balance is cleared and the client processes their first payroll of the next year.

- ✓ To remove a terminated employee that has a deduction set up with a "NO" in the Clear field in the Deductions module of Profile, remove the "NO" for the deduction and purge the employee from the client's master file. Remember to add the "NO" back to the Clear field once the employee has been deleted.
- ✓ It is possible to purge a terminated employee from a client's master file at any time, as long as the employee has no year-to-date balances that are associated with a tax or codeword. If a client requests that a terminated employee be deleted from the master file, and the employee meets these conditions, notify your supervisor or manager. Only associates with Executive-level EasyPay system authority can perform this function. This can be accomplished via the MNUSS1 menu option 22 (Delete Terminated Employees).

Employees who have a Leave of Absence status are not deleted from the master file.


Process flow for last and first payrolls



Balancing Error Messages

The following table contains a list of warning and terminal error messages you may see on the Balance Listing report during quarter-end processing. The table below lists descriptions of why these balancing errors occur and the action you should take to resolve the error.

Warning errors

Message	Description/Action
Master not in control file	<p>The current master file does not equal the CONTROL file.</p> <p> Do not run a current payroll with this error. You may overwrite data from a prior payroll.</p> <p>Check the run number to see if it is the next sequenced number. If so, check the Date Page EOQ/EOM indicators for “Fs” (shows the first pay of the month and the first pay of the quarter), determine if they are correct. If the EOQ/EOM indicators are correct, call SBS Payroll Support in Moorestown for assistance.</p>
DATECD RUN# WRONG	<p>The payroll is out of sequence. The run number in the CONTROL file does not match the run number in the master file.</p> <p>If you balanced a fourth-quarter payroll after you have run a first quarter payroll, this error will occur. Only in this situation, you can ignore this error and process the payroll. Also in this situation, since the master file does not match the CONTROL file, fourth-quarter payrolls for <i>Tax Filing clients</i> will not pass to San Dimas. For those clients, you must perform the Recreate Tax Data for Sel TPF Cli process to transmit the payrolls to San Dimas.</p> <p>If you receive this warning error in a different situation (you did not balance a fourth-quarter payroll after you had run a first quarter payroll), do not ignore the error. Do further research to determine why the master file and the CONTROL file are out of sync.</p>
QTR CUT EARLY	<p>The system forecasts the next check date. If the check date is within the current quarter, the warning message “QTR CUT EARLY” appears in balancing.</p> <p>If this is the client’s last payroll of the quarter, no action is required. If this is not the client’s last payroll of the quarter, remove the “Y” in the EOY/EOQ field in Callin or the “Q” in the EOY/EOQ field in Correct a Payroll.</p>
50 catch-up missing	<p>This warning error appears for payrolls processed <i>during January</i> if a client set up for ADP 401(k), ADP Roth 401(k), or ADP SIMPLE IRA has an employee 50 years old or older who is set up for 401(k) or SIMPLE, but is not set up for the catch-up deduction.</p> <p>Add the catch-up deduction using the same percent contribution as the employee’s plan deduction. Refer to the employee’s profile for the applicable percent.</p> <p>✓ For ADP 401(k) clients, employees’ 401(k) and catch-up deductions are <i>not</i> deducted simultaneously.</p>

Terminal errors

Message	Description/Action
First pay of year not run 1	<p>You typed a “B” or “F” in the EOM field on the Date Page for a payroll with a January check date and a run number other than one.</p> <p>If this is the client’s first payroll for the month of January, change the payroll number to 1. If it is not the first payroll in January, remove the “B” or “F” from the EOM field, and leave the field blank or type Y if it is the last payroll of the month.</p>
1st of qtr bad run #	A payroll was entered that had the wrong run number. Determine the correct run number and correct it in the details file.
Invalid Emp#	An employee number of a new hire, rehire, or tax transfer contains non-numeric characters, that is, alpha, symbol, and/or blank characters.
Invalid Hire Date	An employee’s hire date is not a valid date (MM/DD/YY).
Bad employee	<p>You are trying to rehire an employee terminated in the fourth quarter. This employee was purged with run 1 of the new year.</p> <p>The employee cannot be rehired. He or she must be entered as a new hire. Change the details and rebalance the payroll.</p>
Bad deduction code or bad earnings code	<p>A deduction or earnings code was set up in the fourth-quarter QT. file instead of the fourth-quarter M. file. When you go into Profile, if you type “Y” for the prior quarter, you will access the QT. file. This file is used to run quarterly reports only, <i>not</i> payrolls.</p> <p>Add the deduction or earnings to the appropriate M. file, then, rebalance the payroll.</p>
50 catch-up missing	<p>This terminal error appears for payrolls processed <i>from February through December</i> if a client set up for ADP 401(k), ADP Roth 401(k), or ADP SIMPLE IRA has an employee 50 years old or older who is set up for 401(k) or SIMPLE, but is not set up for the catch-up deduction.</p> <p>Add the catch-up deduction using the same percent contribution as the employee’s plan deduction. Refer to the employee’s profile for the applicable percent.</p> <p>✓ For ADP 401(k) clients, employees’ 401(k) and catch-up deductions are <i>not</i> deducted simultaneously.</p>
Cli Not Tax Has Curr Bits	<p>The client was not a TFS client in the prior year, but is starting TFS in the new year. The Tax Filing feature (i.e., BITS) was set up using the QT. file instead of the M. file.</p> <p>Access the first quarter profile. Type Y next to the current master and type the correct quarter and run numbers. Access the Tax Record in the Bank Account Information module. Press F7 (Update) to save the changes in the correct M. file. Write your work back to master file and rebalance the payroll.</p>

Message	Description/Action
CKDT V 10CRD QTR/YR#	<p>The system determines if the check date is in the current quarter. Then, the system determines if the year number in the check date is the same as the year number in the client's master file. If the year numbers are the same, the system then determines if the month of the check date is in the same quarter as the master file. If either the year and/or quarter numbers are different, the terminal error "CKDT V 10CRD QTR/YR#" appears in balancing.</p> <p>Access the Date Page in Callin, correct the check date, and rebalance the payroll.</p> <p>If the check date is correct, the client's master file may be out of sync. Contact SBS Payroll Support in Moorestown for further assistance.</p>
EOQ NOT SELECTED	<p>The system forecasts the next check date and determines if it is in the same quarter. First, it determines if the month of the next check date is in the current quarter. If it is not, the terminal error "EOQ NOT SELECTED" appears in balancing.</p> <p>If this is the client's last payroll of the quarter, type a Y in the EOY/EOQ field in Callin or a Q in the EOY/EOQ field in Correct a Payroll.</p> <p>If this is <i>not</i> the client's last payroll of the quarter, type an N in the EOY/EOQ field in Callin.</p>
QTR NOT CUT	<p>The first payroll of the new quarter has been entered, but the previous quarter has not been cut.</p> <p>Cut the previous quarter manually. Refer to the procedure on page 2-11.</p>

Cutting the Fourth Quarter

When an associate cuts a client's fourth quarter, the system identifies the payroll as the client's last payroll of the year. The master file (i.e., M. file) used to cut the quarter is saved on disk as a quarterly (QT.) file. The system processes all quarter-end and year-end reports using the QT. file. When processing quarterly reports, the system can also produce a client's year-end reports.

- ✓ Timely cutting of Tax Filing Service (TFS) clients' quarters ensures that late closes and deposits do not occur. Thus, penalty and interest fees are avoided. Refer to the San Dimas calendar for the close schedule.

Each time an associate *recuts* the quarter for a client, the system creates a new QT. file and replaces the existing QT. file for that quarter. This ensures that a client's quarterly reports are processed from the most current QT. file.

The system updates the CONTROL file each time the quarter is cut with the quarter number and run number of the client's master file. If the client's quarter is cut multiple times, each cut replaces the previous information in the CONTROL file. The Quarter Control system displays the CONTROL file information and is used to produce the service center's quarter-end status reports.

This section contains information on the following topics:

- Quarter-cut indicators
- Cutting the fourth quarter in Callin
- Cutting the fourth quarter through Correct a Payroll
- Manually cutting a quarter
- System updates
- Clearing the master file

Quarter-cut indicators

To cut a quarter for Teledata clients, associates enter an indicator through Callin or Correct a Payroll. (For instruction on how to do this, see page 2-10.)


On EasyPayNet, the quarter-cut indicator (i.e., "Last Pay of the Quarter") appears on the Payroll Schedule page. The system converts this information to the appropriate quarter-cut indicator in the payroll details (D.) file. If the last payroll of the quarter is not indicated, and it should be, the client can change their check date so the indicator changes or call the service center after they submit the payroll. The service center will change the quarter indicator in Correct a Payroll.

When the system encounters a quarter-cut indicator during payroll processing, the system copies the output master file to a QT. file. Then, it updates the CONTROL file with the output master file's quarter and run number.

Table of quarter-cut indicators

Situation	Indicator	What Happens/Errors
The first pay of the quarter	F	The system determines if the check date is in the current quarter. Then, the system determines if the year number in the check date is the same as the year number in the client's master file. If the year numbers are the same, the system then determines if the month of the check date is in the same quarter as the master file. If either the year and/or quarter numbers are different, the terminal error "CKDT V 10CRD QTR/YR#" appears in balancing.*
Both the first and last pay of the quarter	B	
A quarter indicator is not applicable, i.e., it is a regular payroll and not the first or last of the quarter.	Blank	The system forecasts the next check date and determines if it is in the same quarter. First, it determines if the month of the next check date is in the current quarter. If it is not, the terminal error "EOQ NOT SELECTED" appears in balancing.
Override (e.g., for a bonus payroll or adjustment)	N	The system assumes that this is not the last pay of the quarter. The system produces a quarter-end master file (QT. file), but lists the client as <i>not</i> cut in the Quarter Cut system. The client will not appear on any EOQ reports.
End of quarter in Correct a Payroll	Q	The system forecasts the next check date. If the check date is within the current quarter, the warning message "QTR CUT EARLY" appears in balancing.*
End of quarter in Callin	Y	The system forecasts the next check date. If the check date is within the current quarter, the warning message "QTR CUT EARLY" appears in balancing.*

* For additional balancing errors that may occur during quarter-end and year-end processing and information on how to correct these situations, refer to the section *Balancing Error Messages* beginning on page 2-5.

 If any of the warning or terminal errors mentioned above occur when keying a payroll through Callin, the quarter indicator should be corrected on the Date Page in Callin. Generally, Correct a Payroll should only be used to change an incorrect quarter indicator for EasyPayNet clients.

Cutting the fourth quarter through Callin

This is the primary method to use when cutting the fourth quarter.

To enter quarter-cut indicators in the Callin file:

MCK CO# CAROL'S TEST3 DEPT#

Tax Filing

P/B Mon 122010 P/E Fri 122410 CKD Mon 122710 Q# 4 R# 6 RR# WK# 51

STUB MESSAGE

Pay# 3 of this month Payroll Type/Override Pay# (?-List) SUPPRESS ACH

Dedu RTH40 MISC

If the payroll is the *first and last* payroll of the month and quarter, type **B** in the EOQ/First Pay of New Qtr and EOM/First Pay of New Month fields.

- OR -

If the payroll is the *last* payroll of the month and quarter, type **Y** in the EOQ/First Pay of New Qtr and EOM/First Pay of New Month fields.

MASTER LIST
EOQ/FIRST PAY OF NEW QTR
SPECIAL HANDLING

EMPLOYEE LIST
EOM/FIRST PAY OF NEW MONTH
Hold for Service? Invoice void Reason...

F11=Payroll alert ctg
F4=Inv Void Rsn F5=PR History F7=COBRA Paymt F10=All Cks Yes F12=CANCEL

MA f MW 03/079

Cutting the fourth quarter through Correct a Payroll

If you forget to cut the fourth quarter through Callin, you can cut the fourth quarter through Correct a Payroll.

To enter quarter-cut indicators in Correct a Payroll:

1. On the Select Functions screen, type a **Y** next to Others and then make sure to edit "by record"—not "by employee."

Update Details File
Type . . . : 25

2. If the payroll is the *first and last* payroll of the quarter, type **B** in the EOY/EOQ field.

- OR -

If the payroll is the *last* payroll of the quarter, type **Q** in the EOY/EOQ field.

ard				CLI#	CO	Period	Check	Starting
code						End Date	Date	Check #
25								
Week				EOY/EOQ	Stop	ACH	Ded	Ded
Num				(Q)	(N=Stop)	Code 1	Code 2	
Ded		Ded		Ded		Ded		
Code 5	Code 6	Code 7	Code 8					
Ded		Ded		Pay #		of Month	Setup	VTD
Code 9	Code 10	Code 11	Code 12	(1-5 or S=Special)		Run	Rpt	MTH
						(S)	(1)	Sum
								(1)
								1

F3=Exit F5=Refresh F6=Select type
F9=Insert F10=Entry F11=Change

3. In the MTH Sum field, type 1.

Manually cutting a quarter

You must manually cut a quarter in the following situation: A client wants to process the first pay of the new quarter or year, but the previous quarter has not been cut. You must perform the manual cut before taking the first payroll of the new year.

To manually cut a client's quarter:

1. From your main menu, select option **1** (Payroll Data Menu) and press **ENTER**. The Payroll Entry menu appears.
2. From your Payroll Entry menu, select option **6** (Manual Quarter Cut) and press **ENTER**. The first Manual Quarter Cut screen appears.

```
Manual Quarter Cut  
Enter Client Numbers
```

Cli #	Cli #	Cli #	Cli #	Cli #	Cli #	Cli #
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***

Press 'ENTER' to continue.

CMDS: 7 End Program, No Select

3. Type the client codes to be manually cut and press **ENTER**. The second Manual Quarter Cut screen appears.

[illegible]

- 4.** Verify that the quarter and run numbers are correct.

⚠ It is extremely important to verify that the quarter and run numbers are correct. If they are not correct, the wrong master file will be cut. This is a common error, especially after a new quarter begins.

5. If the quarter and run numbers are correct, press **F7** (End Select).

– OR –

If the quarter and run numbers are incorrect, press **F12** (Change Qtr/Run#), update the quarter and/or run numbers, and press **F7**.

To enter a payroll through Callin after a manual quarter cut:

- ✓ This section should be reviewed with all Teledata associates prior to year-end to help avoid common Date Page errors.

1. From your Payroll Entry menu, select option **1** (CATS) and press **ENTER**.
2. If an event does not exist in the Event Center, create one and proceed to the Date Page.

△ Do not access an event through History for a previous day. If an event is accessed through History for a previous day, the payroll will not balance and the D. file will not be created.

MCK	CO#	CAROL'S TEST3	DEPTH#
Tax Filing			
P/B	Mon	122010	P/E Fri 122410 CKD Mon 122710 Q# 4 R# 6 RR# WK# 51
STUB MESSAGE			
Pay# 3 of this month Payroll Type/Override Pay# (?-List) SUPPRESS ACH			
Deduction to be taken this pay-Enter Y			
RTH401 Y RO COR401 Y CJ CUR401 Y RC ADVNCE Y N4 BC/BS Y I3 UNION1 Y U1			
MISC. 99			
MASTER LIST		EMPLOYEE LIST	
EOM/FIRST PAY OF NEW QTR		EOM/FIRST PAY OF NEW MONTH	
SPECIAL HANDLING		Hold for Service? Invoice void Reason	
F11=Payroll alert ctg			
F4=Inv Void Rsn F5=PR History F7=COBRA Paymt F10=All Cks Yes F12=CANCEL			
MA f		MW	
		03/079	

3. On the Date Page, change the quarter number to a new quarter number and change the period beginning, period ending, and check dates.

If it is the first payroll of the month and *quarter*, manually increment the quarter number by 1.

If it is the first payroll of the month and *year*, manually set the quarter number to 1 and the run number to 001.

4. On the Date Page, type **F** in the EOQ/First Pay of New Qtr and EOM/First Pay of New Month fields. See the illustration on the next page.

Date Page screen showing first pay of month and quarter

MCK	CO#	CAROL'S TEST3	DEPT#
Tax Filing			
P/B	Mon	122710	P/E Fri 123110 CKD Mon 010411 Q# 1 R# 1 RR# WK# 1_
STUB MESSAGE			
Pay# 1 of this month Payroll Type/Override Pay# (?-List) SUPPRESS ACH			
Deduction to be taken this pay-Enter Y			
RTH401	Y	RO	COR401 Y CJ CUR401 Y RC ADVNCE Y N4 BC/BS Y I3 UNION1 Y U1
MISC.	99		
MASTER LIST		EMPLOYEE LIST	
F EQQ/FIRST PAY OF NEW QTR		F EOM/FIRST PAY OF NEW MONTH	
SPECIAL HANDLING		Hold for Service? .. Invoice void Reason ...	
F11=Payroll alert ctg			
F4=Inv Void Rsn F5=PR History F7=COBRA Paymt F10=All Cks Yes F12=CANCEL			
MA	f	MW	03/079

5. Take the payroll as usual.

System updates for the first payroll of the next year

When the system cuts the quarter and year with the client's last payroll of the fourth quarter, the system automatically indicates that the next payroll is the first pay of the new quarter and year. The system accomplishes this by:

1. Incrementing the quarter number for the Worksheet and Callin.
2. Placing an "F" next to the EOQ/First Pay of New Qtr and EOM/First Pay of New Month on the Date Page. This indicates that the payroll is the first one for the quarter.
3. Resetting the quarter and run number back to 1 if the payroll is the first payroll of the year.

Clearing the master file

Since the first payroll of the new year is processed using the master file from the last payroll of the fourth quarter, the master file must be cleared before accumulating the new year-to-date data. The system automatically clears the master file for the new year when it processes the first payroll of the new year.

When clearing the master file, the system performs the following tasks in the order indicated:

1. Deletes terminated employees (without declining or fiscal balances) from the file. Employees on unpaid leave of absence are not deleted.
2. Clears year-to-date and prior quarter year-to-date totals—except declining and fiscal balances. (Terminated employees with declining balances and fiscal balances will not be purged.)
3. Resets the quarter and run numbers to 1.
4. Increases the year number by 1.

Correcting Payrolls Processed in the Wrong Quarter

This section contains procedures for:

- Rerunning a payroll that should have been processed in a *future* quarter
- Rerunning a payroll that should have been processed in a *previous* quarter

Rerunning a payroll that should have been processed in a *future* quarter

If a payroll should have been processed in a future quarter (for example, a payroll was processed in the fourth quarter with checks dated 12/30 when it should have been processed for the first quarter with checks dated 01/02), the QT. file and the fourth-quarter M. file will be overstated by that payroll's amounts.

- △ Perform the procedures in the order shown below to ensure the master file and CONTROL file stay synchronized and the proper payroll information for Tax Filing Service (TFS) clients is sent to San Dimas.
- △ Do not process additional payrolls for the client until these procedures are completed. The CONTROL file may become out of sequence, and information may not transmit to San Dimas properly. Additionally, incorrect quarter- and year-to-date figures may be carried forward and FICA recalculations may occur if additional payrolls are processed before these procedures are completed.
- △ If you need to perform these procedures for an ADPCheck client, verify that the proper information has been sent to Banking for the corrected run the next day. If it has not been sent, then you need to reprint the ARP report, take the option to add it to the merge, and call SBS Payroll Support in Moorestown to verify that the correct week and run number will be sent to Banking.

To correct the situation, you need to perform the following procedures:

1. Set up the payroll for a rerun and create the future quarter payroll details.
2. Create and process a "Date Page only" payroll.
3. Process the payroll in the proper quarter.

The procedures for completing these tasks begin below.

Procedure 1 - Set up the payroll for a rerun and create the *future* quarter payroll details:

1. Set up the payroll for a rerun and select "N" to not balance the payroll now.
 - ✓ If the client should be billed for the adjustment payroll, change the "N" in the Charge for Rerun field on the EasyPay Rerun Information screen to a "Y."
2. After setting up the rerun, access Correct a Payroll (option 3 on the Payroll Entry menu). Make sure to select "Modify Payroll Dates" on the Select Function screen. Type the correct period begin, period end, and check date to reflect the next quarter, press **F3**.
3. If this is a multidivisional client, repeat the instructions in steps 1 and 2 for each division prior to pressing F3.
4. When you return to the Select Functions screen select "Others."

5. Access the 25 record (Date Page) screen; do the following:
 - a. If the payroll was processed in the fourth quarter and should have been processed in the first quarter of the next year, change the quarter and run numbers to 1. For all other quarters, change the quarter number to the next quarter (2, 3, or 4) and the run number to one number higher than the last run number. For example, if a payroll was processed in quarter 1 and should have been processed in quarter 2, change the quarter number to 2 and the run number to one number higher than the last run number in quarter 1.
 - b. Delete the rerun number. You will indicate the rerun status later when you create the “Date Page only” payroll.
 - c. Change “Q” to **F** in the EOY EOQ field.
 - d. Type **F** in the MTH Sum field.
 - e. Press **ENTER** twice after changes have been made to the 25 record.
6. If this is a multidivisional client, repeat step 5 for each division’s 25 record (Date Page).
7. When you return to a screen containing the Record Number field, if you are done entering data for all divisions, press **F3**.
8. From the End Data Entry screen, press **F3** or **ENTER** to accept the default “Y” for End Data Entry.
9. Do the following:
 - a. Next to “Do you wish to continue editing?” type **N** and press **ENTER**. The system creates the details file for the client.
 - b. Next to “Is this client ready to be balanced?” type **Y** and press **ENTER**.
 - c. Next to “Would you like to balance the payroll now?” type **N** and press **ENTER**.
10. Create and process a “Date Page only” payroll by following the steps below.

Procedure 2 - Create and process a “Date Page only” payroll:

1. From your Payroll Entry menu, select option **1** (CATS) and press **ENTER**.
2. If a CATS payroll event does not exist, create one.

[⚠ Do not access an event through History for a previous day. If an event is accessed this way, the payroll will not balance and the D. file will not be created.](#)
3. On the Date Page, type **1** in the rerun number field. If a load to call in is required (because an EasyPayNet client transmitted a payroll dated in the wrong quarter), retype the quarter and run numbers of the payroll that originally processed and add 1 in rerun number field.
4. To create a “Date Page only” payroll, press **ENTER** to advance through the payroll. On each screen, delete all pay records, changes, and adjustments.
5. If this is a multidivisional client, repeat steps 3 and 4 for each division.
6. When the prompt “Is the client data ready to be balanced now?” appears, accept the default of “Y” to balance the payroll.
7. Process the “Date Page only” payroll.
 - ✓ The “Date Page only” rerun will overwrite the payroll that ran in the wrong quarter with a zero payroll.

Procedure 3 - Process the future quarter payroll once the “Date Page only” payroll has run for the prior quarter:

1. When the “Date Page only” payroll has been processed, access the payroll through Correct a Payroll and select the details for the next quarter payroll. Make sure to select “Others” on the Select Functions screen.
2. At the prompt “Do you want to access by employee number?” type **N**. The Update Details File Type screen appears.
3. To exit, press **F3** and accept the default of “Y” for End Data Entry.
4. Do the following:
 - a. Next to “Do you wish to continue editing?” type **N** and press **ENTER**. The system creates the details file for the client.
 - b. Next to “Replace existing details with details just loaded?” type **Y** and press **ENTER**.
 - c. Next to “Is this client ready to be balanced?” type **Y** and press **ENTER**.
 - d. Next to “Would you like to balance the payroll now?” type **Y** and press **ENTER**.
5. Process the payroll.
6. Verify payroll information passed properly to San Dimas by checking TOPS screen P002.

Rerunning a payroll that should have been processed in a *previous* quarter

If a payroll should have been processed in a previous quarter (for example, a payroll was processed in the first quarter of a year with checks dated 01/02, but it should have been processed in the fourth quarter with checks dated 12/30), incorrect information is sent to San Dimas. Perform the procedures in the order shown below to ensure a reversal record is sent to San Dimas for Tax Filing Service (TFS) clients to cancel the original payroll.

- △ Perform the procedures in the order shown below to ensure the master file and CONTROL file stay synchronized and the proper payroll information for Tax Filing Service (TFS) clients is sent to San Dimas.
- △ Do not process additional payrolls for the client until these procedures are completed. The CONTROL file may become out of sequence, and information may not transmit to San Dimas properly. Additionally, incorrect quarter- and year-to-date figures may be carried forward and FICA recalculations may occur if additional payrolls are processed before these procedures are completed.
- △ If you need to perform these procedures for an ADPCheck client, verify that the proper information has been sent to Banking for the corrected run the next day. If it has not been sent, then you need to reprint the ARP report, take the option to add it to the merge, and call SBS Payroll Support in Moorestown to verify that the correct week and run number will be sent to Banking.

To correct the situation, you need to perform the following procedures:

1. Set up the payroll for a rerun and process the payroll in the proper quarter.
2. Create and process a “Date Page only” payroll to synchronize the client’s master file and the CONTROL file.

The procedures for completing these tasks begin on the next page.

Procedure 1 - Set up the payroll for a rerun and process the payroll in the previous quarter:

1. Set up the payroll for a rerun and select **N** to balance the payroll now.
 - ✓ If the client should be billed for the adjustment payroll, change the “N” in the Charge for Rerun field on the EasyPay Rerun Information screen to a “Y.”
2. Determine the run number for the last payroll of the year and use the next run number for this procedure.
3. After setting up the rerun, access Correct a Payroll (option 3 on the Payroll Entry menu). Make sure to select “Modify Payroll Dates” on the Select Function screen. Type the correct period begin, period end, and check date to reflect the prior quarter. Use the last day of the prior quarter, press **F3**.
4. If this is a multidivisional client, repeat steps 1, 2, and 3 for each division prior to pressing **F3**.
5. When you return to the Select Functions screen select “Others”.
6. Access the 25 record (Date Page) screen; then, do the following:
 - a. Change the quarter number to the prior quarter.
 - b. If the payroll should have been run in the fourth quarter, but was run in the first quarter, change the run number. Use the run number that follows the last payroll of the year. For the last payroll, check the Client Processing History.
 - c. Delete the rerun number in all 25 records (Date Page).
 - d. In the EOY EOQ field, change “F” to “Q.”
 - e. In the MTH Sum field, change “F” to “1.”
 - f. Press **ENTER** twice after changes have been made to the 25 record.
7. If this is a multidivisional client, repeat step 6 for each division’s 25 record (Date Page).
8. On the End Data Entry screen, press **F3** to accept the default of “Y” for End Data Entry.
9. Do the following:
 - a. Next to “Do you wish to continue editing?” type **N** and press **ENTER**. The system creates the details file for the client.
 - b. Next to “Replace existing details with details just loaded?” type **Y** and press **ENTER**.
 - c. Next to “Is this client ready to be balanced?” type **N** and press **ENTER**.

Procedure 2 - Create and process a “Date Page only” payroll to synchronize the client’s master file and the CONTROL file:

1. Perform a Load to Callin from the current quarter Master file.
2. Access the payroll through CATS. From your Payroll Entry menu, select option 1 (CATS) and press **ENTER**.
3. On the Date Page, do the following:
 - a. In the Rerun Number field, change the run number to the correct run number (e.g. Run 1) and add the rerun number of “1”.
 - b. In both the EOY EOQ and EOM/First Pay of New Month fields type “F”.
 - c. In the Pay # of Month field, type S.
 - d. To create a “Date Page only” payroll, press **ENTER** to advance through the payroll. Remove all pay records, changes, and adjustments.
4. If this is a multidivisional client, repeat step 3 for each division’s 25 record (Date Page).
5. When the prompt “Is this client ready to be balanced?” appears, type Y.
6. Process the “Date Page only” payroll. This removes the pay details from the current master file and a payroll reversal record is created for Tax Filing Service (TFS) clients.

To process the prior quarter payroll once the “Date Page only” payroll has run for the current quarter:

1. Rename the QT. to an M. for the prior quarter.
2. Access Correct a Payroll (option 3 on the Payroll Entry menu).
3. Select the prior quarter payroll that was created earlier. Make sure to select “Others” on the Select Function screen.
4. Balance this prior quarter payroll now.
5. Process the prior quarter payroll.
6. When the payroll has been completed, do a manual quarter cut.

You are now finished correcting this client’s payroll.

Making Adjustments at Year-End

This section contains the following adjustment procedures:

- Rerunning the last payroll of the quarter when the next payroll has *not* been processed
- Editing a client's profile for the prior quarter
- Processing fourth-quarter adjustments after the first payroll of the year
- Creating an M. file from a QT. file
- Entering and balancing an adjustment payroll
- Adjusting the prior quarter figures in a current fourth-quarter master file to rerun quarterly reports

Rerunning the last payroll of the quarter when the next payroll has *not* been processed

To rerun the last payroll of the quarter when the first payroll of the new quarter has not been processed:

1. If you are processing a TFS client, tell the Tax department that a Tax Filing Service (TFS) client whose quarter has already been cut needs a rerun.
2. Follow your regional processes for reclosing the quarter.
3. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
4. From the Work with Client (MNUSRV) menu, select option **10** (Setup a Rerun) and press **ENTER**. The EasyPay Rerun Procedure screen appears.

```
EASYPAY RERUN PROCEDURE

Enter the rerun data.

Client# - ___
Qtr#    -  -
Run#    -  --

Press CMD KEY-7 (KEY-3) to end.
```

5. Type the client code, quarter number, and run number. Then, press **ENTER**. The system renames the T. file to an M. file. The M. file will look as it did before the payroll was run. The EasyPay Rerun Information screen appears. See the illustration on the next page.

EasyPay Rerun Information screen

TES002 FERRAROL	Date: 8/05/11 Time: 16:23:00
<u>EasyPay Rerun Information</u>	
Who identified the need for the Rerun? _ (A-ADP, C-Client)	
Reason for the Rerun _ Reason Description: _____	
Charge for Rerun <u>N</u> (default = N)	
F4=Reason Code Window Press ENTER to continue	

6. In the Who Identified the Need for the Rerun? field, type **A** or **C** as appropriate. Then, type the reason code and reason description for the rerun. Press **ENTER** to continue.
 - ✓ If the client should be billed for the rerun payroll, change the “N” in the Charge for Rerun field on the EasyPay Rerun Information screen to a “Y.”
7. If you are rerunning a TFS client and a pop-up window containing a warning message appears, the rerun is set up *on* or *after* the check date. This message indicates that the payroll entry is too late to meet EFTPS guidelines and avoid P & I.

You need to record whether you have discussed this late situation with the client and whether the warning should be suppressed on the client’s Tax Summary.

Press **ENTER**. The system creates a CATS event. In the Detailed Information field, indicate who is responsible (the client or ADP) for the P & I. If the client is responsible for P & I, make sure you have a signed copy of the Absolution Letter - Responsibility for Penalty & Interest form.
8. If you are correcting the client profile, select option **11** (Profile) from the Work with Client (MNUSRV) menu and press **ENTER**. Lower the run number by 1.

– OR –

If you are correcting payroll details, select option **3** (Correct a Payroll) from your Payroll Entry menu and press **ENTER**. (Make sure to select “Others” on the Select Functions screen.) Make the necessary corrections.
9. Balance the payroll.
10. Run the payroll. The system cuts the quarter again and creates a new QT. file for the quarter.
11. Follow your regional Quarter End processes for reclose/rerunning quarter.

Editing a client's profile for the prior quarter

In some situations, including changing a Social Security number or a codeword, an adjustment payroll is unnecessary. In these situations, you can edit the client's master file (M.) for the prior quarter and recut the quarter to reprocess quarterly reports.

- ✓ A codeword cannot be changed if it affects the FICA taxability of wages. A new codeword and an adjustment payroll will be required. In addition, amendments will be required for prior quarter 941 forms.

△ The following applies if you are processing a payroll in addition to changing something in the QT.: To edit a client's profile for the prior quarter, you must first determine if the client has processed a payroll in the new quarter. If the client *has* processed a payroll in the new quarter, you will need to follow the procedure on page 2-23 to create an M. from the prior quarter QT.

To edit the client profile after the quarter has been cut:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **11** (Change Profile) and press **ENTER**. The Client Profile System Welcome screen appears.
3. Type the client code and press **ENTER**. The current quarter and run numbers will appear.
 - ✓ If the client *has not* processed a payroll in the new quarter, accept the default quarter and run numbers, and press **ENTER**.
 - ✓ If the client *has* processed a payroll in the new quarter, create an M. from the prior quarter QT. following the procedure on page 2-23. Then, determine the highest run number from the prior quarter by utilizing Client Processing History or by viewing the note of the screen (e.g., "Creating M.ABC106 file from QT.ABC81 file."). Change the quarter and run number as appropriate. Then, press **ENTER**.
4. Edit the client profile.
5. Perform a manual quarter cut for the prior quarter following the procedure on page 2-11.
6. Follow your regional Quarter End processes for reclose/rerunning quarter.
7. If the client *has* processed a payroll in the new quarter, make the same change in the current master.

Processing fourth-quarter adjustments after the first payroll of the new year

- △ For Tax Filing Service (TFS) clients, fourth-quarter adjustment payrolls processed after the first payroll of the new year are *not* transmitted to San Dimas. Although this would be flagged the next day on the Exception report, to avoid P & I, you should recreate the tax data on the day a fourth-quarter adjustment is processed. Refer to step 4 below.
- △ When researching errors using the Earnings Record, Current QTD, or Prior QTD reports, be aware that figures appearing in the earnings columns and deductions columns may actually contain other earnings or deductions that were combined into these columns in the client's Profile. To avoid negative values as a result of incorrect adjustments, be sure which type of earnings or deductions these are by using the Master List or viewing the employee's earnings and deductions in the client's Profile.

To process a fourth-quarter adjustment after the first payroll of the year:

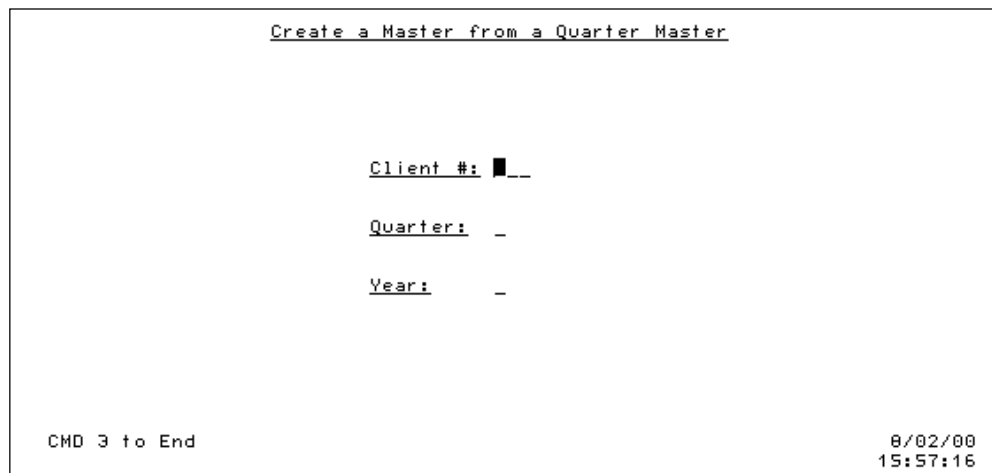
1. Create an M. file from the QT. file. Refer to page 2-23 for the procedure.
2. Load the *current* M. file to Callin. When you enter the adjustment payroll, you will change the quarter and run numbers to the applicable numbers.
3. Enter and run the adjustment payroll. Refer to page 2-23 for the procedure.
 - ✓ You will receive the warning error "DATECD RUN# WRONG" on the Balance Listing. This is the *only* situation in which you can ignore this balancing error and process the payroll.
4. Follow your regional Quarter End processes to transmit the payroll to San Dimas using Recreate Tax Data—option 8 from the Branch Functions menu. (Clients will be debited twice if Control works from the Cut not Run report and a CSR sends Recreate Tax Data on the same day.)
5. If this adjustment payroll is processed in the same week as a first quarter payroll, no load to Callin is required because the system will ignore the fourth-quarter payroll. The system will load Callin properly from the first quarter master file.
6. If this payroll is the *only* one of the week, perform a load to Callin on Friday morning after the End-of-Week backup. You will be reloading the first quarter master file information.
 - ✓ Since the end-of-week load to Callin now ignores previous quarter payrolls, nothing will be loaded to Callin automatically for this client since this was the *only* payroll of the week. If you do not perform a manual load to Callin in this situation, when the TDR prepares to take the next payroll, the message "Client not in Callin File" will appear. Therefore, in this situation, you should perform a load to Callin on Friday of that week so the TDR will not have to do it while the client is on the phone.
 - ✓ California Wage Plan and Employee Owner data (MA and MI) cannot be added via a prior year adjustment payroll; instead it must be entered in Profile.

Creating an M. file from a QT. file

If you need to make adjustments to a client's previous quarter after the first payroll of the new quarter has been processed, create an M. from the prior-quarter QT. file.

To create an M. file from a QT. file:

1. From your main menu, select option **1** (Payroll Data Menu) and press **ENTER**. The Payroll Entry menu appears.
2. From your Payroll Entry menu, select option **8** (Create M. from QT.) and press **ENTER**. The Create a Master from a Quarter Master screen appears.



Create a Master from a Quarter Master

Client #: █__

Quarter: -

Year: -

CMD 3 to End

8/02/00
15:57:16

3. Type the client code, quarter number, and year number of the quarter you want to adjust and press **ENTER**. The system creates an M. file from the QT. file. Write down the quarter and run numbers. Then press **ENTER** again to exit the screen.

[△](#) Press **ENTER** only *once* after typing the client code, quarter number, and year number. If you press **ENTER** twice, you will miss the quarter and run number displayed. This information will be used when entering your adjustment payroll.

- ✓ When you create an M. file from a QT. file, multiple M. files are created. Old, multiple M. files that have not been used for more than 60 days and do not match the CONTROL file will be automatically removed from the system.

Entering and balancing an adjustment payroll

The following procedure provides the steps to follow when entering adjustment payrolls at year-end.

- ✓ If you are entering an adjustment payroll for an EasyPayNet client, you may need to work with the client's interim details file. Refer to the procedure *EasyPayNet Interim Details Files* at the end of this chapter.

To enter and balance an adjustment payroll:

1. If the message "Client already entered, information will be re-displayed" appears, load the client to Callin.
 2. From your Payroll Entry menu, select option **1** (CATS) and press **ENTER**.
- OR –

From your main menu, select option **7** (CATS) and press **ENTER**.

3. Create a payroll event.

 Never access an “E” (payroll) event through History.

4. On the Please Verify Codes screen, delete all codes and press **ENTER**. Deleting the codes will prevent you from having to manually delete the values in any pre-filled pay columns for each employee.
5. On the Date Page, do the following:
 - a. Type the period beginning, period ending, and the check date. Use the last day of the previous quarter for period ending and check date. *If applicable for this adjustment payroll, change the quarter and run numbers.*
 - b. In the Payroll Type/Override Pay# (? - List) field, enter the appropriate payroll type.
 - **A** for Adjustment/Correction
 - **S** for Special
 - **B** for Bonus
 - **I** for Internal Payroll
 - c. Deactivate all deductions and suppress ACH for a direct deposit client.
 - d. In the EOQ and EOM fields, type **Y**.
6. Press **ENTER**.
7. Enter the adjustment payroll. Enter manual checks and void checks as usual.
 - ✓ If you are entering memo benefits that are FICA taxable, such as AUTO, GTL, etc., and the employee has no additional live earnings to deduct the FICA tax from, the employer will pay (be debited for) both the employee and employer portions of FICA.
8. Balance and run the adjustment payroll.
9. Follow your regional Quarter End processes for reclose/rerunning quarter.

Adjusting prior quarter figures in the current fourth-quarter master file to rerun quarterly reports

A client may need to void a check issued in a previous quarter. The client may notify you of this in the fourth quarter. Processing an adjustment payroll will correct year-to-date figures so W-2s are correct. Current quarter figures are not affected unless the prior quarter adjustment affects a wage or tax limit in the current quarter.

- ✓ If a Tax Filing Service (TFS) client needs to make this kind of adjustment, you may need to also adjust the figures for the quarter in which the check was originally issued so an amendment can be submitted.

If you need to process a prior quarter adjustment for a client who receives an annual state form from ADP (AZ, CA, GA, IL, MA, MD, MI, NJ, NY, OH, and VA), you must also process a current-quarter adjustment for the quarter in which the check was originally issued. It is necessary to do this so the figures on the annual state form are correct.

For example, a client issued a check in the second quarter and notifies you in the fourth quarter that it was voided. You must process at least two adjustment payrolls:

- One current quarter adjustment payroll to the second-quarter master file to correct the second-quarter figures for the annual state form.
- One prior quarter adjustment payroll (option 19 on the MNUSRV menu) to the fourth-quarter master file as described below to correct the year-to-date figures for the W-2.

- ✓ For amendment purposes, you may also need to run a prior quarter adjustment to the third-quarter master file to correct the year-to-date figures for the third quarter.

⚠ You can run a prior quarter adjustment payroll against *only* second, third, and fourth-quarter master files. *If you are working with a first quarter master file, do not run a prior quarter adjustment.*

⚠ For EasyPayNet clients with the On-Site Check Printing feature, advise them to print their current payroll checks before processing an adjustment payroll. Verify that they have done so before proceeding. If the client does not print their checks and an adjustment payroll is processed, the preceding payroll is no longer visible on the Print Checks screen in the EasyPayNet application. The client does not receive an error message.

⚠ When researching errors using the Earnings Record, Current QTD, or Prior QTD reports, be aware that figures appearing in the earnings columns and deductions columns may actually contain other earnings or deductions that were combined into these columns in the client's Profile. To avoid negative values as a result of incorrect adjustments, be sure which type of earnings or deductions these are by using the Master List or viewing the employee's earnings and deductions in the client's Profile.

To adjust the prior quarter figures in the current master:

1. If necessary, load the client to Callin from the current quarter master.
2. From the Work with Client (MNUSRV) menu, select option **19** (Enter Prior Qtr. Adjustments) and press **ENTER**. The Date Page screen appears.
3. On the Date Page, do the following:
 - a. Verify the quarter number is the current quarter and that the run number is one number higher than the last run number in the current quarter.
 - b. In the Payroll Type/Override Pay# (? - List) field, type **A**.

△ For EasyPayNet clients, it is *critical* that an **A** is entered in the Payroll Type/Override Pay# (? - List) field. If it is not, the client's schedule will be affected.

- c. In the EOQ and EOM fields, type **Y**.
 4. Key the prior quarter adjustments. Adjustments up to \$9,999,999.99 can be entered on an Adjustment screen. Decimals must be used.
 5. Balance and run the adjustment payroll.
 6. Follow your regional Quarter End processes for reclose/rerunning quarter.
- ✓ Prior quarter adjustments are not passed to San Dimas. Therefore, depending on the timing of the adjustment (before or after reclose deadline), you may have to do a reclose or prepare an amendment. Refer to the *San Dimas Quarterly Notes* for more information.
- ✓ If the prior quarter adjustment affects a wage or tax limit in the current quarter, FICA is recalculated in the current quarter.

Adjusting current quarter figures without affecting taxes

A client may need to update a manual check issued in the current quarter, but prior to their start with ADP. You will need to process an adjustment payroll to correct the quarter- and year-to-date figures so W-2s are correct. If ADP is responsible for filing and depositing the quarter, you must work with your Tax Central or FLT partners to manually load taxes into TOPS.

To adjust current quarter figures without affecting taxes:

1. If necessary, load the client to Callin from the current quarter master.
2. From the Client Setup (MNUCCCLI) menu, select option **4** (Current Quarter Adjustment – No Transactions) and press **ENTER**. A prompt appears.
–OR–
From the Payroll Entry (MNUPAY) menu, select option **12** (Current Qtr Adj – No Transactions) and press **ENTER**. A prompt appears.
3. At the Are these figures an adjustment to Setup – Y/N prompt, type **Y** or **N** and press **ENTER**.
4. On the Date Page, do the following:
 - a. Verify the quarter number is the current quarter and that the run number is one number higher than the last run number in the current quarter.
 - b. In the Payroll Type/Override Pay# (? - List) field, type **A**.
△ For EasyPayNet clients, it is *critical* that an **A** is entered in the Payroll Type/Override Pay# (? - List) field. If it is not, the client's schedule will be affected.
 - c. In the EOQ and EOM fields, type **Y**.
 - d. Key the current quarter adjustments.
 - e. Balance and run the adjustment payroll.
 - f. If the client is Full Level Tax, contact your Tax Central partners to manually load the taxes for the adjustment you ran or the client will be debited. If the quarter filing is client responsibility rerun the quarter reports for accurate paperwork to be sent to the client.
5. Follow your regional Quarter End processes for reclose/rerunning quarter.

Client Processing History

Client Processing History provides a list of all payroll and quarter-end processings for a Tax Filing client. Client Processing History is a valuable tool for researching recloses, out-of-balance situations, and client inquiries. When you enter a client code, the client's last five quarters since the client started tax service appear. Client Processing History permits searching the file for a specific year, a specific quarter of a specific year, or a specific payroll run in a specific quarter of a specific year.

✓ No data is available in Client Processing History for non-Tax Filing clients.

To access Client Processing History:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **4** (Client Processing History) and press **ENTER**. The Client Processing History screen appears.
3. At the Enter Client Number prompt, type the client code and press **ENTER**. A query similar to the one below generates.

PC0105-2

Client Processing History

7/15/02 13:58:48

Client- ABA Mode- BROWSE

TYPE	YR	QTR	RUN	RE- SUB	CHECK	PAYROLL	QTR	QTR
	#	#	#	RUN RUN	DATE	PROCESS	CUT	RUN
						DATE	DATE	DATE
PAY	02	1	013		3/18/02	7/12/02		
PAY	02	1	012		3/17/02	7/02/02		
PAY	02	1	011		3/18/02	6/19/02		
PAY	02	1	010	1	2/19/02	6/19/02		
PAY	02	1	010		2/19/02	6/13/02		
PAY	02	1	009		2/19/02	6/13/02		
PAY	02	1	008		3/18/02	6/13/02		
PAY	02	1	007		3/18/02	6/06/02		
PAY	02	1	006		3/18/02	7/03/02		
PAY	02	1	005	2	2/18/02	2/18/02		
PAY	02	1	005	1	2/18/02	2/18/02		
PAY	02	1	005		2/18/02	2/18/02		
PAY	02	1	004		2/15/02	2/11/02		

The QTR RUN DATE is the date on which quarterly reports were processed for the client.

The QTR CUT DATE is the date on which the client's quarter was cut, either manually or with payroll.

Select Starting Entry- _ _ _

ROLL KEYS: UP-View More Current DOWN-View Previous Payrolls

CMD KEYS : F3=Exit F12=Return to Client Select Screen

4. To narrow the query to begin at a certain year, type the four-digit year in the Select Starting Entry field.

– OR –

To narrow the query to begin at a certain year, quarter, and run, type the four-digit year and press **TAB**. Then, type the quarter number, press **TAB**, type the run number, and press **ENTER**.

The query regenerates based on the information you entered. If no records are found based on the data entered, a message appears stating no records were found.

5. When you are finished viewing the query, press **F3**. The Work with Client menu appears.

Correcting Employees' W-2s after They Have Been Filed

Service associates may need to correct W-2 data for employees after the W-2 data has been filed with the SSA. The SSA recommends that corrections to employees' data be made on *paper* forms (use Forms W-2C and W-3C to submit corrections). The EasyPay system does not produce Forms W-2C or W-3C.

- ✓ You can order a supply of Forms W-2C and W-3C from the IRS. Refer to chapter 1 in this guide for IRS contact information. Associates can also obtain Forms W-2C and W-3C from the BNA Web site.
- ✓ When correcting W-2s for clients, certain items, such as adjustment payrolls, new W-2s, and amendments may be billable to the client. Advise clients in advance of any fees that will be billed to them.

Correcting employees' W-2s for clients who are responsible for their annual filings

For non-Tax Filing clients and Tax Filing clients who are responsible for their annual filings, you need to process an adjustment payroll to correct employees' figures. Then, rerun quarter-end and year-end for the client to produce corrected output.

To correct employees' W-2s for clients who are responsible for their annual filings:

1. Process an adjustment payroll to correct the figures. Refer to page 2-23 for detailed steps.
2. Rerun quarterlies and process year-end again.
3. Forward the new quarter-end and year-end output to the client for filing.
4. Advise the client about filing W-2Cs and W-3Cs.
 - ✓ If the client has already filed Copy A with the SSA, advise the client to file W-2Cs showing the difference between amounts already filed and correct amounts on the new W-2s. It is important *not* to file two sets of Copy A with the SSA.

Correcting employees' W-2s for Full Level Tax clients

For Full Level Tax clients, you need to process an adjustment payroll to correct employees' figures. Then, rerun quarter-end and year-end for the client to produce corrected data for San Dimas.

To correct employees' W-2s for Full Level Tax clients:

1. Process an adjustment payroll to correct the figures. Refer to page 2-23 for detailed steps.
2. Rerun quarterlies and process year-end again.
3. Forward the new quarter-end and year-end output to the client for their records.
4. Prepare an amendment package for San Dimas. Refer to page 2-30 for detailed information on amendments.

Correcting employees' W-2s for data changes (e.g., correct an SSN)

Sometimes an employee may need a correction that does not require entering an adjustment payroll. For example, you may need to correct a Social Security number.

To correct employees' W-2s for data changes:

1. Edit the M. file and then recut the quarter. Refer to page 2-21 in this guide for the procedure.
2. Rerun quarterlies and process year-end again. Produce new quarter-end and year-end output and send it to the client.
3. Prepare an online amendment package for San Dimas. Refer to page 2-30 for detailed information about online amendments.

Amendments

An amendment is a correction to a prior quarter return filed by ADP. Once a filing to a tax agency has been processed, any adjustments to that filing must be made on an amended return.

San Dimas processes amendments for TFS clients. Refer to the *San Dimas fee structure for amendments and exceptions* section on page 2-32 for information on fees for the various amendment types. You must review these fees with the client. Your service center should have a tracking system that shows whether fees are the client's or ADP's responsibility.

Amendments are processed through the Amendment Tracking System (ATS)—an automated subsystem designed for affecting changes to previously filed quarterly and/or annual payroll tax information. It is multi-year capable and can amend the filings for any quarter in the last nine years.

This section contains:

- Descriptions of most common amendment types
- Information about fees for amendments and exceptions
- Information about submitting tape/transmission amendments

Amendment types

There are several types of amendments:

- Tape/Transmission
- Manual
- Negative Wage
- Online
- Manual
- Tracer
- ID UPD
- AMD NEG

Type	Definition/When Required	Responsibilities
Tape/ Transmission	<p>Tape/transmission amendments are processed through the quarter rerun system. For Wage Change amendments, a payroll adjustment is updated on the payroll side, creating a new quarter-close tape for CAPS.</p> <p>Type of Service (TOS) exceptions are also processed via tape/transmission.</p> <p>All regions now have the capability of transmitting changes directly to CAPS without creating a tape.</p>	<p>If special instructions are needed, access the AT56 – Special Instructions Request screen prior to submitting the request. This will place the amendment in a pre-capture status.</p> <p>Then send an amendment transmission to San Dimas using option 4 (Create San Dimas Amendments/Exceptions) on the Self Service 2 menu. Select option “E” (Exception) or “A” (Amendment). Tape/transmission amendments/exceptions must have tax active for that quarter in order for the amendment to be transmitted.</p> <p>Once the amendment is captured, it will attach to the pre-capture information submitted via AT56.</p>

Type	Definition/When Required	Responsibilities
Manual	<p>Manual amendments are jurisdiction-level changes only. No employee information is invoiced. Required for ID changes that break up or create a combo.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • 941 Schedule B amendments • Balance to W-2 Company Level amendments • Complex ID changes 	<p>Submit to CAPS via a Client Information Management System (CIMS).</p> <p>Refer to the Manual Amendment Submission Process document for additional information.</p>
Negative wage	<p>An adjustment is being made to an employee in a SUI jurisdiction that requires going back to an earlier quarter(s) in order to find sufficient wages. Some clients submit such adjustments for an employee whose last paycheck was generated in a previous quarter. This adjustment corrects the employee's YTD wages and taxes, accurately reflecting the desired effect on the W-2.</p>	<p>You <i>never</i> need to request a negative wage amendment. San Dimas prepares these amendments for state unemployment insurance agencies automatically after quarter-end.</p>
Online	<p>Online amendments are required whenever the region cannot process tape/transmission amendments.</p> <p>The AT10 – Online Amendment Menu screen allows associates to key various amendment types online without the need for manual paperwork. This process also reduces the overall time frame to submit these amendments to agencies. The types of amendments that can be keyed online include:</p> <ul style="list-style-type: none"> • SSN changes • Simple ID number changes • Employee name changes • 3PSP indicator changes • Kind of Employer changes 	<p>Online amendments are keyed (except for complex ID changes) and processed by regions and/or CAPS via AT10.</p>

For further information, refer to San Dimas' [AT10 and AT56 Region Guide](#) or the [Amendment Quick Reference Chart](#).

San Dimas fee structure for amendments and exceptions

When your center submits an amendment or exception to San Dimas, there is a fee charged for filing the return. San Dimas' fee structure is detailed below.

✓ All fees listed below are charged per jurisdiction, per quarter.

Type	Fee
Amendments*	\$100
Exceptions*	\$150
Negative Wage Amendments	\$50
Social Security Number Amendments*	\$50
Third Party Sick Pay (3PSP) Amendments*	\$100

* There is an additional charge of \$2.50 for each W-2 and/or 1099 that is amended.

⚠ San Dimas no longer offers a grace period and no longer waives amendment fees for 3PSP amendments. All 3PSP amendments will be billed according to the fee structure listed above.

Tape/transmission amendments

Tape/transmission amendments are produced when the service center sends transmissions to San Dimas for processing. San Dimas will process tape/transmission amendments for any quarter in the last nine years.

⚠ If there are any special handling instructions for an amendment (e.g., billing responsibility, client-made deposits, and P & I responsibility), it is important that they be entered into TOPS screen AT56 *prior* to sending the amendment transmission to San Dimas. Once an amendment has been transmitted, San Dimas will capture and begin processing the amendment almost immediately. Special instructions required after processing has begun must be submitted via the ATS Hotline.

Once TOPS screen AT56 has been completed, send an autotape amendment transmission to San Dimas using option 4 (Create San Dimas Amendments/Exceptions) on the Self Service 2 menu. For each client selected, you must enter the ascertained date and amendment reason code. Refer to the next section, *Entering the ascertained date and reason code(s) for amendments*.

Entering the ascertained date and reason code(s) for amendments

All amendments require an ascertained date (the date the discrepancy was found) and reason code(s). The reason code(s) are needed to identify why wages are being adjusted. The information must be provided so that it can be included on the Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund (Form 941-X) or on the amendment form for the appropriate tax type.

To enter the ascertained date and reason code(s) for amendments:

1. Select option 4 from the Quarterly (MNUOPRQTR) menu and continue through the screens to assign the batch number, select the type of processing ("A"), and select the clients to be processed.
2. After selecting clients to be processed on the TPF Client Select screen, the Entry for Ascertain Date and Reason Code screen appears for the first client selected.
 - ✓ This screen does not appear for exceptions.
3. In the Ascertain Date (MM/DD/CCYY) field, enter the amendment ascertained date in the format shown. If the field is left blank or an invalid date is entered the following message appears: "Invalid date. Please enter in MM/DD/YYYY format."
4. In the Reason Code field next to each employee, enter the amendment reason code. A reason code must be entered for at least one employee.

To access a list of valid codes to select from, press **F4** (Reason Codes). The Reason Code Selection window appears.

 - ✓ If the Reason Code field is left blank, the following message appears: "Reason code should be entered for at least one employee."
 - ✓ If an invalid reason code is entered, the following message appears: "Invalid Reason Code. Please correct or use F4 to get a valid reason code."
5. When finished, press **ENTER** to enter the ascertain date and reason code(s) for the next client (if multiple clients were selected) or to begin processing.

To cancel processing for a client, press **F12** on the Entry for Ascertain Date and Reason Code screen for that client.

- If only one client was selected, you will return to the TPF Client Select screen, where you can add or remove clients for selection.
- If multiple clients were selected, you will advance to Entry for Ascertain Date and Reason Code screen for the next client.

EasyPayNet Interim Details Files

- ✓ The information in this section applies to *only* EasyPayNet clients.

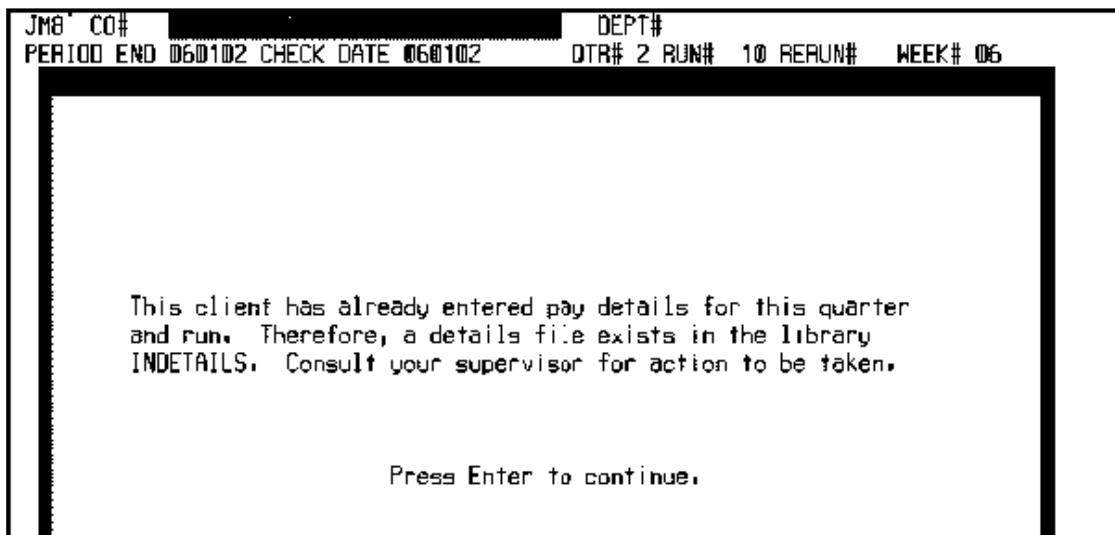
The typical EasyPayNet client works on a payroll in multiple sessions before finally submitting it for processing. Each session creates or updates an interim details file that resides in library INDETAILS.

Callin message: “interim details file exists”

EasyPayNet clients are encouraged to enter their own *current* quarter adjustments. However, special circumstances may require you to enter a *current* quarter adjustment for an EasyPayNet client.

If you do enter such a payroll in Callin, you may get the message shown below. The message means that there is an interim details file in library INDETAILS with the same quarter and run number as the adjustment payroll.

- ✓ If you enter a prior quarter adjustment, this message does not occur.



The screenshot shows a terminal window with a black background and white text. At the top, there is a header line with fields: JMB CO#, DEPT#, PERIOD END 060102, CHECK DATE 060102, QTR# 2, RUN# 10, REUN#, and WEEK# 06. Below this, a large rectangular box contains the following text: "This client has already entered pay details for this quarter and run. Therefore, a details file exists in the library INDETAILS. Consult your supervisor for action to be taken." At the bottom of this box, it says "Press Enter to continue."

- ⚠ If you ignore the message and enter the adjustment payroll, you will overwrite the client's interim details file.

Example situation

A client enters pay information for quarter 2, run 16. The client then exits the application without submitting the payroll.

Later that day, a Service associate attempts to run an adjustment payroll for this client. When the associate goes into Callin, the message shown above appears.

To resolve the situation, it is necessary to rename the interim details file.

To resolve the situation when you get the message that a details file exists:

1. Press **ENTER** until the first Pay screen appears.
2. Cancel out of the payroll. If you continue with the adjustment, you will overwrite the client's interim files.
3. Move the client's interim details file for quarter 2, run 16 out of library INDETAILS. Refer to the procedure for moving interim details files below.
4. After moving the client's interim details file, use only Correct a Payroll to change the run number for the client's *interim details file* to run 17. This will change the interim details to quarter 2, run 17. (If you planned to run two adjustment payrolls, you would change the run number to 18. If you planned to run five adjustment payrolls, you would change the run number to 21.)
5. Go back into Callin and continue with the adjustment payroll using run number 16.
6. When the client logs into the application, the system will automatically extract the detail information from the quarter 2, run 17 details. (The system looks at the CONTROL file on the EasyPay system to find the year, quarter, and run number. It determines the corresponding master file. Then, the system looks in either library INDETAILS or QS36F for the details file that is one run above the one in the master file.)

To move an interim details file:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **8** (EasyPay Net Interim Details Move) and press **ENTER**. The Select Client for Moving Details screen appears.

```
5/21/07 10:25:36 EPN1120FM

Select Client for Moving Details
from the Interim Details Library

Client Number - _____
Quarter Number - _____
Run Number - _____

F3-Exit Enter Blanks to End
```

3. Type the client number, quarter number, and three-digit run number (e.g., for run 3 type **003**; for run 16 type **016**). Then, press **ENTER**. A confirmation message appears.
✓ The run number must be three digits using preceding zeroes (see examples above).
4. Press **ENTER** again. The details are moved out of library INDETAILS.

3

Bonus Payrolls

Clients should be encouraged to schedule bonus payrolls as separate, special payrolls. This chapter provides procedures that apply to bonus payrolls done separately, and the following:

- Providing bonus checks as second checks with a regular payroll
- Helping clients calculate a net-to-gross check or gross-to-net check
- Calculating FICA and inflated gross for employees' bonus checks
- Handling million-dollar bonus payrolls

The last section of this chapter contains a table listing state tax rates for bonus payrolls.

- ✓ Consult with your manager/regional training manager (RTM) for details on year-end training for bonus payroll procedures.

Chapter contents

Scheduling a Separate Bonus Payroll.....	3-2
Setting Up a Separate Bonus Payroll	3-3
Reviewing bonus payroll information with clients.....	3-3
Setting up bonus payrolls.....	3-5
Taking a Separate Bonus Payroll in Callin.....	3-7
Changing payroll options on the Date Page.....	3-7
Entering bonus pay on the Pay screen	3-8
Providing Bonus Checks as Second Checks with a Regular Payroll	3-10
Handling Tax Breakdowns	3-12
Calculating net-to-gross checks.....	3-12
Calculating gross-to-net checks.....	3-14
Calculating FICA and Inflated Gross for a Bonus Check	3-16
Calculating FICA and inflated gross—employee's FI taxable wages are <i>under</i> \$117,000.00.....	3-17
Calculating FICA and inflated gross—employee's FI taxable wages are already <i>over</i> \$117,000.00.....	3-18
Calculating FICA and inflated gross—employee's FI taxable wages will exceed \$117,000.00 <i>with the bonus check</i>	3-19
Calculating FICA and inflated gross—employee's FI taxable wages are already <i>over</i> \$200,000.00.....	3-20
Calculating FICA and inflated gross—employee's FI taxable wages are <i>over</i> \$117,000.00 and <i>with the bonus check</i> will exceed \$200,000.00	3-21
Calculating FICA and inflated gross—employee's FI taxable wages are <i>under</i> \$117,000.00 and <i>with the bonus check</i> will exceed \$200,000.00	3-22
Handling Million-Dollar Bonus Payrolls	3-23
Guidelines for processing large bonus payrolls in Callin	3-23
States with Supplemental Wage Rates	3-24

Scheduling a Separate Bonus Payroll

In November, TDRs should begin asking clients if and when they need to schedule bonus payrolls. ADP recommends that clients schedule their bonus payrolls as separate payrolls from their regularly scheduled payrolls. The reason for this is that combining bonus pay with a regular payroll can negatively impact employees' taxes and voluntary deductions. Clients may ask you about this. Recommend, but don't insist on, a separate bonus payroll.

If a client schedules his or her bonus payroll in advance of input, you must update the client's schedule.

- ✓ Service centers use *Bonus Payroll Reply Forms*, included in the *Year-End Client Guide*, to obtain bonus payroll information. The cover letter that accompanies the *Year-End Client Guide* includes bonus payroll information.

To schedule a bonus payroll:

- ✓ Check with your service center management for the guidelines for processing bonus payrolls.
1. Ask the client when he or she wants to process the payroll. Recommend one of the following:
 - **On the client's off week**—Schedule the bonus payroll as an additional payroll on the client's off week. This is an ideal method for biweekly and semimonthly clients.
 - **As an additional payroll**—Schedule the bonus payroll as an additional payroll in the same week as the client's normal processing. Try to allow several days between the bonus payroll and the normal payroll in case the normal payroll must be rerun.
 - △ Per Agency requirements, when supplemental wages are paid on the same check date as regular earnings, taxes on supplemental wages should be calculated at the regular earnings rate. When this condition occurs in the EasyPay system, taxes on supplemental wages will be calculated and withheld at the supplemental tax rate, not the regular earnings rate.
 - ✓ Try to schedule bonus payrolls on lighter processing days (e.g., Friday). This way, regional executives can schedule extra TDRs for the days when bonus payrolls will be taken.
2. Teledata associates should tell the client that a Service associate will contact him or her to discuss the details of the bonus payroll. Give the client a date to expect the call.
 3. The Teledata associate should follow standard procedures in your center to notify the Service associate (e.g., Clarify, CATS, voice mail, etc.). Indicate that the client has scheduled a bonus payroll and give the date of the bonus payroll. Indicate that the Service associate should call the client by the date given to the client to discuss the details of the bonus payroll.
 4. Schedule the client's bonus payroll as an "E" event in CATS. You can add the extra "E" event in CATS or on the Projection screen in the Scheduling module of Profile. Refer to the *Scheduling Projection* documentation for more information.
- ✓ You should include a comment (e.g., Bonus Payroll) in the Detailed Information section of the event.

Setting Up a Separate Bonus Payroll

Reviewing bonus payroll information with clients

If you have received a *Bonus Payroll Reply Form* from a client providing the details of the bonus payroll, follow the procedure on page 3-5 to set up a bonus payroll. Otherwise, call the client to discuss how to set up the bonus payroll and to provide the following important information.

Details of the bonus payroll

Ask the client the following questions:

- How do you want to tax the bonus payroll? Bonus payrolls can be taxed in the following ways:
 - At the regular rates
 - At the supplemental wage rates for federal (25% of first \$1,000,000 and 39.6% thereafter) and state income tax (refer to the table on page 3-24).
 - With federal and state income taxes not withheld
- If you tax the payroll at regular rates, do you want the payroll taxed over more than one week (more than two weeks for a biweekly client, etc.)?
 - ✓ If an employee is set up for a permanent, additional tax amount and there is an override number of weeks entered for the bonus payment, the additional amount will be multiplied by the override number of weeks entered.
 - ✓ Employees set up with permanent, flat tax amounts may not have enough tax withheld if no special consideration is given to the taxation of the bonus payment. Even if an override number of weeks is entered, only the flat amount will be deducted from the bonus check.
- Do you want to report precalculated checks so the payroll is grossed up? If so, what are the net figures for each employee?
- Do you want to stop any deductions for the payroll (401(k), medical, union, etc.)?
 - ✓ Refer to the pretax deduction information on the next page for additional information.
- Do you want to stop Direct Deposit for the payroll?
- Do you estimate you will be paying unusually large amounts that may result in a much larger tax liability than usual?
 - ✓ Refer to the federal tax liabilities and large payroll bullets on the next page for additional information. Use this opportunity to speak to the client in advance about the possibility of a wire transfer.

Important information for clients

As appropriate, give the client the following bonus payroll information:

- **Check date and reporting**—Bonus payrolls with a 2014 check date will be included in 2014 wages and reflected on all fourth quarter, 2014 tax reports and W-2s. In some instances, clients may need to report their 2014 bonus payroll after January 1, 2015. If this situation occurs, remind the client of potential penalties and interest, and have them sign and return an Absolution Letter - Responsibility for Penalty & Interest form. If the client has already

processed their first payroll of 2015, refer to the procedure *Processing fourth-quarter adjustments after the first payroll of the new year* in chapter 2.

- **Fees**—Standard fees apply for all bonus payroll processings.
- **Bonus payroll information**—Remind clients that if they are planning to present bonus checks on a specific date, they should schedule their bonus payrolls as the last payroll to be processed prior to distribution of the bonus checks. If they produce bonus payroll checks and then process a regular payroll, bonus payroll amounts will appear in the employees' year-to-date information on their regular payroll check stubs.
- **Pretax deduction highlights**—When supplemental or bonus wages are paid on a separate check or payroll, the wages are reduced correctly by pretax deduction amounts before federal and state income taxes are calculated.
If you pay supplemental or bonus wages *on a regular check with other wages*, the following situations could occur:
 - Since flat dollar pretax deduction amounts are applied to the first earning paid based on the sequence in clients' profiles, taxes may not be calculated correctly for supplemental or bonus wages. This rule also applies to one-time deductions.
 - Since the EasyPay system applies rounding to pretax deductions set up as percentage calculations, the results may differ slightly from manual calculations.
 - When an employee with both a matched and unmatched pretax deferred compensation is paid using the SUPW codeword, Federal and State Income tax may be calculated incorrectly.
- **Federal tax liabilities**—If the client's federal tax liabilities for the bonus payroll are over \$100,000.00, these funds must be deposited by the banking day following the check date. Tax Filing Service clients must report these payrolls at least 48 hours *before* the check date.
- **Large payrolls**—If a bonus payroll results in a large tax liability, ADP applies certain restrictions that may require wire transfers. These restrictions apply to clients who have TFS, FSDD, and ADPCheck. Refer to the San Dimas guidelines for wire instructions.
- **Massachusetts SIT employees**—We recommend issuing a separate check for Massachusetts SIT employees being paid gross wages and supplemental wages during the same payroll. The reason for this is when calculating Massachusetts state income tax a portion of FICA is used to reduce taxable wages for the regular and SUPW tax calculation. Because our system calculates FICA as a lump sum for the check, the amount of FICA available for the reduction is a single amount. If regular wages and SUPW wages are on the same check then the amount of FICA to be used to reduce the regular calculation and the SUPW calculation is not broken down into the FICA for SUPW and the FICA for regular. Therefore paying gross wages and supplemental wages on separate checks will calculate the correct amount of taxable wages and the Massachusetts state income tax deduction for each check by reducing taxable wages by the FICA tax that is calculated on each of the earnings via separate checks.

Setting up bonus payrolls

To set up bonus earnings in Profile:

1. Access the Earnings module in the client's profile.
2. If a bonus earnings code is already set up, but it is not being printed on the Worksheet, simply change the Worksheet option from "N" to "\$" so the earnings code appears on the Worksheet for the next payroll. Then, press **F7** (End-of-Job) and go to step 5.

– OR –

If a bonus earnings code is not set up, then set it up according to the client's specifications. Use the table beginning on the next page to determine the code and codeword to use.

For this tax effect:	Use this earnings code and codeword:
Withhold all taxes at the table rates (unless the employee has overrides).	Earnings Code 13 (BONUS1) Codeword GROS ✓ For EasyPayNet clients who have employees who will receive over \$9,999.99 in bonus pay, set up a large salary earning and accept the codeword GROS to use table rates.
Withhold federal and state income tax at the applicable supplemental wage rate. ✓ 25% of the first \$1,000,000.00 and 39.6% thereafter for federal withholding. For a list of supplemental wage rates for states, refer to the table on page 3-24.	Earnings Code 68 (SUP WG) Codeword SUPW ✓ Pretax deduction amounts reduce supplemental wages for federal and state income tax calculations. ✓ The IRS requires federal income tax to be withheld on taxable supplemental wages that exceed one million in a tax year regardless of an employee's tax status. EasyPay does not comply with this requirement when an employee's federal tax status is Exempt or NO. For these situations, it is necessary to create a new employee number for the affected employee and customize the client's tax setup. If you have a situation like this, contact SBS Payroll Support for assistance. ✓ For EasyPayNet clients who have employees who will receive over \$9,999.99 in bonus pay, set up a large salary earning and use the codeword SUPW to withhold federal and state income tax at the applicable supplemental wage rate.

For this tax effect:	Use this earnings code and codeword:
Do not withhold federal or state income tax.	Earnings Code 41 (BONUS2) Codeword BONS <ul style="list-style-type: none"> ✓ Pretax deduction amounts reduce wages for the BONS codeword for federal and state income tax calculations. Federal and State income taxes are no longer reimbursed when pretax deductions are taken from BONS earnings. ⚠ For EasyPayNet clients who have employees who will receive over \$9,999.99 in bonus pay, set up a large salary earning and use the codeword BONS to block withholding federal and state income tax. <p>BONS will prevent federal and state income tax from being taken. However, this codeword still shows the wages as taxable.</p>

✓ Remember to check employee-level overrides for additional or flat dollars.

3. Accept the Worksheet option “\$” and press **F7** (End-of-Job).

The system will add the earning to the Worksheet.

4. Write your work to the master file.

5. If necessary, load the client’s master file to Callin.

6. If a CATS payroll event exists for the bonus payroll, access the event and add your comments about the bonus payroll (e.g., deductions to be stopped, override number of weeks for taxing, etc.) to the Detailed Information section of the Start Payroll screen.

– OR –

If a CATS payroll event does *not* exist for the bonus payroll, add a new payroll event. In the Detailed Information section of the Event Detail screen, type your comments about the bonus payroll (e.g., deductions to be stopped, override number of weeks for taxing, etc.).

Taking a Separate Bonus Payroll in Callin

Remember to check the client's options for this payroll and make sure the client's Callin file contains the bonus earnings code. It is also a good idea to verify the payroll options with the client before taking the payroll.

- ✓ The client provides the details of their bonus payroll using the *Bonus Payroll Reply Form* or by contacting a CSR directly. CSRs provide any pertinent information to Teledata prior to taking the bonus payroll. Procedures for providing bonus payroll details to Teledata may vary by service center.

TDRs should review any details of the bonus payroll provided by CSRs and then ask the client the following questions:

- What period beginning, period ending, and check date do you want to appear on the bonus checks?
- Do you want to suppress direct deposit for the bonus payroll?
- Do you want to stop all scheduled deductions?
- Is this your last payroll of the month and quarter?

Depending upon the client's answers, you can change the client's payroll options using the procedure below.

- ✓ If you are entering a bonus payroll in Callin for an EasyPayNet client, you may need to work with the client's interim details file. Refer to the procedure *EasyPayNet Interim Details Files* at the end of chapter 2 in this guide.
- △ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *EasyPayNet Service Center Procedures* on the SBS Service Training intranet site.
- ✓ Teledata associates should proactively report large bonus payrolls to their manager or bonus payroll coordinator prior to the payroll being processed. This will allow Service the opportunity to speak with the client about large federal tax liabilities and/or the possibility of a wire transfer on the same day the client processes the payroll rather than waiting until the next day.

Changing payroll options on the Date Page

To change the client's payroll options on the Date Page:

1. In the Payroll Type/Override Pay# (? – List) field, type **B**.
2. If the client wants to stop Direct Deposit for the payroll, in the Suppress ACH field, type **Y**. Otherwise, leave the field blank.
 - ✓ When in Correct a Payroll, type **N** under STP ACH.
3. If the client wants to stop scheduled deductions, type **N** for the applicable deductions.
 - △ If the client wants to stop "ALL CHKS" deductions, before the payroll is processed, edit the client's profile and change the ALL CHKS option from "Y" to "N." Ensure that these

deduction codes do not display with a “Y” on the Date Page. If they do, remove the “Y”. Remember to change the ALL CHKS option back to a “Y” after the payroll has been processed.

4. Complete the remaining Date Page fields.
5. Press **ENTER** to proceed with the payroll. The system accepts the deduction selections currently displayed.

Entering bonus pay on the Pay screen

Bonuses up to \$9,999,999.99 can be entered on the Pay screen.

△ The payroll system can’t accommodate *employee-level*, quarter-to-date or year-to-date values over \$9,999,999.99. If you encounter a situation where an employee has a quarter- or year-to-date value of \$10,000,000.00 or higher, please contact SBS Payroll Support in Moorestown for assistance. In most cases, the client will need to be set up for Medicare-only tax (MC).

If an individual employee exceeds that limit, set up the employee as a new hire with a second employee number for just the Medicare portion of Social Security (tax code MC). Make sure the second employee number is exempt from FUTA, SUI, and SDI. The employee will receive multiple W-2s.

To enter an employee’s bonus pay on the Pay screen:

1. If the client is using bonus *earnings code* 68 (codeword SUPW) or 41 (codeword BONS), go to step 2.

– OR –

If a client is using bonus *earnings code* 13 (BONUS1) and wants to override the number of weeks for taxing purposes for an employee, in the # Weeks field on the employee’s Pay screen, type the number of weeks for taxing purposes. If an employee has a tax override in effect, the override number of weeks affects the amount of tax withheld as shown in the following table:

Tax Override in Effect	Override # of Weeks	Amount Withheld from Bonus Pay
John Doe is set up to have an additional \$10 of FIT withheld.	3	The additional withholding is calculated as: (Override # weeks ÷ Pay frequency) x Additional \$ in Profile Therefore; weekly would be 3/1 x \$10 = \$30. Biweekly would be 3/2 x \$10 = \$15. The system adds the additional dollars to the calculated FIT amount and withholds the total from the check.
Mary Smith is set up to have a flat \$50 of FIT withheld.	3	The override number of weeks has no effect. The system withholds \$50 from the check. This could result in not enough tax being withheld from a large bonus.
Sean Adams is set up to have a flat \$50 of FIT withheld.	None	The system withholds \$50 from the check. This could result in not enough tax being withheld from a large bonus.

- ✓ The entry in the # Weeks field does not indicate pay frequency. For example, an entry of three does not indicate a semi-monthly frequency. An entry of four does not indicate a monthly frequency.
- 2. On each employee's Pay screen, type the bonus amount under the bonus earnings code set up for the client.
- 3. When done, balance the payroll.

Providing Bonus Checks as Second Checks with a Regular Payroll

ADP strongly recommends that bonus payrolls be processed separately from regular payrolls. If clients report bonus checks with their regular payrolls (same check or second check), employees' taxes or voluntary deductions may be negatively impacted. However, if a client doesn't want to schedule a separate payroll for bonus pay, he or she can report bonus checks with a regular processing. Employees will receive two checks: a regular paycheck and a bonus check. If a client elects to provide bonus pay this way, he or she must specify which deductions and taxes to stop and which to take for each employee's bonus check.

- ✓ The procedures in this section do *not* apply to EasyPayNet clients. These clients enter their own deduction, tax, and Direct Deposit overrides via the Enter Payroll module of the application.
- ✓ If Teledata and Fax clients want to stop Direct Deposit for bonus checks *and* also want to stop or change deductions for those same checks, stop Direct Deposit on the *first* Pay screen for the *bonus checks* using N\$ NODEP in the 1 Time Deduction field. Then, stop or change the taxes/deductions on the subsequent Pay screens.

Bonuses up to \$9,999,999.99 can be entered on the Pay screen.

△ The payroll system can't accommodate *employee-level*, quarter-to-date or year-to-date values over \$9,999,999.99. If you encounter a situation where an employee has a quarter- or year-to-date value of \$10,000,000.00 or higher, please contact SBS Payroll Support in Moorestown for assistance. In most cases, the client will need to be set up for Medicare-only tax (MC).

If an individual employee exceeds that limit, set up the employee as a new hire with a second employee number for just the Medicare portion of Social Security (tax code MC). Make sure the second employee number is exempt from FUTA, SUI, and SDI. The employee will receive multiple W-2s.

- ✓ Decimals must be used when entering amounts on Pay screen.

To stop deductions, taxes, and Direct Deposit for a *second* check:

1. On the *first* Pay screen for the *bonus* check (second check), post the bonus earnings to the appropriate earnings code (i.e., earnings code 13, 41, or 68).
 - ✓ If the client wants to stop federal and state income tax for all bonus checks, be sure to set up and use earnings code 41 for the bonus earnings.
2. If you need to make changes to deductions or Direct Deposit, do one of the following:
 - If the client wants to stop all Direct Deposit deductions for the bonus check, on the *first* Pay screen for the bonus check in the CD portion of the 1 Time Deduction field, type N\$. In the Amount portion of the 1 Time Deduction field, type **NODEP**.
– OR –
 - If the client has deductions that are preprinted on the Worksheet, remove the deductions (use FIELD+) from the Pay column and type N\$ **NODEP** in the 1 Time Deduction field. Press **F1** for additional Pay screens to add the deductions that were removed from the first Pay screen.
– OR –

- If an employee wants to stop a partial deposit, on the *first* Pay screen for the bonus check, in the CD portion of the 1 Time Deduction field, type the partial direct deposit deduction code. In the Amount portion of the 1 Time Deduction field, type **NO**. Press **F1** for additional Pay screens to repeat this process for each partial direct deposit deduction code the employee wants to stop.
- 3. If you need to stop a deduction or tax (i.e. federal or state income tax), on a Pay screen for the bonus check, in the CD portion of the 1 Time Deduction field, type the deduction code or tax code. In the Amount portion of the 1 Time Deduction field, type **NO**.
 - ✓ FICA and SUI taxes must be deducted and cannot be overridden. The system will calculate the appropriate amount of FICA and SUI for each check.
- 4. If you need to deduct an amount different from the scheduled amount, type the deduction code or tax code and **NO** on one Pay screen. Then, press **F1** for a second Pay screen and type the deduction code and the amount to be taken in the 1 Time Deduction field on the second Pay screen.

Handling Tax Breakdowns

Use the Gross Pay calculator to calculate tax breakdowns for supplemental or bonus wages. To access it, use this link: <http://www.adp.com/tools-and-resources/calculators-and-tools.aspx>; copy and paste the link into your Internet Explorer browser and click **GO**.

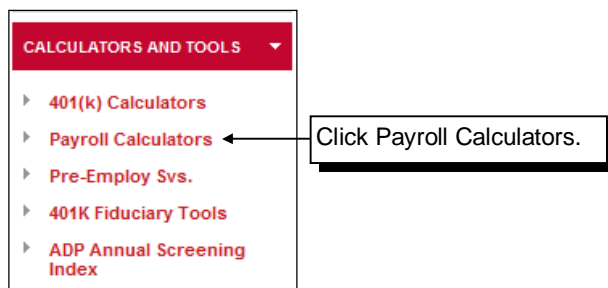
- ✓ The Calculate Taxes feature (option 9 on the Work with Client menu) has not been updated for the supplemental and bonus wages enhancements. Changing Earnings 08 codewords will no longer allow supplemental taxes to calculate correctly.
- ✓ TeleReady does not support tax breakdowns involving supplemental wages.

Calculating net-to-gross checks

Clients ask for net-to-gross checks when they want employees to receive the amount of the bonus as net pay instead of gross.

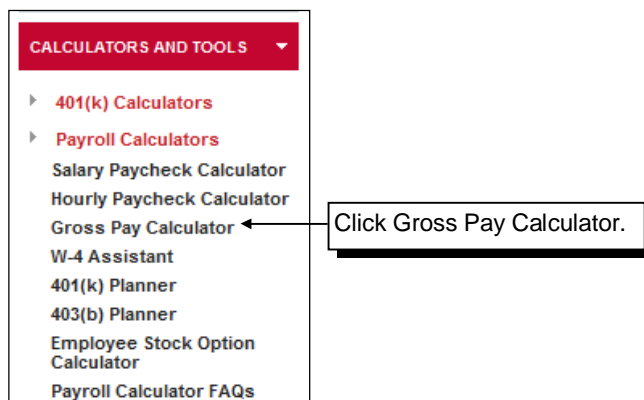
To calculate a net-to-gross check for supplemental or bonus wages:

1. Access ADP Calculator and Tools using the link above.
2. On the Calculators & Tools page, click the **Payroll Calculators** link located in the left pane.



The Payroll Calculators page appears.

3. Click the **Gross Pay Calculator** link located in the left pane.



The Gross-Up Calculator page appears. See the next page.

The Gross-Up Calculator

[ShareThis](#)[Print this Page](#)

Estimates gross wages before taxes and deductions are withheld given a specific take-home pay amount.

Calculation based on: Tax Year For

Instructions: Click an item's name for help on contents.

General Information

Net Pay	<input type="text"/>
Gross Salary YTD	<input type="text"/> (optional)
Pay Frequency	<input type="text" value="Weekly"/>
Federal Filing Status	<input type="text" value="Supplemental"/>
# of Federal Allowances	<input type="text"/>
Additional Fed. Withholding	\$ <input type="text"/>
Round Federal Withholding	<input type="radio"/> Yes <input checked="" type="radio"/> No
I am exempt from:	<input type="checkbox"/> Federal Tax <input type="checkbox"/> FICA <input type="checkbox"/> Medicare

Be sure to enter the gross year-to-date figure so the appropriate supplemental wage rate is applied.

Select Supplemental as the Federal Filing Status.

State and Local Information for Arizona

% of Gross Wages	<input type="text" value="0% Exempt"/>
Additional State W/H	\$ <input type="text"/>

Voluntary Deduction Section

Use voluntary deduction(s) for my paycheck.

Deduction #1 Name	<input type="text"/>
Deduction #1 Amount	<input type="text"/> % of gross pay
Ded. #1 Exempt from:	<input type="checkbox"/> Federal <input type="checkbox"/> FICA <input type="checkbox"/> State <input type="checkbox"/> Local
Deduction #2 Name	<input type="text"/>
Deduction #2 Amount	<input type="text"/> % of gross pay
Ded. #2 Exempt from:	<input type="checkbox"/> Federal <input type="checkbox"/> FICA <input type="checkbox"/> State <input type="checkbox"/> Local

- Complete the fields with the necessary information and click **Calculate**. The gross amount for the check appears.

Your Pay Check Results		Calculation Based On	
Semi-monthly Gross Pay	\$33,528.90	Tax Year	2014
Federal Withholding	\$11,031.00	Gross Pay	\$33,528.90
Social Security	\$0.00	Gross Pay YTD	\$1,000,000.00
Medicare	\$486.17	Pay Frequency	Semi-monthly
Arizona	\$0.00	Federal Filing Status	Supplemental
401k	\$2,011.73	# of Federal Exemptions	1
		Additional Federal W/H	\$0.00
Net Pay	\$20,000.00	State	Arizona
		% of Federal	0% Exempt
		Additional State W/H	\$0.00
		401k	6%

[New Calculation](#)
[Print Options](#)

This example is based on a \$20,000.00 net payment.

Calculating gross-to-net checks

Clients ask for gross-to-net checks when they want employees to receive the amount of the bonus as gross pay instead of net.

To calculate a gross-to-net check for supplemental or bonus wages:

- Access ADP Calculator and Tools using the link provided on page 3-11.
- On the Tools and Resources page, click the **Payroll Calculators** link located in the left pane.

CALCULATORS AND TOOLS ▼

- ▶ 401(k) Calculators
- ▶ Payroll Calculators
- ▶ Pre-Employ Svs.
- ▶ 401K Fiduciary Tools
- ▶ ADP Annual Screening Index

Click Payroll Calculators.

The Payroll Calculators page appears.

- Click the **Salary Paycheck Calculator** link located in the left pane.

CALCULATORS AND TOOLS ▼

- ▶ 401(k) Calculators
- ▶ Payroll Calculators
 - Salary Paycheck Calculator
 - Hourly Paycheck Calculator
 - Gross Pay Calculator
 - W-4 Assistant
 - 401(k) Planner
 - 403(b) Planner
 - Employee Stock Option Calculator
 - Payroll Calculator FAQs

Click Salary Paycheck Calculator.

The Paycheck Calculator page appears. See the next page.

The Gross-Up Calculator

[ShareThis](#)
[Print this Page](#)

Estimates gross wages before taxes and deductions are withheld given a specific take-home pay amount.

Calculation based on: Tax Year 2012 For Arizona

Instructions: Click an item's name for help on 2011 post

General Information

Net Pay	<input type="text"/>
Gross Salary YTD	<input type="text"/> (optional)
Pay Frequency	Weekly
Federal Filing Status	Supplemental
# of Federal Allowances	<input type="text"/>
Additional Fed. Withholding	\$ <input type="text"/>
Round Federal Withholding	<input type="radio"/> Yes <input checked="" type="radio"/> No
I am exempt from:	<input type="checkbox"/> Federal Tax <input type="checkbox"/> FICA <input type="checkbox"/> Medicare

State and Local Information for Arizona

% of Gross Wages	0% Exempt
Additional State W/H	\$ <input type="text"/>

Voluntary Deduction Section

Use 2 voluntary deduction(s) for my paycheck.

Deduction #1 Name	<input type="text"/>
Deduction #1 Amount	<input type="text"/> % of gross pay
Ded. #1 Exempt from:	<input type="checkbox"/> Federal <input type="checkbox"/> FICA <input type="checkbox"/> State <input type="checkbox"/> Local
Deduction #2 Name	<input type="text"/>
Deduction #2 Amount	<input type="text"/> % of gross pay
Ded. #2 Exempt from:	<input type="checkbox"/> Federal <input type="checkbox"/> FICA <input type="checkbox"/> State <input type="checkbox"/> Local

Be sure to enter the gross year-to-date figure so the appropriate supplemental wage rate is applied.

Select Supplemental as the Federal Filing Status.

4. Complete the fields with the necessary information and click **Calculate**. The net amount for the check appears. See the next page.

Your Pay Check Results		Calculation Based On	
Semi-monthly Gross Pay	\$20,000.00	Tax Year	2014
Federal Withholding	\$6,580.00	Gross Pay	\$20,000.00
Social Security	\$0.00	Gross Pay YTD	\$1,000,000.00
Medicare	\$290.00	Pay Frequency	Semi-monthly
Arizona	\$0.00	Federal Filing Status	Supplemental
401k	\$1,200.00	# of Federal Exemptions	1
		Additional Federal W/H	\$0.00
Net Pay	\$11,930.00	State	Arizona
		% of Federal	0% Exempt
		Additional State W/H	\$0.00
		401k	6%

This example is based on a \$20,000.00 gross payment.

Calculating FICA and Inflated Gross for a Bonus Check

If FICA is the *only* tax being deducted from a bonus check that is being grossed up, use one of the three methods listed on the following pages for calculating FICA and the inflated gross for the bonus check. The method to use depends on the employee's year-to-date gross earnings.

Employee's year-to-date FI taxable wages ...	See page
Are <i>under</i> \$117,000.00.	3-17
Are already <i>over</i> \$117,000.00.	3-18
Will exceed \$117,000.00 <i>with the bonus check</i>	3-19
Are already <i>over</i> \$200,000.00	3-20
Are <i>over</i> \$117,000.00 and <i>with the bonus check</i> will exceed \$200,000.00	3-21
Are <i>under</i> \$117,000.00 and <i>with the bonus check</i> will exceed \$200,000.00	3-22

- ✓ The FICA taxable wage limit for 2014 is \$117,000.00. For 2013, the FICA taxable wage limit was \$113,700.00.

Calculating FICA and inflated gross—employee's FI taxable wages are under \$117,000.00

To calculate FICA and inflated gross when an employee's FI taxable wages are under \$117,000.00, use the calculations or the table below. Both methods will yield the same result.

✓ The FICA taxable wage limit for 2013 was \$113,700.00.

Calculations for inflated gross and FICA

Year-To-Date Gross	Inflated Gross	FICA
Under \$117,000.00	Net Bonus Pay ÷ 0.9235	7.65% x Inflated Gross

For example, an employee who will gross under \$117,000.00 will be receiving a \$1000.00 bonus check. The inflated gross is \$1082.84 and the FICA is \$82.84.

Year-to-date FI taxable wages under \$117,000.00

Net Pay	Inflated Gross	FICA 7.65%	Net Pay	Inflated Gross	FICA 7.65%
5.00	5.41	.41	425.00	460.21	35.21
10.00	10.83	.83	450.00	487.28	37.28
15.00	16.24	1.24	475.00	514.35	39.35
20.00	21.66	1.66	500.00	541.42	41.42
25.00	27.07	2.07	525.00	568.49	43.49
30.00	32.49	2.49	550.00	595.56	45.56
35.00	37.90	2.90	575.00	622.63	47.63
40.00	43.31	3.31	600.00	649.70	49.70
45.00	48.73	3.73	625.00	676.77	51.77
50.00	54.14	4.14	650.00	703.84	53.84
75.00	81.21	6.21	675.00	730.91	55.91
100.00	108.28	8.28	700.00	757.99	57.99
125.00	135.35	10.35	750.00	812.13	62.13
150.00	162.43	12.43	800.00	866.27	66.27
175.00	189.50	14.50	850.00	920.41	70.41
200.00	216.57	16.57	900.00	974.55	74.55
225.00	243.64	18.64	950.00	1028.70	78.70
250.00	270.71	20.71	1000.00	1082.84	82.84
275.00	297.78	22.78	1250.00	1353.55	103.55
300.00	324.85	24.85	1500.00	1624.26	124.26
325.00	351.92	26.92	1750.00	1894.96	144.96
350.00	378.99	28.99	2000.00	2165.67	165.67
375.00	406.06	31.06	2250.00	2436.38	186.38
400.00	433.13	33.13	2500.00	2707.09	207.09

Calculating FICA and inflated gross—employee’s FI taxable wages are already over \$117,000.00

FICA is made up of Social Security and Medicare. For employee earnings over \$117,000.00, only the Medicare portion of FICA should be collected.

To calculate FICA (Medicare) and inflated gross when an employee’s FI taxable wages are over \$117,000.00 but under \$200,000.00, use the calculations or the table below. Both methods will yield the same result.

Year-To-Date Gross	Inflated Gross	FICA
Over \$117,000.00	Net Bonus Pay ÷ 0.9855	1.45% x Inflated Gross

For example, an employee who has already grossed over \$117,000.00 will be receiving a \$2000.00 bonus check. The inflated gross is \$2029.43 and the FICA is \$29.43.

Year-to-date FI taxable wages over \$117,000.00

Net Pay	Inflated Gross	FICA 1.45%	Net Pay	Inflated Gross	FICA 1.45%
5.00	5.07	.07	425.00	431.25	6.25
10.00	10.15	.15	450.00	456.62	6.62
15.00	15.22	.22	475.00	481.99	6.99
20.00	20.29	.29	500.00	507.36	7.36
25.00	25.37	.37	525.00	532.72	7.72
30.00	30.44	.44	550.00	558.09	8.09
35.00	35.51	.51	575.00	583.46	8.46
40.00	40.59	.59	600.00	608.83	8.83
45.00	45.66	.66	625.00	634.20	9.20
50.00	50.74	.74	650.00	659.56	9.56
75.00	76.10	1.10	675.00	684.93	9.93
100.00	101.47	1.47	700.00	710.30	10.30
125.00	126.84	1.84	750.00	761.04	11.04
150.00	152.21	2.21	800.00	811.77	11.77
175.00	177.57	2.57	850.00	862.51	12.51
200.00	202.94	2.94	900.00	913.24	13.24
225.00	228.31	3.31	950.00	963.98	13.98
250.00	253.68	3.68	1000.00	1014.71	14.71
275.00	279.05	4.05	1250.00	1268.39	18.39
300.00	304.41	4.41	1500.00	1522.07	22.07
325.00	329.78	4.78	1750.00	1775.75	25.75
350.00	355.15	5.15	2000.00	2029.43	29.43
375.00	380.52	5.52	2250.00	2283.11	33.11
400.00	405.89	5.89	2500.00	2536.78	36.78

Calculating FICA and inflated gross—employee's FI taxable wages will exceed \$117,000.00 *with the bonus check*

If an employee reaches or exceeds the Social Security limit of \$117,000.00 with the bonus check, use both methods to calculate FICA and the inflated gross.

- ✓ The FICA taxable wage limit for 2013 was \$113,700.00.

To calculate FICA and inflated gross when an employee's FICA-taxable earnings will exceed \$117,000.00 with the bonus check:

- ✓ In this procedure, the example assumes an employee has year-to-date FICA-taxable earnings of \$111,700.00 prior to the bonus check. The net bonus amount is \$2,500.00. The employee's new year-to-date FICA-taxable earnings will be *over* \$113,700.00.

1. Calculate the wage amount that is fully taxable for Social Security.

$$\$117,000.00 - \$115,000 = \$2,000.00$$

2. Determine the Social Security withheld on \$2,000.00.

$$\$2,000.00 \times 0.0765 = \$153.00$$

3. Determine the net pay based on the \$2,000.00 calculation.

$$\$2,000.00 - \$153.00 = \$1,847.00$$

4. Determine the additional net required to total \$2500.00.

$$\$2500.00 - \$1,847.00 = \$653.00$$

5. Calculate the inflated gross wages taxable for Medicare only.

$$\$653.00 \div 0.9855 = \$662.61$$

6. Add wages from steps 1 and 5 to obtain the total inflated gross amount.

$$\$2,000.00 + \$662.61 = \$2,662.61$$

Calculating FICA and inflated gross—employee's FI taxable wages are already over \$200,000.00

FICA is made up of Social Security and Medicare. For employee earnings over \$200,000.00, only the Medicare (1.45%) and Medicare HI (0.9%) portions of FICA should be collected.

To calculate FICA (Medicare) and inflated gross when an employee's FI taxable wages are over \$200,000.00, use the calculations or the table below. Both methods will yield the same result.

Year-To-Date Gross	Inflated Gross	FICA
Over \$200,000.00	Net Bonus Pay ÷ 0.9765	2.35% x Inflated Gross

For example, an employee who has already grossed over \$200,000.00 will be receiving a \$2000.00 bonus check. The inflated gross is \$2048.13 and the FICA is \$48.13.

Year-to-date FI taxable wages over \$200,000.00

Net Pay	Inflated Gross	FICA 2.35%	Net Pay	Inflated Gross	FICA 2.35%
5.00	5.12	.12	425.00	435.23	10.23
10.00	10.24	.24	450.00	460.83	10.83
15.00	15.36	.36	475.00	486.43	11.43
20.00	20.48	.48	500.00	512.03	12.03
25.00	25.60	.60	525.00	537.63	12.63
30.00	30.72	.72	550.00	563.24	13.24
35.00	35.84	.84	575.00	588.84	13.84
40.00	40.96	.96	600.00	614.44	14.44
45.00	46.08	1.08	625.00	640.04	15.04
50.00	51.20	1.20	650.00	665.64	15.64
75.00	76.80	1.80	675.00	691.24	16.24
100.00	102.41	2.41	700.00	716.85	16.85
125.00	128.01	3.01	750.00	768.05	18.05
150.00	153.61	3.61	800.00	819.25	19.25
175.00	179.21	4.21	850.00	870.46	20.46
200.00	204.81	4.80	900.00	921.66	21.66
225.00	230.41	5.41	950.00	972.86	22.86
250.00	256.02	6.02	1000.00	1024.07	24.07
275.00	281.62	6.62	1250.00	1280.08	30.08
300.00	307.22	7.22	1500.00	1536.10	36.10
325.00	332.82	7.82	1750.00	1792.11	42.11
350.00	358.42	8.42	2000.00	2048.13	48.13
375.00	384.02	9.02	2250.00	2304.15	54.15
400.00	409.63	9.63	2500.00	2560.16	60.16

Calculating FICA and inflated gross—employee's FI taxable wages are over \$117,000.00 and *with the bonus check* will exceed \$200,000.00

If an employee reaches or exceeds the Social Security limit of \$200,000.00 with the bonus check, use both methods to calculate FICA and the inflated gross.

To calculate FICA and inflated gross when an employee's FICA-taxable earnings will exceed \$200,000.00 with the bonus check:

- ✓ In this procedure, the example assumes an employee has year-to-date FICA-taxable earnings of \$198,000.00 prior to the bonus check. The net bonus amount is \$2,500.00. The employee's new year-to-date FICA-taxable earnings will be *over* \$200,000.00.
- 1. Calculate the wage amount that is fully taxable for Medicare only.
$$\$200,000.00 - \$198,000 = \$2,000.00$$
- 2. Determine the Medicare withheld on \$2,000.00.
$$\$2,000.00 \times 0.0145 = \$29.00$$
- 3. Add the remaining net pay to Medicare tax figured in step 2.
$$\$500.00 + \$29.00 = \$529.00$$
- 4. Determine the additional Medicare and Medicare HI on the amount above \$200,000.00.
$$\$529.00 \div 0.9765 = \$541.73$$
- 5. Add wages from step 4 and set 2.
$$\$541.00 + \$2,000.00 = \$2,541.73$$

Calculating FICA and inflated gross—employee's FI taxable wages are *under \$117,000.00* and *with the bonus check* will exceed \$200,000.00

To calculate FICA and inflated gross when an employee's FICA taxable earnings are under \$117,000.00 but *with the bonus check* will exceed \$200,000.00:

- ✓ In this procedure, the example assumes an employee has year-to-date FICA-taxable earnings of \$113,300.00 prior to the bonus check. The net bonus amount is \$100,000.00. The employee's new year-to-date FICA-taxable earnings will be *over* \$200,000.00.

1. Calculate the wage amount that is fully taxable for Social Security and Medicare.

$$\$117,000.00 - \$113,300.00 = \$3,700.00$$

2. Determine the Social Security and Medicare tax.

$$\$3,700.00 \times .0765 = \$283.05$$

3. Determine the net pay based on \$3,700.00.

$$\$3,700.00 - \$283.05 = \$3,416.95$$

4. Calculate the wage amount that is fully taxable for Medicare only.

$$\$200,000.00 - \$117,000 = \$83,000.00$$

5. Determine the Medicare withheld on \$83,000.00.

$$\$83,000.00 \times 0.0145 = \$1,203.50$$

6. Determine the net pay based on \$83,000.00.

$$\$83,000.00 - \$1,203.50 = \$81,796.50$$

7. Add amounts from steps 3 and 6.

$$\$3,416.95 + \$81,796.50 = \$85,213.45$$

8. Calculate the difference between the net bonus amount and amount from step 7.

$$\$100,000.00 - \$85,213.45 = \$14,786.55$$

9. Determine the additional Medicare and Medicare HI on the amount above \$200,000.00.

$$\$14,786.55 \div .9765 = \$15,142.40$$

10. Add amount from step 9 to step 4 and step 1 to get gross amount.

$$\$15,142.40 + \$83,000.00 + \$3,700.00 = \$101,842.40$$

Handling Million-Dollar Bonus Payrolls

Clients sometime report unusually large payrolls at year-end. The total gross payroll may exceed one million dollars. Since these payrolls are usually bonus payrolls, refer to the bonus payroll procedures in this section for scheduling, input, and taxation details.

Guidelines for processing large bonus payrolls in Callin

Be aware of the following procedural issues that arise with million-dollar payrolls in Callin:

△ The payroll system can't accommodate *employee-level*, quarter-to-date or year-to-date values over \$9,999,999.99. If you encounter a situation where an employee has a quarter- or year-to-date value of \$10,000,000.00 or higher, please contact SBS Payroll Support in Moorestown for assistance. In most cases, the client will need to be set up for Medicare-only tax (MC).

If an individual employee exceeds that limit, set up the employee as a new hire with a second employee number for just the Medicare portion of Social Security (tax code MC). Make sure the second employee number is exempt from FUTA, SUI, and SDI. The employee will receive multiple W-2s.

- Bonuses up to \$9,999,999.99 can be entered on the Pay screen.
 - ✓ Decimals must be used when entering amounts on the Pay screen.
- Tax Filing clients must call in large (i.e., million-dollar) payrolls at least three days prior to check date. A signed absolution letter must be obtained before processing late payrolls. Refer to *Client Letters* in Appendix B in this guide for a sample Absolution Letter - Responsibility for Penalty & Interest form.
- Tax Central or your regional tax service coordinator (TSC) must be notified of million-dollar payrolls, and the tax transmission must be monitored to ensure that it is successfully received and processed in San Dimas.
- Clients may be required to wire transfer funds to San Dimas to ensure timely deposits. (San Dimas provides wiring instructions.) Federal liabilities over \$100,000.00 are due the day after the check date. Coordinate this process with your TSC. View the TOPS screen CH02 to determine if the client has any pending liabilities. For example, an additional bonus payroll that is less than \$100,000.00 in federal liabilities could actually cause the client to be in a next-day deposit situation, as calculated below:

\$20,000.00	Pending
85,000.00	Bonus
<hr/>	
\$105,000.00	Next Day Deposit
- Clients with Money Movement products (e.g., FSDD, ADPCheck) are subject to risk thresholds. If a client exceeds his or her risk threshold with a bonus payroll, the client is required to wire transfer funds. Contact your regional Banking department for more information.

States with Supplemental Wage Rates

In some states, employees must pay a state tax on their supplemental earnings (codeword SUPW) in addition to the federal tax.

State tax on supplemental earnings

State	Tax Rate %	State	Tax Rate %
Alabama	5.0	Nebraska	5.0
Arkansas	7.0	New Mexico	4.9
California	6.6	New York	9.62
Bonuses/stock option earnings	10.23	New York City residents	4.25
		Yonkers	1.443
Colorado	4.63	North Carolina	6.0
Georgia—annual wages:		North Dakota	2.28
≤ \$8,000.00	2.0	(Note: Sort code no longer used.	
\$8,000.01 - 10,000.00	3.0	Supplemental wages now taxed	
\$10,000.01 - 12,000.00	4.0	at same percentage for all EEs)	
\$12,000.01 - 15,000.00	5.0		
≥ \$15,000.01	6.0		
Idaho	7.4	Ohio	3.5
Illinois	5.0	Oklahoma	5.25
Indiana	3.4	Oregon	9.0
Iowa	6.0	Pennsylvania	3.07
Kansas	4.5	Rhode Island	5.99
Maine	5.0	South Carolina	7.0
Maryland (MD resident)	5.75	Utah	Calculation
(plus county withholding rate)			
Massachusetts	5.25	Vermont	
		When federal w/h rate is 25%	6.75
		When federal w/h rate is 39.6%	9.45
Michigan	4.25	Virginia	5.75
Minnesota	6.25	West Virginia—annual wages:	
		≤ \$10,000.00	3.0
		\$10,000.01 - 25,000.00	4.0
		\$25,000.01 - 40,000.00	4.5
		\$40,000.01 - 60,000.00	6.0
		≥ \$60,000.00	6.5
Missouri	6.0	Wisconsin—annual wages:	
		≥ \$10,220.00	4.6
		\$10,220.01 - 20,440.00	6.15
		\$20,440.01 - 153,280.00	6.5
		\$153,280.01 – 225,000.00	6.75
		≤ \$225,000.01	7.75
Montana	6.0		

4

Special Taxation/ Miscellaneous Reporting

This chapter describes several special tax situations and tax-related procedures. For each situation, an explanation of the taxability, where the earning or tax appears on W-2s, and related client situations and solutions are given.

- ✓ Consult with your area trainer for details on year-end training for special taxation topics.
- ✓ For an alphabetical listing of EasyPay codewords, refer to *Codeword Taxability Tables* on page 4-65.
- ✓ Clients may provide information concerning their special taxation needs by returning the Year-End Reply form.
- ✓ For situations involving EasyPayNet clients, refer to *Service Center Procedures for EasyPayNet* for additional information. To access, go to the SBS Service Training intranet site at <http://sbslearning.es.ad.adp.com>. Under the Reference Library menu, highlight **Products/Features** and click **EasyPayNet**.

EasyPayNet year-end procedures will also be published on the ADP Small Business Services Client Center Web site in October. EasyPayNet clients may access them by going to this address: <http://adp.com/small-business-services/client-support/year-end-central.aspx>.

Chapter contents

Allocated Tips for Restaurant Employees	4-4
Explanation of taxability	4-4
Where do allocated tips appear on the W-2?	4-4
Setting up allocated tips	4-4
Box 14 on Form W-2 (Codewords B14A, B14B, and B14C).....	4-5
Displaying taxable amounts as information in box 14	4-5
Displaying Illinois employer contributions to medical savings plans as information in box 14	4-9
Displaying nontaxable amounts as information in box 14	4-11
Cafeteria 125 Plans.....	4-12
Explanation of taxability	4-12
Where do Cafeteria 125 plan amounts appear on the W-2?	4-12
Questions to ask clients	4-13
Setting up Cafeteria 125 plans	4-13
Cost of Employer-Sponsored Group Health Plan Coverage.....	4-15
Explanation of taxability	4-15
Where does the cost of employer-sponsored group health plan coverage appear on the W-2?.....	4-15
Questions to ask clients	4-16
Setting up the cost of employer-sponsored group health plan coverage	4-17
Deferred Compensation and Pension Plans (Qualified and Nonqualified).....	4-18
Where does deferred compensation appear on the W-2?	4-19
Questions to ask clients	4-20

Setting up pension and deferred compensation plans	4-20
Entering year-end, FICA-taxable deferred compensation amounts as fourth quarter adjustments after a client's last live payroll has been processed	4-24
Common client situations.....	4-24
Dependent Care Benefits	4-25
Explanation of taxability	4-25
Where do dependent care benefits appear on the W-2?	4-25
Questions to ask clients	4-25
Setting up dependent care	4-25
Entering year-end, FICA-taxable dependent care amounts as fourth-quarter adjustments after a client's last live payroll has been processed	4-27
Common client situations and solutions.....	4-27
Fringe Benefits	4-28
Explanation of taxability	4-28
Where do taxable fringe benefits appear on the W-2?	4-28
Questions to ask clients	4-28
Setting up fringe benefits	4-28
Entering year-end, FICA-taxable fringe benefits as fourth-quarter adjustments after a client's last live payroll has been processed	4-29
Common client situations and solutions.....	4-29
Golden Parachute Payments	4-30
Explanation of taxability	4-30
Where do federal excise tax amounts appear on the W-2?.....	4-30
Setting up and entering golden parachute payments and excise tax amounts	4-30
Entering year-end golden parachute payments as fourth-quarter adjustments after a client's last live payroll has been processed	4-31
Common client situations and solutions.....	4-31
Group Term Life Insurance	4-32
Where does GTL appear on the W-2?.....	4-32
Explanation of taxability	4-32
Setting up GTL	4-34
Entering year-end, FICA-taxable GTL premiums as fourth-quarter adjustments after a client's last live payroll has been processed	4-35
Health Savings Accounts.....	4-36
Provisions of HSAs.....	4-36
Explanation of taxability	4-36
Where do HSA amounts appear on Form W-2?	4-36
Setting up HSA earnings and deductions	4-37
Entering year-end, FICA-taxable HSA contributions as fourth-quarter adjustments after a client's last live payroll has been processed	4-37
State taxability for HSA codewords.....	4-38
Household Client Setups.....	4-39
Discussing limitations before the setup.....	4-39
Setup procedures.....	4-40
Long Term Disability Payments	4-41
Explanation of taxability	4-41
Where does LTD appear on the W-2?.....	4-41
Setting up LTD	4-41
Moving Expenses	4-42
Explanation of taxability	4-42
Where do moving expenses appear on the W-2?.....	4-42
Setting up moving expenses	4-42
Entering year-end, FICA-taxable moving expenses as fourth-quarter adjustments after a client's last live payroll has been processed	4-43
Common client situations and solutions.....	4-43

S-Corporations	4-44
Where do S-Corporation earnings appear on the W-2?	4-44
Setting up S-Corporation earnings.....	4-44
Entering year-end, FICA-taxable S-Corporation insurance coverage as fourth-quarter adjustments after a client's last live payroll has been processed	4-45
Statutory Employees.....	4-46
Stock Option Benefits.....	4-47
Questions to ask clients	4-47
Setting up and entering stock option benefit amounts	4-47
Common client situations and solutions.....	4-48
Entering year-end stock option amounts as fourth-quarter adjustments after a client's last live payroll has been processed	4-48
Third Party Sick Pay Amounts.....	4-49
Explanation of taxability	4-49
Where do 3PSP amounts appear on the W-2?	4-49
Payroll entry	4-49
Creating a second W-2 for employees over the Social Security limit with 3PSP.....	4-50
Uncollected FICA on GTL Premiums	4-52
Explanation of taxability	4-52
Where does uncollected FICA on GTL premiums appear on the W-2?	4-52
Setting up and entering uncollected FICA on GTL premiums	4-52
Where does uncollected FICA on GTL premiums appear on the 941?	4-53
Unsubstantiated/Substantiated Employee Expense Reimbursements	4-54
Explanation of taxability	4-54
Where do employee expense reimbursements appear on the W-2?.....	4-54
Questions to ask clients	4-54
Setting up employee business expenses	4-55
Entering year-end, FICA-taxable employee business expenses as fourth-quarter adjustments after a client's last live payroll has been processed	4-55
1099-R Earnings.....	4-56
Questions to ask clients about 1099-R earnings	4-56
Setting up and reporting 1099-R earnings on a client's <i>current</i> client number	4-56
Setting up and reporting 1099-R earnings on a <i>separate</i> client number	4-57
Reporting 1099-R earnings when the taxable portion cannot be determined.....	4-59
Using Customer Service Tools to Research Tax Information.....	4-61
Accessing the Customer Service Tools (MNUTOOLS) menu.....	4-61
Researching codeword definitions	4-62
Finding city information	4-64
Codeword Taxability Tables	4-65

Allocated Tips for Restaurant Employees

Large food and beverage establishments are required to report certain additional information about tips to the IRS.

To make sure that employees are correctly reporting tips, employers must keep records to verify amounts reported by employees. Certain employers must allocate tips if the percentage of tips reported by directly tipped employees falls below a required minimum percentage of gross sales (typically 8%). To “allocate tips” means to assign an additional amount as tips to each employee whose reported tips are below the required percentage.

Allocated tips are generally reported after clients have processed their last payroll of the year. Employers will calculate tip allocations based on one of three methods recognized by the IRS: Hours Worked, Gross Receipts, or Good Faith. No tip allocation is required if the total tip amount reported by an employee is equal to his or her share of the required percentage of gross sales.

Explanation of taxability

No taxes are withheld from the amount reported as allocated tips. Generally, employees must report allocated tips as income on individual tax returns.


Where do allocated tips appear on the W-2?

The amount reported as allocated tips appears in box 8 of the W-2.

Setting up allocated tips

Allocated tips should be set up using earnings code R0 and codeword ATIP.

Earnings Code	Codeword	Literal	Description	W-2 Box?	Fed Txbl?	FICA Txbl?
R0	ATIP	ATIP	Allocated tips for restaurant employees. Not taxable.	8		

 Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Box 14 on Form W-2 (Codewords B14A, B14B, and B14C)

Box 14 (Other) on Form W-2 is reserved for informational purposes. The IRS and the SSA do not look at information in this box. Several codewords and deductions can be used when the client wants to show yearly monetary information to the employee on Form W-2. This section of the chapter provides the information you need to work with these codewords.

There are three memo deduction codewords for displaying information in box 14 on Form W-2: B14A, B14B, and B14C. Use these codewords and deductions when the client wants to show yearly monetary information to the employee on Form W-2. For example, the client may want to display housing allowances paid throughout the year as information on Form W-2.

Other uses for the codewords include displaying yearly mileage reimbursements and United Way contributions. For the state of Illinois, if a client uses codeword ERMS for contributions to employees' medical savings plans, the client may request that those contributions be reported in box 14 on Form W-2. Refer to page 4-9 for the procedure for working with codeword ERMS and Illinois clients.

The year-to-date values for these codewords are printed in box 14 along with the names given to them in Profile (for example, HOUSNG). These codewords do not tax the calculated amounts; they only *display* the calculated amounts.

Box 14 deduction codes

Deduction Code	Codeword
BA	B14A
BB	B14B
BC	B14C

Determine if the amounts that will appear as information in box 14 are taxable or nontaxable and follow the appropriate procedure below.

- ✓ Do not store any permanent amounts in the BA, BB, or BC deductions on an employee level. If a permanent amount needs to be stored to pull the earnings, set up an additional deduction such as M1 to store the amount to pull to the worksheet.

Displaying taxable amounts as information in box 14

An earning or deduction can have only *one* codeword. A taxable earning or deduction must be set up with the appropriate codeword for taxability. To display taxable amounts in box 14 on Form W-2, you must set up a box 14 deduction to calculate on the taxable deduction or earning. You may also have to adjust the year-to-date amounts for the box 14 deduction.

To set up a box 14 deduction to calculate on a taxable earning or deduction:

1. If the taxable earning or deduction is not already set up, set it up in the Client Earnings or Client Taxes and Deductions module of the client's profile, using the appropriate codeword for *taxability*. See an example of setting up a taxable earning on the next page.

Earnings screen for a taxable earning in the client's profile

Client#	JK6	JK6	FLT	TEST	CLIENT	WITH	Module- EARNINGS					UPDATE	
Code	Earn	Live	Emp	Addl	%	W/S	Regstr	Prt	Put	Chain	Code	Word	
	Name	Memo	Rate	Rate	Boost	H\$BN	Hr	\$	Adj	Grs	Earn	\$	Hr
F6=Lookup													
BF	BAL FW	L	Y		100	N	N	13	Y	Y	GROS	STDH	
7A	HOSNG2	M	Y		100	\$	N	Y	Y	N	HSNG		

Set up an earnings code (for example, earnings code 7A) with the appropriate codeword for taxability.

- After setting up the taxable earning or deduction, set up *one* of the three box 14 deductions. The screens below illustrate how to set up a box 14 deduction to calculate on a taxable earning.

- ✓ Set up a different box 14 deduction for each earning or deduction the client wants to display in box 14. For example, if a client wants to display both housing amounts and moving expense amounts in box 14, set up deduction BA to display housing amounts and deduction BB to display moving expense amounts.

Client#	JK6	JK6	FLT	TEST	CLIENT	WITH	Module-	Deductions	UPDATE		
Code	Ded	Live	Calc	Calc	Calc	Lmt	Limit	All	Std	Pre	Code
Name	Memo	Rate	Type	Value	Type	Amount	Cks	Ded	Tax	Word	
99	MISC.	L		\$	N			N	N	N	
N4	ADVANCE	L		\$	N			N	N	N	
PY	PAYMNT	L			N			Y	Y	N	
BA	HOUSNG	M	1.00	\$	Y			Y	Y	N	B14A

Set up the deduction BA (for example, Housing) with codeword B14A.

The deduction is set up as a standard memo deduction to calculate for all checks.

- On the first Deductions screen on the previous page, type **Y** in the Calc Value column and press **ENTER** to access the Calc Value screen.

Client#	JK6	JK6	FLT	TEST	CLIENT	WITH	Module-	Deductions	UPDATE
Valid calculation values									
BA HOUSNG Calculate this Deduction on: (choose no more than 12)									
Earnings			Taxes and Deductions				Keywords		
Hrs	\$	\$	\$						
01	REGULAR			FI	FICA				STDH
02	O/TIME			FW	FED WT				GROS
03	VACTON			ST	STATE				VACH
04	SICK			DD	DISAB.				SCKH
05	HOLDAY			LV	FAM LV				SICK
07	SALARY			UD	UNEMP.				HOLH
08	OTHER			CY	CITY				
13	BONUS1			FR	FICACO				
BE	BAL FW			DI	DISBCO				
Y 7A	HOSNG2			FU	FUTACO				
				UI	UNEMCO				

- Type **Y** opposite the taxable earning or deduction code (for example, earning code 7A) that the deduction BA calculates on and press **ENTER**.

Second Deductions screen for the box 14 deduction in the client's profile

Client# JK6 JK6 FLT TEST CLIENT WITH										Module- Deductions		UPDATE	
Code	Ded	Live	Std	Pay	Sch	Part	Prt	Calc	Ded	Prnt	Mast	Chn	Clear
	Name	Memo	Ded	12345		OK	Chk	Adj	Rpt	Reg	Cng	Ded	
99	MISC.	L	N	---		N	D	N	N	Y	Y		
				12345		N	D	N	N	Y	Y		
						N	D	N	N	Y	N		
BA	HOUSNG	M	Y	---		N	N	Y	N	N	N		

5. Complete the second deduction screen for deduction BA as shown.

For EasyPayNet clients only, type Y in the Mast Cng field.

6. On the second Deductions screen, press **F2** (Options) to return to the first Deductions screen.
7. On the first Deductions screen, press **F7** (Update EOJ) and write your work back to the master file.
8. If you have set up *both* the taxable earning or deduction and the box 14 deduction *simultaneously*, no further action is required.

– OR –

If you are setting up the box 14 deduction to calculate on an existing earning or deduction that has already accumulated year-to-date amounts, follow the procedure for adjusting year-to-date amounts on the next page.

- ⚠ When setting up box 14 deductions for EasyPayNet clients, type **Y** in the Mast Cng field.
- ⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

To adjust the year-to-date amounts for a box 14 deduction in Callin:

1. From the Client Reports (MNURPT) menu, select option **1** (From the Master File) and press **ENTER** to produce a copy of the client's Master List. This report provides the year-to-date amounts for all earnings and deductions.
2. From the Work with Client (MNUSRV) menu, select option **11** (Profile) and press **ENTER** to proceed to the second Deductions screen.
3. On the second Deductions screen, for codes BA, BB, and BC, change the entry in the Calc Adj field from "Y" to "N."
4. From the Payroll Entry (MNUPAY) menu, select option **7** (Load Callin from a Master File) and press **ENTER** to load the client's master file to Callin.

5. On your CATS Event Center screen, press **F2** (Add/New), create a payroll event, and enter an adjustment payroll to add the employees' year-to-date amounts for the *taxable* earning or deduction to the box 14 deduction.

- ✓ Remember to perform the following:
- Blank out any pay data on the employees' Pay screens or remove all codes from the verify screen.
 - Type **S** on the Date Page in the Override Pay# field.
 - Void the invoice, if applicable.
 - Suppress ACH.
 - Verify that no other adjustment is processed.
 - Verify that no tax data is sent. (This payroll should appear on the Tax Exception report.)
 - When the payroll is finished processing, return to the second Deductions screen in the Profile and change the Calc Adj field to "Y."

Payroll Adjustment screen

JK6 CO#		JK6 FLT TEST CLIENT WITH NJ		Dept#	
Employee#		0001			
Adj Type:		Manual (Y=Yes) <u>Y</u> Void (Y=Yes) <u> </u> -or- Precalculated (Y=Yes) <u> </u>			
-----EARNINGS-----					
Descr	Code	Hours	Amount	Descr	Code
REGLAR	01			O/TIME	02
VACTON	03			SICK	04
HOLIDAY	05			SALARY	07
OTHER	08			BONUS1	13
BAL FW	BF			HOSNG2	M7A
Labor # <u> </u>					
-----DEDUCTIONS-----					
Descr	Code	Amount	Descr	Code	Amount
FICA *	FI		FED W*	FW	
DISAB*	DD		FAM L*	LV	
CITY *	CY		MISC.	99	
PAYMNT	PY		HOUSNG	MBA	1000.00
Bottom					
Check#	Net Pay		No Charge Reason Code		PgUp
F1=More Dist	F4=EE Inf	F12=Cancel	F13=Cli Inf	F16=Alrt/Evt	

Add the year-to-date amount for the taxable earning or deduction to the box 14 deduction on the payroll Adjustment screen.

Displaying Illinois employer contributions to medical savings plans as information in box 14

For the state of Illinois, if a client uses codeword ERMS for contributions to an employee's medical savings plan, the client may request that those contributions also be reported in box 14 on Form W-2.

- ✓ In the past, it was required that contributions to an employee's medical savings plan be reported in box 14 on Form W-2. These contributions are *no longer required* in box 14. Contribution amounts reported using codeword ERMS will automatically print in box 12 on Form W-2 with code "R."

If the client requests that medical savings plan contributions appear in box 14 of the Form W-2, use the following procedure to set up both the taxable deduction and an additional deduction to print the year-to-date information for ERMS in box 14 on Form W-2. For additional information on setting up box 14 on Form W-2, refer to page 4-5 of this chapter.

To set up the deduction codes:

1. In Profile, from the Update/Browse menu, type **Y** next to Client Taxes and Deductions and press **ENTER**.
2. On the first Deductions screen, set up the MR deduction based on the client's request. Then, set up the BA deduction as shown below. Type **Y** in the Calc Value column and press **ENTER** to access the Calc Value screen.

Client#	JC1	STATE	CLIENT	AL-ME	DDF	Module- Deductions						UPDATE
Code	Ded Name	Live Memo	Calc Rate	Calc Type	Calc Value	Lmt Type	Limit Amount	All Cks	Std Ded	Pre Tax	Code Word	
.. RP	ERADPN	M	.....	\$	N	..	.....	Y	N	Y	ERAD	
.. TP	TRPASS	L	.....	\$	N	..	.....	Y	N	Y	TPAS	
MB	ER MSA	M	.....	\$	N	..	.....	Y	N	Y	ERMS	
.. BA	ER MSA	M	...1.00	\$	Y	..	.....	Y	Y	N	B14A	
.. 99	MISC.	L	.....	\$	N	..	.....	N	N	N	.....
..			
..			
..			
Reg	CSH PAY	MED125	401 K	EE MSA	EEADPN	ERADPN	ER MSA	CHECK #	CMD 10-POP Options			
Heads	GRS PAY	FED WT	FICA	STATE	SUI/DIS	CTV/LOC	MISC	NET PAY				
CMDS:	2 More Options	3 Select more	4 Taxes	7 Update	E0J	20 No Update	E0J					

- On the Calc Value screen, type **Y** next to the MR deduction code and press **ENTER**.

Client# JC1		STATE	CLIENT AL-ME DDF	Module- Deductions	UPDATE
Valid calculation values					
BA	ER MSA	Calculate this Deduction on: (choose no more than 12)			
Earnings	Hrs \$\$\$		Taxes and Deductions	Keywords	
01	REGULAR	I9	MED125	STDH	INS2
02	O/TIME	P1	401 K	GRDS	CF01
08	OTHER	P4	403 B	RGTP	401K
07	SALARY	SM	SIMPLE	RTIP	403B
R1	REGTIP	SF	SIM401	DCPT	SIMP
R4	DECTIP	CE	COELCT	DTIP	SIM4
R7	MINTIP	ME	EE MSA	MNTP	ELCT
R6	MEALS	EA	EEADPN	MTIP	EEMS
R8	MAKTIP	RP	ERADPN	MLCR	EAD
R9	ADDTIP	TP	TRPASS	MLNT	ERAD
11	BMEALS	Y	MR ER MSA	MWU	TPAS
68	SUP WG			UTIP	ERMS
63	INSPRM			XTIP	
64	INSP 2			SUPW	
				INSP	

"Y" appears for the MR deduction code.

Press Enter to Continue

- Press **F2** (More Options) to access the second Deductions screen. Then, complete the setup for deduction BA as shown below.

Client# JC1		STATE	CLIENT AL-ME DDF	Module- Deductions	UPDATE							
Code	Ded Name	Live Memo	Std Ded	Pay Sch	Part OK	Prt Chk	Calc Adj	Ded Rpt	Prnt Reg	Mast Cng	Chn Ded	Clear
RP	ERADPN	M	N	12345	N	D	N	N	Y	Y		
TP	TRPASS	L	N	12345	N	D	N	N	99	Y		
MR	ER MSA	M	N	12345	N	D	N	N	Y	Y		
BA	ER MSA	M	Y		N	N	Y	N	N	N		
99	MISC.	L	N		N	D	N	N	Y	Y		
<div style="text-align: right;">2</div>												
Reg	CSH PAY	MED125	401 K	EE MSA	EEADPN	ERADPN	ER MSA	CHECK #				
Heads	GRS PAY	FED WT	FICA	STATE	SUI/DIS	CTV/LOC	MISC	NET PAY				
CMDS:	2 Options 20 No Update E0J											

- When setting up box 14 deductions for EasyPayNet clients, type **Y** in the Mast Cng field.
- Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

To adjust the year-to-date amounts for the box 14 deduction in Callin:

If there are year-to-date balances for ERMS, enter an adjustment payroll to add those amounts to the box 14 deduction code BA. Refer to page 4-7 of this chapter for the procedure to adjust the year-to-date amounts.

– OR –

If there are no year-to-date balances for ERMS (for example, the medical savings plan is new, or the client is a new business), no adjustment payroll is necessary. The ERMS value will automatically update the box 14 year-to-date values.

Displaying nontaxable amounts as information in box 14

If a client wants to display the yearly amount for a deduction that does not require a codeword for taxability (e.g., a United Way deduction), you can enter one of the box 14 codewords for that deduction in the Codeword column in the client's profile.

To enter a box 14 codeword for a nontaxable deduction:

1. If the deduction for which you want to display yearly amounts in box 14 is not set up, set it up in the client's profile.
2. If the deduction is set up, on the first Deductions screen, type **B14A**, **B14B**, or **B14C** under the Codeword column for the deduction for which you want to display yearly amounts in box 14. The example below shows the codeword being added to a United Way deduction.

Client# S01 NATIONAL OIL COMPANY							Module- Deductions				UPDATE
Code	Ded Name	Live Memo	Calc Rate	Calc Type	Calc Value	Lmt Type	Limit Amount	All Cks	Std Ded	Pre Tax	Code Word
P1	401 K	L	.....	%	*	3	*T401K...	Y	N	Y	401K
C1	CD401K	M	50.000000	%	*	..	.....	Y	N	Y	CD4K
L4	401KLN	L	.....	\$	N	D	.....	N	N	N	L401
90	CHKNG	L	.....	\$	N	..	.....	N	N	N	.....
V3	UN/WAY	L	.....	\$	N	..	.....	N	N	N	B14B
15	MEDCAL	L	.....	\$	N	..	.....	N	N	N	.....
99	MISC.	L	.....	\$	N	..	.....	N	N	N	.....
BA	HOUSNG	M	.....	\$	*	..	.....	N	Y	Y	.....
Reg	GROSS	401 K	CD401K	401KLN	CHKNG	UN/WAY	MEDCAL	Type one of the box 14 codewords in the codeword column.			
Heads	PAY	FED WT	FICA	STATE	SUI/DIS	CTY/LOC	MI				
CMDS:	2 More Options	3 Select more	4 Taxes	7 Update	EOJ	20 No Update	EOJ				

3. On the first Deductions screen, press **F7** (Update EOJ) and write your changes back to the master file. The yearly total for codeword B14B will be printed in box 14 on Form W-2 as UN/WAY with the amount.

- ⚠ When setting up box 14 deductions for EasyPayNet clients, type **Y** in the Mast Cng field.
- ⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Cafeteria 125 Plans

The section 125 Cafeteria plan is a “cafeteria” style benefit package that allows employees to select the types of benefits they need from an employer-supplied benefit “menu.” The value of the plan is limited to a certain amount set by the employer. Such plans must include both taxable and nontaxable benefits as options.

Employees can choose from several types of life, health, and accident insurance. Additionally, employees can request that funds be placed in a reimbursement account to cover childcare or medical expenses that they may incur. Employees pay for their benefits through flex credits (employer contributions), payroll deductions, salary reductions, or by selling vacation time.

In some cases, employees can receive cash instead of some benefits. This money is considered income. In addition, if the employee wants more benefits than the employer is willing to provide, the employee can purchase those benefits with pre-tax dollars.

The following are examples of Cafeteria 125 benefits:

Medical Benefits

- Dental
- Medical
- Medical care flexible spending accounts
- Vision

Insurance Benefits

- Accidental death and dismemberment
- Long-term disability
- Group Term Life
- Whole or other life insurance

Miscellaneous Benefits

- Cash out option
- Dependent care flexible spending account
- Vacation day buy or sell

Some examples of a Cafeteria 125 plan include:

- An employer allows employees to pay for health insurance on a pre-tax basis. The amount of the employee-paid premium is exempt from federal income tax, FICA, FUTA, and most state taxes.
- An employer allows employees to set aside a fixed amount of pre-tax dollars each pay period in a dependent care reimbursement account. As employees incur childcare expenses, they submit childcare receipts to the employer for reimbursement on a predetermined frequency.

Explanation of taxability

The amount an employee “spends” on benefits, whether within the employer’s limit or not, reduces the employee’s taxable wages. This applies to FIT, FUTA, FICA, and most state income taxes.

Where do Cafeteria 125 plan amounts appear on the W-2?

The following boxes on the W-2 are reduced by Cafeteria 125 benefit amounts:

- Wages, tips, other compensation (box 1)
- Social Security wages (box 3)
- Medicare wages and tips (box 5)
- State wages, tips, etc. (box 16)
- Local wages, tips, etc. (box 18)

Any amounts received in cash are added to boxes 1, 3, and 5 of the W-2.

Some Cafeteria 125 benefits appear separately in the following W-2 boxes:

Box	Information that Appears
10 - Dependent care	The amount deducted for the dependent care
14 - Other	If requested by the client, up to three Cafeteria 125 benefit amounts can be set up to appear with a six-position, client-defined literal description.*

* For the procedure for printing Cafeteria 125 amounts in box 14, refer to the *Displaying taxable amounts as information in box 14* section on page 4-5.

Questions to ask clients

When setting up Cafeteria 125 plans, remember to ask clients the following questions:

- What are the benefits?
- Are any of these benefits GTL or dependent care?
- Are any employees employed in New Jersey? (New Jersey does not exempt cafeteria 125 plans from state income tax. Codeword CF01 must always be used for New Jersey.)
- Are any of these benefits for Same Sex Marriages/Civil Unions or Domestic partners? (see chart for setup)

Setting up Cafeteria 125 plans

EasyPay has several deduction codes to use when setting up Cafeteria 125 plans; the most commonly used codes appear below.

Ded Code	Codeword	Literal	Description	Fed Txbl?	FICA Txbl?
I9	CF01	MED125	Cafeteria plans for NJ. Reduces FIT, FUTA, FICA, and SIT excluding NJ.	Y–	Y–
I1	M125	CAFE 1	Med 125 Plan. Reduces FIT, FUTA, FICA, and SIT including New Jersey.	Y–	Y–
VC	VCAF	DPCAFE	Cafeteria plan for domestic partners, civil union, same sex marriage. Reduces DE, CT, HI, IL, MA, ME, NJ, NY, OR, RI, VT SIT; NY City and Yonkers.		
FM	CFFD	MDFDSH	Cafeteria plan to be used in states that do not recognize same sex marriages	Y–	Y–

- ✓ The symbols “+” or “–” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.
- ✓ In addition, EasyPay has separate codes for dependent care, GTL, and other benefits that may or may not be part of a Cafeteria 125 plan. Check other sections of this chapter or CSTOOLS for more information.

Clients should contact their health care providers to obtain the breakdown of contributions.

Marital Status	Federal Tax	State Tax	EasyPay
Legally married	Pre tax	Pre tax	Add employee VCAF deduction amount to current CF01 amount
State recognizes same sex marriage			
Legally married	Pre tax	Post tax	Setup CFFD deduction
State does not recognize same sex marriage			Move the amount of the same sex post tax deduction to CFFD deduction
Not legally married; e.g., domestic partner or civil union	Post tax	Pre tax	No change; VCAF deduction (same as prior to DOMA ruling)
State recognizes domestic partner/civil union			
Not legally married; e.g., domestic partner or civil union	Post tax	Post tax	No change (same as prior to DOMA ruling)
State does not recognize domestic partner/civil union			

- ✓ For up-to-date information on the Defense of Marriage Act (DOMA), refer to the LUMIN solution [*Federal Tax Law Impact of IRS Revenue Ruling 2013-017 for Same-Sex Married Couples, Related to DOMA*](#).
- △ When setting up Cafeteria 125 plan deduction codes for EasyPayNet clients, be sure to type “Y” in the Mast Cng field in Profile.
- △ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Cost of Employer-Sponsored Group Health Plan Coverage

On March 23, 2010, the Patient Protection and Affordable Care Act (PPACA) and Educational Reconciliation Act of 2010 were signed into law. One of the provisions of this law requires employers to report the cost of coverage for their employer-sponsored group health plan on each employee's annual Form W-2.

- ✓ In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee.

On October 12, 2010, the Internal Revenue Service (IRS) announced that reporting the cost of coverage under an employer-sponsored group health plan on Forms W-2 will *not* be mandatory for Forms W-2 issued for 2011 or 2012.

Guidelines for reporting the cost of coverage are:

- For employers who filed *fewer than 250* W-2 forms in 2012—unless and until further guidance is issued, an employer is not subject to the reporting requirements for any calendar year if the employer was required to file fewer than 250 Forms W2 for the preceding calendar year.
 - ✓ If guidance is issued for calendar year 2014, notification will be sent via Support Bulletin.
- For employers who filed *250 or more* W-2 forms in 2012, the effective date of this W-2 reporting requirement is calendar year 2013 with a reporting date of January 2014 and continues each subsequent year when the employer files more than 250 W-2 forms in the previous calendar year.
- Early reporting is acceptable.
- ✓ The link for the IRS Web site is: www.irs.gov. Click **Affordable Care Act Tax Provisions** under Hot Topics for up-to-date information about the reporting requirement. Advise the client to check the IRS Web site and/or consult with their health care provider or tax professional for additional information or guidance.

Explanation of taxability

The amount reported does *not* affect tax liability (i.e., not taxable), as the cost of employer-sponsored group health plan coverage continues to be excludable from an employee's income.

Where does the cost of employer-sponsored group health plan coverage appear on the W-2?

The cost of employer-sponsored group health plan coverage is included in box 12 code "DD" on the W-2.

Questions to ask clients

When setting up the cost of employer-sponsored group health plan coverage, it is important to determine how the client wants to report the benefits. Ask the client the following questions:

- Have you determined the cost of coverage, including the employee- and employer-paid portions? If not, advise the client to consult with their health care provider or tax professional.
- Do you want to report these benefits with every payroll, monthly, quarterly, or annually?
- Do you want to itemize by type of benefit (Health care, Vision, Dental) or report them as one lump sum? Remind the client that costs of the group health plan coverage will be totaled and displayed as a single value on Form W-2. Memo deductions will *not* be itemized on form W-2 as they display on the payroll reports.

Setting up the cost of employer-sponsored group health plan coverage

Employer-sponsored group health plan costs are set up as *memo* deductions. This means that the system stores the amount of the non-taxable benefit, but employees are not paid that amount.

- ✓ In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee.

Cost of employer-sponsored group health plan coverage

Deduction Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
HV	ERHC	ER HCV	Cost of employer-sponsored health care plan (employer- and employee-paid portions)	12DD		
VN	ERVN	ER VSN	Cost of employer-sponsored vision plan (employer- and employee-paid portions)	12DD		
DN	ERDN	ER DEN	Cost of employer-sponsored dental plan (employer- and employee-paid portions)	12DD		

- ✓ These memo deductions should *only* be used for reporting the cost of employer-sponsored group health plan coverage on Form W-2.
 - ✓ Clients can itemize the memo deductions by the following types: Health care, Vision, Dental or any combination—combined into one sum—under any of these categories. Costs of the employer-sponsored group health plan coverage will be totaled and displayed as a single value on Form W-2. Memo deductions will *not* be itemized on form W-2 as they display on the payroll reports.
- ⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Deferred Compensation and Pension Plans (Qualified and Nonqualified)

Deferred compensation and pension plans are used as supplemental retirement income. An employee requests a voluntary reduction of gross pay. The employer deposits the amount of the reduction in an investment account for retirement. When received after retirement, if pre-tax deductions were used, the money is generally taxable. (However, the retiree will most likely be in a lower tax bracket and pay fewer taxes). If post-tax deductions were used (Roth), the money is generally non-taxable.

Deferred compensation moneys are:

- Deducted from an employee's paycheck
 - Sheltered from certain taxes until distribution (except Roth contributions)
 - Invested into various investment plans
 - Used to supplement Social Security benefits
- ✓ All deferred compensation and pension plans limit the amount of money an employee may contribute to the plan. An employer may also make additional contributions. These amounts vary by plan.

Maximum annual deduction that can be taken for deferred compensation plans

Plan	Applicable To	Maximum Annual Deduction
SIMPLE 401(k)	Companies with 100 or fewer employees	\$ 12,000.00*
SIMPLE 401(k) catch-up	Companies with 100 or fewer employees	\$ 2,500.00*
Roth SIMPLE 401(k)	Companies with 100 or fewer employees	\$ 12,000.00*
Roth SIMPLE 401(k) catch-up	Companies with 100 or fewer employees	\$ 2,500.00*
SIMPLE IRA/408(p)	Companies with 100 or fewer employees	\$ 12,000.00
SIMPLE IRA/408(p) catch-up	Companies with 100 or fewer employees	\$ 2,500.00
401(k)	Private sector employees	\$ 17,500.00*
401(k) catch-up	Private sector employees	\$ 5,500.00*
Roth 401(k)	Private sector employees	\$ 17,500.00*
Roth 401(k) catch-up	Private sector employees	\$ 5,500.00*
403(b)	Public school systems and nonprofit organizations	\$ 17,500.00*
403(b) 15 year service	Public school systems and nonprofit organizations	\$ 3,000.00*
403(b) catch-up	Public school systems and nonprofit organizations	\$ 5,500.00*
Roth 403(b)	Public school systems and nonprofit organizations	\$ 17,500.00*

Plan	Applicable To	Maximum Annual Deduction
Roth 403(b) 15 year service	Public school systems and nonprofit organizations	\$ 3,000.00*
Roth 403(b) catch-up	Public school systems and nonprofit organizations	\$ 5,500.00*
408(k)	Companies with 25 or fewer employees	\$ 17,500.00
408(k) catch-up	Companies with 25 or fewer employees	\$ 5,500.00
457(b)	State and local governments	\$ 17,500.00
457(b) catch-up	State and local governments	\$ 5,500.00
Roth 457(b)	State and local governments	\$17,500.00
501(c)	Tax-exempt organizations	\$ 17,500.00
501(c) catch-up	Tax-exempt organizations	N/A

* Employees may contribute to a deferred compensation plan through both pre-tax (regular) and post-tax (Roth) deductions. For example, if an employee participates in a 401(k) plan and has both types of deductions, the maximum combined contribution is \$17,500.00.

✓ The EasyPay system tracks the limit amounts and stops at the maximum shared limit for regular and Roth contributions.

Where does deferred compensation appear on the W-2?

The table below shows where deferred compensation and pension plans appear on the W-2.

Plan	Codeword	W-2 Boxes*
SIMPLE 401(k)	SIM4 & CSM4	12D & 13 – Ret Plan
SIMPLE IRA	SIMP & CSMP	12S & 13 – Ret Plan
401(k)	401K & CU41	12D & 13 – Ret Plan
403(b)	403B, 43PT, & CU43	12E & 13 – Ret Plan
408(k)	SEP2 & CUS2	12F & 13 – Ret Plan
457P	457P & CU47	12G
501(c)*	501C	12H & 13 – Ret Plan
Roth SIMPLE 401(k)	ROSP & RSCU	12AA & 13 – Ret Plan
Roth 401(k)	ROTH & ROCU	12AA & 13 – Ret Plan
Roth 403(b)	R403, 43AT, & R4CU	12BB & 13 – Ret Plan
Roth 457(b)	R457	12EE & 13 – Ret Plan

* In most cases, deferred compensation also decreases the value of box 1. However, the codeword 501(c) does *not* reduce taxable wages on the W-2. In this case, taxable wages should be deducted on the employee's 1040 form. Roth contributions do not decrease the value of box 1.

- ✓ The amount that appears in box 12 on the W-2 will include both regular and catch-up year-to-date contributions. For example, if an employee has contributed \$13,000.00 to a 401(k) and also has \$1,000.00 in catch-up contributions, the total amount of \$14,000.00 will appear in box 12.
- ✓ Deferred compensation deductions with year-to-date amounts automatically cause the Ret. Plan area of box 13 to be checked.

Questions to ask clients

Ask the client the following questions before setting up pension and deferred compensation plans. Then, refer to the two tables below to set up the plan.

- How should the item be taxed?
- Where should the item appear on the W-2 and which letter in box 12 should be used?

Setting up pension and deferred compensation plans

- ✓ Do not use any of the M1 through M8 deduction codes to set up a PENS deduction; these codes do not check off the Ret. Plan box on the W-2. P2 and P7 are the *only* deduction codes that can be used to check the Ret. Plan box on the W-2 without a year-to-date value.

Deduction codes for qualified pension and deferred compensation plans

Deduction Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
P2	PENS	PENSON	Used only to check box on Form W-2. Does <i>not</i> require YTD amount.	13 – Ret Plan		
P7	PEN2	PENSN2	Taxable pension for Pennsylvania, Philadelphia, and Wilmington. Used only to check box on Form W-2. Does <i>not</i> require YTD amount.	13 – Ret Plan		
P1	401K	401 K	Private sector retirement plan	12D & 13 – Ret Plan	Y–	
4C	CU41	CU401K	Private sector retirement plan catch-up	12D & 13 – Ret Plan	Y–	
P4	403B	403 B	Public school systems and nonprofit organizations retirement plan	12E & 13 – Ret Plan	Y–	
3C	CU43	CU403B	Public school systems and nonprofit organizations retirement plan catch-up	12E & 13 – Ret Plan	Y–	
RL	43PT	15403B	Public school systems and nonprofit organizations retirement plan catch-up	12E & 13 – Ret Plan	Y–	
P8	501C	501 C	Retirement plan for tax exempt organizations.	12H & 13 – Ret Plan	Y–	
P5	SEPP	SEPIRA	Employer-funded IRA for the benefit of employees	13 – Ret Plan		

Deduction Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
P6	SEP2	SARSEP	Elective deferral under section 408(k) Salary Reduction plan	12F & 13 – Ret Plan	Y–	
2C	CUS2	CUSEP2	Elective deferral under section 408(k) Salary Reduction plan catch-up	12F & 13 – Ret Plan	Y–	
P0	457P	457 P	Deferred compensation for government and tax exempt organizations	12G	Y–	
7C	CU47	CU457P	Deferred compensation for government and tax exempt organizations catch-up	12G	Y–	
4H	414H	414 H	State nonprofit organizations (e.g., fire or police department)	14 & 13 – Ret Plan	Y–	
1B	414B	414B	414H Defined Benefits for RI SUI only	14 & 13 – Ret Plan	Y–	
1C	414C	414C	414H Defined Contributions for RI SUI only	14 & 13 – Ret Plan	Y–	
4Y	414Y	NY414Y	State nonprofit organizations <i>not</i> reducing New York state and city	14 & 13 – Ret Plan	Y–	
4M	414M	ME414	Maine retirement systems	14 & 13 – Ret Plan	Y–	
PI	IMRF	IMRF	Illinois municipal retirement fund	13 – Ret Plan	Y–	
CE	ELCT	COELCT	Has no impact for boxes 1, 3 and 5			
CN	NLCT	CONOEL	SIMPLE employer non-elective contribution	13 – Ret Plan		
SM	SIMP	SIMPLE	SIMPLE IRA/408(p)	12S & 13 – Ret Plan	Y–	
CS	CSMP	CUSIMP	SIMPLE IRA/408(p) catch-up	12S & 13 – Ret Plan	Y–	
SF	SIM4	SIM401	SIMPLE 401(k)	12D & 13 – Ret Plan	Y–	
CM	CSM4	CUSIM4	SIMPLE 401(k) catch-up	12D & 13 – Ret Plan	Y–	

✓ The symbols “+” or “–” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

Earnings and deduction codes for nonqualified pension and deferred compensation plans

✓ A nonqualified pension plan does not reduce taxable wages.

Code	Earning or Deduction	Codeword	Literal	Description	W-2 Box	Fed Txbl?	FICA Txbl?
4I	Earn	409I	409AIN	Income on 409A nonqualified deferred compensation plan	12Z	Y+	Y+
8A	Earn	NQC2	NQC2	Nonqualified deferred compensation, only FICA withheld and FUTA taxable	14 – code ZN*		Y+
8B	Earn	457D	457D	Nonqualified deferred distribution	11	Y+	
8C	Earn	NQEC	NQEC	Nonqualified deferred compensation – Employer contribution	11		Y+
8D	Earn	NQPE	NQPE	Nonqualified plan distribution	11	Y+	
8E	Earn	NQDD	NQDD	Nonqualified deferred distribution	11 & 14 – code YT*	Y+	
80	Earn	NQDC	NQDC	Nonqualified contributions, only FICA withheld			Y+
84	Earn	NQPF	NQPF	Nonqualified plan distribution	11	Y+	Y+
87	Earn	NQDE	NQDCPA	Nonqualified plan deferrals not subject to substantial risk of forfeiture and for prior year services	11 & 14 – code YN*		Y+
FN	Earn	409D	409ADC	409A nonqualified deferred compensation plan	12Y		Y+
P9	Ded	NQPD	NQPD	Nonqualified pension plan distributions, only FIT withheld. Must set up as pre-tax.	11	Y+	

* This code only prints for PA SIT employees

✓ The symbols “+” or “–” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

Deduction codes for Roth contributions

✓ Roth contributions to deferred compensation plans do not reduce taxable wages.

Deduction Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
RO	ROTH	RTH401	Roth 401(k) post-tax pension plan deduction. (Shared with 401(k)).	12AA & 13 – Ret Plan		
RC	ROCU	CUR401	Roth 401(k) plan catch up for employees over age 50. Used with Roth 401(k) plans. (Shared with 401(k) catch up).	12AA & 13 – Ret Plan		
RF	R403	RTH403	Roth 403(b) post-tax pension plan deduction. (Shared with 403(b)).	12BB & 13 – Ret Plan		
RU	R4CU	CUR403	Roth 403(b) plan catch up for employees over age 50. Used with Roth 403(b) plans. (Shared with 403(b) catch up).	12BB & 13 – Ret Plan		
RM	43AT	15R403	Roth 403(b) plan catch up for employees over age 50. Used with Roth 403(b) plans. (Shared with 403(b) catch up).	12BB & 13 – Ret Plan		
RJ	ROSP	ROSIMP	Roth SIMPLE 401(k) post-tax pension plan deduction. (Shared with SIMPLE 401(k)).	12AA & 13 – Ret Plan		
RK	RSCU	RSMPCU	Roth SIMPLE 401(k) plan catch up for employees over age 50. Used with Roth 401(k) SIMPLE plans. (Shared with SIMPLE 401(k) catch up).	12AA & 13 – Ret Plan		
RR	R457	RRR457	Roth 457(b) & 501(c) plan post tax pension plan deduction. (Shared with 457(b) and 501(c))	12EE & 13 – Ret Plan		

△ When setting up pension and deferred compensation plan deduction codes for EasyPayNet clients, be sure to type “Y” in the Mast Cng field in Profile.

△ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Entering year-end, FICA-taxable deferred compensation amounts as fourth quarter adjustments after a client's last live payroll has been processed

- ✓ For the procedure for entering FICA-taxable deferred compensation amounts as fourth-quarter adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

Common client situations

It is important to determine the type of plan the client is using. The client must tell you specifically what plan it is. You cannot decide for the client.

If the client has PA SIT employees, there are additional codes that must be set up on the client level if the deferred compensation amount needs to print in box 14. The client must tell you if the amount needs to print in box 14 and the associated code. You cannot decide for the client.

Dependent Care Benefits

Dependent care benefits are employer-provided or employer-paid care for an individual or individuals considered by the IRS to be dependents. Dependent care benefits, up to a limit, are exempt from some taxes.

The total amount incurred for dependent care assistance that employers provide to their employees must be reported. Dependent care expenses are treated as incurred when the dependent care is provided, *not* when the employee is billed or charged for the care.

Explanation of taxability

For employees whose status is single, head-of-household or married filing jointly, the first \$5,000 of dependent care benefits provided is nontaxable for FIT, Social Security, Medicare, FUTA, and most state taxes.

For employees whose status is married filing separately, the first \$2,500 of dependent care benefits provided is nontaxable for FIT, Social Security, Medicare, FUTA and most state taxes. Dependent care benefits in amounts over those designated as nontaxable are taxable.

Where do dependent care benefits appear on the W-2?

Box 10 on the W-2 is reserved for dependent care benefits. The entire value of the benefits appears in the box. The taxable amount (over \$5,000.00 or \$2,500.00 if married and filing separately) is added to the number in boxes 1, 3, and 5.

For example, Mary Jones' employer provides childcare worth \$8,000.00 a year. \$8,000.00 appears in box 10 of her W-2. \$3,000.00 will be added to the figure in boxes 1, 3, and 5.

Questions to ask clients

When setting up or troubleshooting dependent care benefits, it is important to determine how the client wants to tax the benefit. Ask the client the following questions:

- How should the benefit be taxed?
- Where should it appear on the W-2?
- Is the benefit an earning or deduction?
- Is the benefit employer-paid or an employee deduction?
- If it is an employee deduction, do you also need a nontaxable earning set up to reimburse the employee?

Setting up dependent care

✓ Dependent care benefits can be set up as either an earning or a deduction.

⚠ When setting up dependent care for a client, do *not* use both the earning and deduction. If a value is entered as an earning and a deduction for an employee, the dependent care amount will be overstated on the employee's W-2.

Clients usually are set up for either an earning or a deduction, but not both. When it is an employer paid benefit, set up the dependent care benefit as an earning. A deduction is used for employees who have dependent care benefits withheld as a pre-tax deduction.

Setting up dependent care earnings

Set up dependent care earnings using code 73 and codeword DCPB. Enter the full benefit amount under the earnings code 73 and the taxable amount under a separate memo earning that uses the GROS codeword. Dependent care earnings over \$5,000.00 for single, head of household, or married filing jointly or over \$2,500.00 if married filing separately are taxable. For example, if a single parent reported a \$10,000 benefit, \$10,000.00 would be entered under code 73 and \$5,000.00 (the taxable amount) would be entered under the memo code using GROS as the codeword. The table below lists the earnings codes for dependent care earnings.

Earnings Code	Codeword	Literal	Description	W-2 Box?	Fed Txbl?	FICA Txbl?
73	DCPB	DCPB	Dependent care plan benefits (full benefit amount). Use in conjunction with GROS codeword for taxable amount.	10		
Var.	GROS	Var.	Taxable portion of dependent care benefits. Use in conjunction with codeword DCPB for full benefit amount.	1, 3, and 5	Y+	Y+

- ✓ The symbols “+” or “-” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

Setting up dependent care deductions

Dependent care deductions should be set up using code DP and codeword DCAP. Dependent care payments up to \$5,000.00 for single, head of household, or married people filing jointly or up to \$2,500.00 for married people filing separately are not taxable. This is a pre-tax deduction that shelters the employees’ expense up to the limits indicated from FIT, FICA, and FUTA and most state income and unemployment taxes. However, the EasyPay system does not track the amounts and stop at the limit. The client must notify you that the limit has been reached. The table below lists the dependent care deduction code.

Deduction Code	Codeword	Literal	Description	W-2 Box?	Fed Txbl?	FICA Txbl?
DP	DCAP	DCAP	Dependent care assistance plans. Reduces FIT, FICA, FUTA and most SIT and SUI taxes.	10	Y-	Y-

- ✓ The symbols “+” or “-” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

⚠ When setting up dependent care deduction codes for EasyPayNet clients, be sure to type “Y” in the Mast Cng field in Profile.

⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Entering year-end, FICA-taxable dependent care amounts as fourth-quarter adjustments after a client's last live payroll has been processed

- ✓ For the procedure for entering FICA-taxable dependent care amounts as fourth-quarter adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

Common client situations and solutions

The most common client situation involving dependent care benefits is amounts appearing in the wrong boxes on the W-2. If this happens, make sure that the earning or deduction is set up using the proper codeword.

Fringe Benefits

Under certain circumstances, the value of some fringe benefits must be considered income to employees. These benefits must be reported on Form 941 and the employees' W-2s. Common examples of taxable fringe benefits include:


- Personal flights on employer-provided aircraft
- Club memberships (country clubs, health clubs)
- Employer-provided vacations
- Personal use of company cars

Certain types of fringe benefits may be considered nontaxable. Nontaxable fringe benefits are not reported on Form 941, but may need to be reported on the employees' W-2s depending on state taxability.

Explanation of taxability

Taxable fringe benefits are included as wages. This makes them subject to federal income tax, Social Security/Medicare, FUTA, and possibly state income tax and unemployment insurance depending on the individual state regulations.

Nontaxable fringe benefits are not subject to federal income tax. Also, in most cases, they are not subject to Social Security/Medicare, or FUTA, and are not reported on employees' federal W-2s. However, they may be subject to state income tax and unemployment insurance depending on the individual state regulations, and therefore may need to be reported on employees' state W-2s.

 The Internal Revenue Service has issued regulations defining what is considered a taxable fringe benefit and how to arrive at its value. The taxing of these benefits varies by each company's interpretation of the law. ADP EasyPay cannot legally advise a client on fringe benefit taxability. If a client needs more clarification, refer the client to his or her accountant, or to *IRS Publication 15-B Employer's Tax Guide to Fringe Benefits*.

Where do taxable fringe benefits appear on the W-2?

The value of fringe benefits is included in boxes 1, 3, and 5 on the W-2.

Questions to ask clients

When setting up or troubleshooting taxable fringe benefits, it is important to determine how the client wants to tax the earning. Ask the client the following questions:

- What would you like to call the fringe benefit?
- Do you pay the employee the amount of the fringe benefit (live) or are you reporting it for purposes of taxing it (memo)?
- How do you want this taxed?
- Should this fringe benefit appear in any other box on the W-2 (e.g., box 14)?
- If an employee with fringe benefits is terminated, you must call the client to find out whether the employer or employee is responsible for the taxes on the benefit.

Setting up fringe benefits

In most cases, fringe benefits are set up as *memo* earnings. This means that the system stores the amount of the taxable fringe benefit, but employees are not paid that amount. For example, if a client wants to store the cost of a company car for taxing purposes but employees will not be paying for the company car, the fringe benefit is set up as a memo earning.

Fringe benefit codes

Earnings Code	Codeword	Literal	Description	Fed Txbl?	FICA Txbl?
5D	FNGR	FRINGR	Withholds FICA only. Is reportable for federal withholding (tax will not be withheld with payroll).	Y+	Y+
51	FNG1	FRING1	Fully taxable, withholds all taxes.	Y+	Y+
Var.	NTAX	FRNGNT	No taxes withheld. Does not print on W-2.		
59	AUT2	AUTO 2	Automobile fringe benefit. Not taxable.		
60	AUTO	AUTO	Automobile fringe benefit (taxable). Personal use of company car.	Y+	Y+

- ✓ The symbols “+” or “-” indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Entering year-end, FICA-taxable fringe benefits as fourth-quarter adjustments after a client’s last live payroll has been processed

- ✓ For the procedure for entering FICA-taxable fringe benefits as fourth-quarter adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

Common client situations and solutions

The most common client situations regarding fringe benefits revolve around amounts printing in the wrong places on the W-2. If this happens, verify that the earnings codes and codewords were set up correctly and that the amounts were entered in the correct fields.

Some other common situations include: using the incorrect codeword when entering the fringe benefit, not reporting sufficient live earnings to compensate for taxes, and posting the amount after the last payroll of the year while taxes are not withheld. Therefore, you should encourage the client to report these benefits prior to the last pay of the year.

Golden Parachute Payments

Golden parachutes are sometimes referred to as excessive termination payments. Golden parachutes usually involve contracts with key employees to pay them certain amounts in the event of a change in ownership or control.

Explanation of taxability

Golden parachute payments are subject to FICA, FUTA, and income tax. The excess amount over the average of the employee's pay for the past five years is also subject to a 20%, nondeductible, federal excise tax, which the employer withholds.

- ✓ Clients are responsible to provide you with the excess amount to be taxed and the amount of the federal excise tax to be reported.

Where do federal excise tax amounts appear on the W-2?

The federal excise tax amount for golden parachute payments appears in box 12 code "K" on the W-2.

Setting up and entering golden parachute payments and excise tax amounts

The golden parachute amount may be reported using any earning with the GROS codeword.

- ✓ To report golden parachute payments, it is recommended that you set up a new earning with the title GP PMT, and use the GROS codeword.

To report excise tax amounts for golden parachute payments on W-2s, set up deduction GP and use codeword EGPP.

Deduction Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
GP	EGPP	EGPP	20% excise tax on golden parachute payments for key corporate executives	12K		

- ⚠ When setting up golden parachute deduction codes for EasyPayNet clients, be sure to type "Y" in the Mast Cng field in Profile.

- ⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Entering year-end golden parachute payments as fourth-quarter adjustments after a client's last live payroll has been processed

- ✓ For the procedure for entering golden parachute payments as fourth-quarter adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

Common client situations and solutions

If the golden parachute excise tax amount does not appear in the correct box on Form W-2, research as follows:

- Check the codeword that was used when setting up the deduction.
- If the golden parachute excise tax amount was posted to an incorrect deduction, determine if the deduction was used prior to the payroll that has the incorrect posting. If it was used previously, set up another deduction correctly and enter an adjustment payroll to move the amount from the incorrect deduction to the correct one.

However, if the deduction was not used previously, you can rerun the payroll after correcting the codeword in the original payroll.

Group Term Life Insurance

Life insurance coverage is less expensive and easier to obtain when provided by an employer for a group of employees. This group insurance is called Group Term Life (GTL).

The taxable value of GTL is reported on the W-2. It is calculated using the following formula:

1. Total Insurance Coverage – \$50,000.00 = Taxable Portion
2. [Taxable Portion/1000] x IRS Monthly Cost x 12 Months = Taxable Value

For the IRS monthly cost, refer to the table on page 4-34.

For example, Ken is 48 years old. His employer provides GTL coverage of \$170,000.00. The first \$50,000.00 of coverage is tax free. Only the “cost” of the remaining \$120,000.00 of coverage is taxable income. Consulting the IRS table, the monthly “cost” for a 48-year old person is \$0.15 per \$1,000.00 of coverage. Thus, the taxable value is 120 (taxable portion /1000) x \$0.15 (IRS monthly cost) x 12 months, or \$216.00 for the year.

Where does GTL appear on the W-2?

The taxable value of insurance (see the calculation above) is reportable as income on the W-2 as described in the following table:

W-2 Box	Contents
Box 1	Wages, tips, and other compensation
Box 3	Social Security wages
Box 4	Social Security taxes withheld on the taxable portion of GTL
Box 5	Medicare wages and tips
Box 6	Medicare taxes withheld on the taxable portion of GTL
Box 12, code “C”	GTL premium with FICA withheld (codeword INSP/code 63) and the GTL premium, which withholds all taxes (codeword INS2/code 64)

Explanation of taxability

Tax advantages

Employer-provided GTL has two tax advantages over other kinds of employer-provided life insurance:

- Employees are not required to pay federal employment taxes on the cost of the first \$50,000.00 of insurance coverage. Retirees and other former employees whose premiums are employer-paid are treated as employees for these purposes.
- If the employee receives more than \$50,000.00 of such coverage, only the IRS-determined “cost” of the excess is subject to federal income tax. Employers are not required to withhold federal income taxes on GTL but employees must report the value on their annual federal income tax filing.

Social Security and Medicare taxes apply to the cost of coverage in excess of \$50,000.00 and must be withheld. The value of the insurance coverage is not subject to FUTA taxes.

State taxability

Some states tax GTL in excess of \$50,000.00—just like the federal government. The table below contains tax withheld status when using the earnings codeword INSP.

State	Taxable	Tax Withheld	State	Taxable	Tax Withheld
AK	*	*	MT	Yes	No
AL	Yes	Yes	NC	Yes	No
AR	Yes	No	ND	Yes	No
AZ	Yes	No	NE	Yes	No
CA	Yes	No	NH	*	*
CO	Yes	No	NJ	Yes	No
CT	Yes	No	NM	Yes	No
DC	Yes	No	NV	*	*
DE	Yes	No	NY	Yes	No
FL	*	*	OH	Yes	No
GA	Yes	No	OK	Yes	No
HI	Yes	No	OR	Yes	No
IA	Yes	No	PA	No	No
ID	Yes	No	RI	Yes	No
IL	Yes	No	SC	Yes	No
IN	Yes	No	SD	*	*
KS	Yes	No	TN	*	*
KY	Yes	No	TX	*	*
LA	Yes	No	UT	Yes	No
MA	Yes	No	VA	Yes	No
MD	Yes	No	VT	Yes	No
ME	Yes	No	WA	*	*
MI	Yes	No	WI	Yes	No
MN	Yes	No	WV	Yes	No
MO	Yes	No	WY	*	*
MS	Yes	No			

* These states have no income tax.

△ When using codeword INS2, the “No” in the Tax Withheld column will be “Yes.” All except PA, PA remains “No” when using codeword INS2.

Setting up GTL

- ✓ When reporting GTL, the client should only report the *cost* of the coverage over \$50,000.00. This figure is usually in the hundreds, possibly low thousands of dollars. If the client calls in a figure in the tens of thousands, remember to confirm that the client calculated the amount correctly.

△ ADP associates should not perform the computation on what is taxable. If clients require assistance, advise them to speak with their accountants, or to refer to *IRS Publication 15-B Employer's Tax Guide to Fringe Benefits*.

Ask the client if he or she wants to withhold all taxes or just FICA on the earnings when setting up GTL. Use the following earnings codes to report GTL.

Earnings codes for GTL

Earnings Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
63	INSP	INSPRM	Only FICA withheld but is reportable for federal withholding and most states	12C	Y+	Y+
64	INS2	INSP 2	Fully taxable, all taxes withheld	12C	Y+	Y+

- ✓ The symbols “+” or “-” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

To enter the fair market value GTL with a live payroll:

Type the value amount in the memo earning INSPRM or INSP2 (earnings code 63 or 64) on the Pay screen. The system automatically calculates FICA. The employee must have live pay for the tax to calculate.

IRS fair market cost of GTL insurance per \$1,000.00 of excess benefit per month

Age	Dollar Amount
0-24	\$0.05
25-29	\$0.06
30-34	\$0.08
35-39	\$0.09
40-44	\$0.10
45-49	\$0.15
50-54	\$0.23
55-59	\$0.43
60-64	\$0.66
65-69	\$1.27
70 and above	\$2.06

- ⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Entering year-end, FICA-taxable GTL premiums as fourth-quarter adjustments after a client's last live payroll has been processed

- ✓ For the procedure for entering FICA-taxable GTL premiums as fourth quarter-adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

Health Savings Accounts

A Health Savings Account (HSA) is a tax-exempt trust or custodial account that an employer sets up with a qualified HSA trustee to pay or reimburse certain medical expenses incurred by an individual employee.

Provisions of HSAs

The Internal Revenue Service (IRS) has issued guidance on Health Savings Accounts (HSAs).

Some of the provisions of this benefit are as follows:

- An HSA is established exclusively for the purpose of paying qualified medical expenses of the account beneficiary who, for the months for which contributions are made to an HSA, is covered under a high-deductible health plan.
- An eligible individual can establish an HSA if they are covered under a high-deductible plan on the first day of a given month.
- HSAs are owned by the individual and, therefore, are portable. If the individual changes employers or leaves the work force, the HSA does not stay behind with the former employer, but stays with the individual.

There are additional regulations specifying the outlines of high-deductible plans and the maximum monthly contributions to an HSA based on status, eligibility, and health plan coverage. Clients should consult their Health Plan Administrators or accountant to determine if employees are eligible to set up an HSA.

Explanation of taxability

Following are the four types of HSAs that can be set up in EasyPay:

- Type 1: *Employees'* contributions to an HSA *are* fully taxable for FIT, FICA FUTA, SIT, and SUI when the contribution is made. The employee deduction should be set up under an existing optional deduction since no codeword is needed.
- Type 2: *Employers'* contributions to employee HSAs *are not* subject to FIT, FICA, or FUTA if it is reasonable to believe at the time of the payment that the contributions will be excludable from employees' income. SIT and SUI taxation differs by state. See the chart on page 4-38.
- Type 3: *Employer's* contributions to employee HSAs *are* subject to FIT, FICA, or FUTA taxation if they are included in employees' income. SIT and SUI taxation differs by state. See the chart on page 4-38.
- Type 4: *Employees'* contributions to an HSA through a cafeteria plan *are not* subject to FIT, FICA, or FUTA. SIT and SUI taxation differs by state. See the chart page 4-38.

Where do HSA amounts appear on Form W-2?

HSA amounts appear on Form W-2 as follows:

- All HSA amounts appear in box 12 with code "W."
- HSA amounts using codeword HSAT also appear in boxes 1, 3, and 5.

Setting up HSA earnings and deductions

Earnings and deduction codes for HSA amounts

Employee Contributions						
Deduction Code	Earnings Code	Codeword	Literal		Fed Txbl?	FICA Txbl?
Optional		N/A		Contributions are fully taxable for FIT, FICA FUTA, SIT, and SUI when the contribution is made.		
HC		HSCP	EEHSCP	Contributions are made to an HSA through a cafeteria plan.	Y–	Y–
Employer Contributions						
Deduction Code	Memo Earnings Code	Codeword	Literal	Description	Fed Txbl?	FICA Txbl?
	HS	HSAR	HSARNT	Contributions are excluded from employees' income.		
	HT	HSAT	HSARTX	Contributions are included in employees' income.	Y+	Y+

- ✓ The symbols “+” or “–” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.
- △ When setting up HSA deduction codes for EasyPayNet clients, be sure to type “Y” in the Mast Cng field in Profile.
- △ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Entering year-end, FICA-taxable HSA contributions as fourth-quarter adjustments after a client's last live payroll has been processed

- ✓ For the procedure for entering FICA-taxable HSA contributions as fourth-quarter adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

State taxability for HSA codewords

The following chart shows the state taxability for HSA codewords.

✓ A blank field indicates the specified codeword has no impact on taxability.

State Jurisdiction	HSAR		HSAT		HSCP	
	SIT	SUI	SIT	SUI	SIT	SUI
Alaska		+		+		–
Alabama	+		+	+	–	
Arkansas		+	+	+	–	–
Arizona			+		–	–
California	+	+	+	+		
Colorado			+		–	–
Connecticut			+	+	–	
District of Columbia		+	+	+	–	
Delaware		+	+	+	–	
Florida		+		+		–
Georgia		+	+	+	–	–
Hawaii		+	+	+	–	
Iowa			+	+	–	
Idaho			+	+	–	–
Illinois			+	+	–	–
Indiana			+		–	–
Kansas			+		–	–
Kentucky		+	+	+	–	
Louisiana			+		–	–
Massachusetts	+	+	+	+	–	
Maryland			+	+	–	–
Maine			+	+	–	–
Michigan			+		–	
Minnesota			+		–	
Missouri			+	+	–	–
Mississippi		+	+	+	–	–
Montana			+	+	–	
North Carolina			+	+	–	–
North Dakota			+	+	–	
Nebraska			+	+	–	–
New Hampshire				+		
New Jersey	+	+	+	+		
New Mexico		+	+	+	–	–
Nevada			+			–
New York			+	+	–	
Ohio			+	+	–	–
Oklahoma		+	+	+	–	–
Oregon			+	+	–	–
Pennsylvania					–	
Rhode Island			+	+	–	–
South Carolina			+	+	–	–
South Dakota		+		+		
Tennessee				+		
Texas				+		
Utah			+	+	–	–
Virginia			+	+	–	–
Vermont			+	+	–	
Washington						
Wisconsin				+		–
West Virginia		+	+	+	–	
Wyoming		+		+		–

Household Client Setups

Household clients are those clients with employees who work in and around a client's private residence, including housekeepers, babysitters, and gardeners.

This section provides setup procedures for household clients.

- ✓ These procedures are intended for Implementation and Service associates who have a minimum of six months of experience and know how to set up two separate controls for the same client.
- ✓ If an existing client needs an additional control, the Implementation or Service associate must contact the Sales associate (SA) so he or she can sell the control.

Discussing limitations before the setup

- ADP will deposit and file *state* taxes for a household control.
- ADP will *not* deposit or file *federal* taxes for a household control. The client must deposit and file the federal taxes for the household control. However, ADP will impound federal taxes with each payroll. The impounded money will be refunded to clients prior to the deadline for depositing and filing estimated tax payments.

The IRS requires that all estimated tax payments for household controls be made by April 15, June 15, and September 15 of the current year. All remaining taxes are due on January 15 of the following year.

The client must *deposit* the federal taxes for the household control on Form 1040ES.

The client must *file* federal taxes using a 1040 Schedule H.

- ✓ ADP does *not* provide Forms 1040ES or 1040 Schedule H to clients. ADP sends clients a Statement of Deposit (SOD) with filing instructions and also a credit for the total amount of federal taxes for the quarter. The liabilities on the SOD are summarized based on the cutoff for Household filings. The client will receive this information seven days prior to the due date.

Setup procedures

You should set up two controls—one for regular employees and one for household employees. Each control has its own federal tax ID number.

To set up a client:

- For new clients, set up the first control for the non-household employees following normal procedures.
 - Set up this control as a 941 federal tax filer (Tax Class “R” on the TOPS CH01 screen).
 - Set up this control for Tax Filing Service according to normal procedures.
- Set up the second control for household employees. Be sure to set up Tax Filing for this control as follows:
 - Set up TOS 2 (deposit only) for federal taxes (Tax Class “H” on the CH01 screen) as shown below on the Federal BITS setup screen. This is done so San Dimas can impound the money to return to the client. If TOS 9 (do not deposit or file) is set up, San Dimas would not receive the information needed to impound the tax amount.

Client# ECH EMILY, INC.		Module- B.I.T. DATA UPDATE					
Tax Jurisdiction: FED		Exempt Juris. Y/N ..					
Tax Juris. Desc.: Federal Income Tax & SS/Med							
		Dep./File Responsibility by Qtr | Filing Responsibility					
		Qtr. Qtr. Qtr. Qtr. Future |	Annual W2/W3				
		1 2 3 4 Qtr. |	Resp. Ovrnde				
ADP Deposit (Y/N)	Y.	Y.	Y.	Y.	Y.	CLI	<input checked="" type="checkbox"/>
ADP File (Y/N)	N.	N.	N.	N.	N.		
	Dep. Only	Dep. Only	Dep. Only	Dep. Only	Dep. Only		

- Set up TOS 3 (deposit and file) for state jurisdictions, including SUI, as shown below on the State BITS setup screen.

Client# ECH EMILY, INC.		Module- B.I.T. DATA UPDATE					
Tax Jurisdiction: NJUI		Exempt Juris. Y/N ..					
Tax Juris. Desc.: New Jersey Unemp Tax							
		Dep./File Responsibility by Qtr | Filing Responsibility					
		Qtr. Qtr. Qtr. Qtr. Future |	Annual				
		1 2 3 4 Qtr. |	Resp.				
ADP Deposit (Y/N)	Y.	Y.	Y.	Y.	Y.		
ADP File (Y/N)	Y.	Y.	Y.	Y.	Y.		

- Call the client and explain the following information for the household control:
 - The client will receive a Form 941 each quarter from ADP; however, he or she should discard this form and file his or her own taxes using a 1040 Schedule H.
 - Regular (non-household) employees cannot be added to the household control.
- The client is responsible for depositing and filing the federal taxes. ADP does *not* deposit or file federal taxes for household controls. The client is responsible for filing federal taxes using a 1040 Schedule H.

Long Term Disability Payments

After an employee has received third party sick pay for six months, an employer may want to pay him or her via long term disability (LTD). As with third party sick pay, LTD is paid by a third party provider (frequently an insurance company).

The EasyPay system does not handle Long Term Disability (LTD) as a payroll calculation. We recommend that you attempt to have a third party issue the W-2. However, if requested, we can accumulate LTD earnings and tax totals so they are printed properly on Form W-2.

- ✓ San Dimas does not impound for federal income tax on third party sick pay. However, since LTD is entered as a gross earning, and the taxes are entered under FW and ST, San Dimas will impound for these taxes. *Manual amendments will be necessary to correct this situation.* Refer to the procedure *Setting up LTD* below.

Additional information regarding amendments can also be found in the *Tax Service Manual*, which can be found on the Compliance and Payment Solutions (CAPS) Web site.

Explanation of taxability

LTD is not taxable for Social Security or Medicare, but is subject to state and federal income tax.

Where does LTD appear on the W-2?

LTD earnings appear in box 1 (federal) and box 16 (state). Federal taxes withheld appear in box 2; state taxes withheld appear in box 17.

Some states tax LTD, while others do not. To determine if a state taxes LTD, advise the client to call the appropriate state agency or check with his or her accountant.

Setting up LTD

As with third party sick pay, an employee receiving LTD will receive two W-2s.

To set up an employee for LTD:

1. Set up a memo earning with the codeword GROS.
2. Set up a second employee number for the employee. For this employee number, set up FICA, SDI, SUI, and FUTA taxes as Exempt.
3. Since state tax laws vary, ask the client to check with his or her accountant to determine if the LTD state wages are taxable. If necessary, exempt the employee from state tax.
4. On an Adjustment screen, type the payment amount under the memo earning with the federal income tax under FW. If applicable, type the state income tax under ST.

- △ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Moving Expenses

Generally, when employers ask workers to relocate from one location to another, employees' moving expenses are reimbursed or paid directly by the employer. Such employer payments for "qualified" moving expenses are excluded from income. "Qualified" moving expenses include *only* the following:


- The reasonable costs of moving household goods and personal effects from the employee's former residence to the new residence
- The reasonable costs of travel and lodging from the old location to the new one

There are no limits on these moving expenses except that they should be "reasonable."

For example, New England Heating and Plumbing relocated from Boston to Rochester last year. The company paid for the employees' actual moving expenses (movers, etc.), house-hunting trips for employees and their families, and the costs of selling their homes in Boston and buying new homes in Rochester. Since work needed to begin in Rochester before many employees' Boston homes were sold, the company also paid for temporary housing in Rochester. Some of those payments are considered reasonable; others are not.

Explanation of taxability

Employer payments for nonqualified moving expenses are taxable. For example, employer reimbursements for house-hunting trips before the actual move, temporary living expenses at the new location, and costs of purchasing a new home must be reported as income. Federal income, Social Security, and Medicare taxes must be withheld and the payments are subject to FUTA.

 The client is responsible for reporting taxable and nontaxable amounts. You should *never* advise a client on taxability. Refer the client to his or her accountant.

Where do moving expenses appear on the W-2?

Qualified moving expense reimbursements paid to an employee must be reported on the W-2 in box 12 (code "P"). This payment is not included in W-2 boxes 1, 3, or 5, and employment taxes are not withheld in most states.

Nonqualified moving expenses are added to boxes 1, 3, 5, and 16 on the W-2.

Setting up moving expenses

The client is responsible for reporting taxable and nontaxable amounts for moving expenses. Ask the client the following questions when setting up moving expenses:

- Are the moving expenses taxable?
- Have you verified the taxability of the moving expenses with your accountant?
- Where should these print on the W-2?

Earnings codes for moving expenses

Earnings Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
61	MOV1	MOVING	Nonqualified expenses, fully taxable, withhold all taxes	1, 3, 5, and 16	Y+	Y+
62	MOV2	MOVNG2	Qualified expenses, nontaxable (but is taxable in some states)	12P		
6A	MOV3	MOVNG3	FIT taxable	1 and 16	Y+	

- ✓ The symbols “+” or “-” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Entering year-end, FICA-taxable moving expenses as fourth-quarter adjustments after a client’s last live payroll has been processed

- ✓ For the procedure for entering FICA-taxable moving expenses as fourth-quarter adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

Common client situations and solutions

Many client situations involve amounts printing in the wrong places on the W-2. If you encounter this situation:

- Verify that separate earnings are set up for taxable and nontaxable moving expenses.
- Verify that the proper codewords were used.
- Verify that the amounts were entered under the proper headings in Callin.

S-Corporations

Accident and health insurance coverage provided by an S-Corporation to its two percent shareholder-employees must be included in their income. The cost of the premiums must be reported on their W-2s as wages and federal income taxes withheld. Because this insurance coverage is only offered to two percent shareholder-employees, the plan is considered discriminatory.

If payments for health coverage for shareholder-employees satisfy the requirements for exclusion from FICA wages under Code Sec. 3121(a)(2)(B)—payments under a plan or system to pay medical or hospital expenses of employees and their dependents—FICA taxes do not apply.

ADP cannot advise clients about S-Corporation taxation. If the client needs clarification, he or she should contact his or her accountant.

Where do S-Corporation earnings appear on the W-2?

S-Corporation earnings appear in box 1 and 14 of the W-2. Earnings codewords SCRF and SCRN also affect box 3 and 5 amounts.

Setting up S-Corporation earnings

The earnings codes for S-Corporation earnings appear in the table below.

Earnings Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
71	SCRF	S-CRP	Use when the plan is discriminatory. Fully taxable, FIT and FICA will be withheld. Taxable for NJ.	14	Y+	Y+
70	SCRP	S-CORP	Use for 2% shareholders. Taxable for FIT only. Taxable for NJ.	14	Y+	
SJ	SCRJ	SCRP NJ	Use only for New Jersey clients. Taxable for FIT only. Not taxable for NJ SIT.	14	Y+	
SN	SCRN	SCRF NJ	Use only for New Jersey clients. Taxable for FIT and FICA. Not taxable for NJ SIT.	14	Y+	Y+

✓ The symbols “+” or “-” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim pay details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Entering year-end, FICA-taxable S-Corporation insurance coverage as fourth-quarter adjustments after a client's last live payroll has been processed

- ✓ For the procedure for entering FICA-taxable S-corporation insurance coverage as fourth-quarter adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

Statutory Employees

Certain categories of workers who are independent contractors under common law are treated by statute as employees. These workers are referred to as statutory employees and must be taxed a certain way. Furthermore, they must be identified on Form W-2 as statutory employees. Box 13 on Form W-2 serves this purpose.

△ EasyPay associates should not attempt to determine if a client has statutory employees. Clients are responsible for identifying their statutory employees.

To set up statutory employees to be reported on Form W-2:

1. Set up a *memo* deduction with codeword STAT in the client's Taxes and Deductions module of Profile. Change any deduction options as needed.
2. Activate the deduction for each applicable employee or make the deduction standard, if applicable, for all employees' W-2s. No amounts are needed for the deduction.

The Stat Emp area of box 13 on form W-2 will be checked. See the illustration below.

13 Stat emp X	Ret. Plan	3 PSP
------------------	-----------	-------

Stock Option Benefits

Stock options can be offered to employees in three ways:

- Incentive stock options
- Employee stock purchase plan options
- Nonqualified (non-statutory) stock options

Questions to ask clients

It is important to ask clients the following questions in order to set up a stock options earning correctly for taxability:

- How should the amount be taxed?
- Where should the amount appear on Form W-2?
- On which payroll will the amount be reported?

Setting up and entering stock option benefit amounts

When you have received the answers to the questions above, you can set up the appropriate earnings code.

Use *memo* earnings code SK and codeword DISO to report the sale of stock options in a disqualifying disposition. The amount is taxed for federal and state income tax.

Use earnings code NQ and codeword NQST to report nonqualified (nonstatutory) stock options. The amount appears in box 12 with code V on Form W-2 and is taxed for federal income tax and FICA.

Earnings code for stock option benefit

Earnings Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
SK	DISO	STOCK	Sale of stock option in a disqualifying disposition		Y+	
NQ	NQST	NQSTCK	Nonqualified stock options	12V	Y+	Y+

- ✓ The symbols “+” or “-” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Common client situations and solutions

If the stock option amount is not appearing in the correct box on Form W-2, research as follows:

- Check the codeword that was used when setting up the earning.
- The stock option amount may have been posted to an incorrect earning. Determine if the earning to which it was posted was used prior to the payroll that has the incorrect posting. If it was used previously, set up another earning correctly and enter an adjustment payroll to move the amount from the incorrect earning to the correct one.

However, if the earning was *not* used previously, you can rerun the payroll after correcting the codeword in the original payroll.

If taxes were not withheld on stock option amounts, determine if the employee was paid enough to cover the tax amounts. If not, report additional taxes with the next payroll. If that is not possible, the employee can reconcile the tax amounts due on Form 1040.

Entering year-end stock option amounts as fourth-quarter adjustments after a client's last live payroll has been processed

- ✓ For the procedure for entering stock option amounts as fourth-quarter adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

Third Party Sick Pay Amounts

Third party sick pay (3PSP) is a form of wage substitute or sick pay that many employers provide to protect employees from wage losses when they miss work due to personal illness or injury. The third party may be an insurance company, union plan, or state temporary disability plan.

If the third party sends the employer a statement listing the taxable and nontaxable portions of the payment and the taxes deducted from the payment, the employer must submit the third-party payment information to ADP. Third party sick pay is taxable for FIT, FICA, and FUTA, but is not taxable for all state income tax or unemployment.

- ✓ It is important that clients obtain this statement from the third party provider as early as possible. All third party sick pay information should be transmitted to San Dimas before the fourth-quarter close deadline. Any adjustments including 3PSP reported after the quarter close deadline will be subject to amendment fees. Contact Tax East/Central/West or San Dimas if you require additional information on amendments.

When 3PSP is entered for an employee, the EasyPay system creates two W-2s—one for gross income and taxes and a second one for the 3PSP amount and taxes. Third party sick pay *state* wages appear on the first W-2 with gross income and taxes. Both W-2s have an “X” in the 3PSP area of box 13. The employee may use the 3PSP W-2 to claim a refund on Form 1040 for the overpayment of Social Security taxes.

Explanation of taxability

Third party sick pay is taxable to employees in the same way as any other pay. For Social Security and Medicare purposes, the third party payer is considered the employer and is responsible for withholding, paying, depositing, and reporting employee taxes on sick payments. If reported to the employer in a timely manner, the employer is responsible for the matching Social Security and Medicare taxes and for FUTA tax.

Where do 3PSP amounts appear on the W-2?

The EasyPay system creates a separate W-2 showing 3PSP information. The 3PSP amounts appear in boxes 1, 3, and 5. In addition, the 3PSP area of box 13 will be checked. Any nontaxable third party sick pay appears in box 12 with the letter “J.”

Payroll entry

To enter 3PSP amounts:

1. Run a Year-to-Date report to determine the 3PSP year-to-date wage and tax amounts already provided to ADP. Examine the 3PSP totals on the Year-to-Date report.
2. Subtract the 3PSP wage and tax amounts on the Year-to-Date report from the year-to-date amounts on the statement provided by the third party provider.
Your adjustment is for the difference resulting from the subtraction.
3. On any pay screen for the client, type **3SP** in the first earnings column.
4. If necessary, change the employee number.

5. Enter 3PSP amounts and federal and FICA tax deducted on the 3PSP screen in Callin (refer to the illustration below).

⚠ For negative amounts, type **Y** in the Void field. Do not use a minus sign.

- ✓ Make sure that the client gives you the full amount paid to the employee, not just the taxable amount(s).

The screenshot shows the 3PSP screen in Callin. At the top, it displays 'N2T CO# STARLA'S SWANKY LOUNGE' and '0555'. Below this, 'Type of Adjustment: Void (Y=Yes)' is shown. The main section is titled '3rd PARTY SICK PAY'. There are three callout boxes with arrows pointing to specific fields:

- A box on the left points to the 'Type of Adjustment' field, stating: 'If 3PSP is a negative amount, type **Y** here.'
- A box on the right points to the 'Total Pay' field, stating: 'Enter the 3PSP adjusted wage amount that was calculated in step 2 here.'
- A box in the center points to the 'Fed' and 'Fica' fields under the 'TAX' section, stating: 'Enter the adjusted federal and FICA tax amounts that were calculated in step 2 here.'

At the bottom right, it says 'F16=Cli Alrt/Evt' and 'No Charge Reason Code'.

- ✓ 3PSP will *not* self correct for FICA/SUI. However, taxable wages on W-2s will be adjusted. For more information see the *W-2 Error Report* section in chapter 6.

⚠ If you are entering an entire adjustment payroll that consists of *only* void third party sick pay adjustments, after entering the void 3PSP amounts, complete one regular Pay screen as a penny in/penny out transaction. This prevents an erroneous FICA amount from being credited to the client, and from being subsequently impounded from the client's account. Refer to the illustration below for an example of a penny in/penny out transaction on the Pay screen.

Pay screen - penny in/penny out transaction

The screenshot shows the Pay screen in Callin. It displays 'JK6 Co# JK6 FLT TEST CLIENT WITH NJ' and 'Dept#'. Below this, it shows '# 0001 NJ, TEST' and 'Rate L/D'. There are several fields for 'Check#', '#Weeks', 'Raise Date', and 'Salary Chg'. The main section is titled 'REGULAR' and 'O/TIME'. Below this, it shows 'VACTON', 'SICK', 'HOLIDAY', and 'HOSNG2 MEMO'. There are also fields for 'SALARY', 'OTHER', and 'BONUS1'. At the bottom, there are two callout boxes with arrows pointing to the 'SALARY' and 'OTHER' fields:

- A box on the left points to the 'SALARY' field, stating: 'Enter one penny (.01) in the Salary \$\$ column, and then enter one negative penny (.01-) in the Other \$\$ column.'
- A box on the right points to the 'OTHER' field, stating: 'Enter one negative penny (.01-) in the Other \$\$ column.'

Creating a second W-2 for employees over the Social Security limit with 3PSP

The EasyPay system cannot accurately calculate Social Security wages when an employee has wages over the Social Security limit, and a portion of these wages is 3PSP. When an employee is in this situation, you must follow the procedures below to produce an accurate third party sick pay W-2. To identify employees over the Social Security limit, refer to the W-2 Error Report or select option 17 (Y/E Error Tracking System) from the Year End (MNUYREND) menu.

To begin creating a W-2 that includes only 3PSP:

1. Check the Quarterly Taxable Wage report and End-of-Quarter Year-To-Date report to identify employees with 3PSP that are over the Social Security limit.
2. Run a Prior Quarter Year-to-Date and/or Current Quarter-to-Date report for the client. Use these figures to determine if all 3PSP amounts were reported in the fourth quarter.
3. Follow the appropriate procedure below.

To handle employees with 3PSP earnings only in the fourth quarter:

1. If all 3PSP occurred during the fourth quarter, run an adjustment payroll to void the 3PSP from the existing employee number. This adjustment will void the full amount of the third party payment and its corresponding FI amount. For instructions, refer to the *Making Adjustments at Year-End* section in chapter 2.
2. Set up the employee with a second employee number during the adjustment payroll.
Set up the employee as exempt from UI and FU. If appropriate, also set up the employee as exempt from UD and DD. Then, enter the third party payment and its corresponding FI amounts under the new employee number.
3. Do a manual quarter cut. For instructions, refer to the *Manually cutting a quarter* section in chapter 2.
4. Rerun the W-2s.

To handle employees with 3PSP earnings in the fourth and prior quarters:

1. If the 3PSP occurred in a prior quarter or in the fourth quarter and prior quarters, run an adjustment payroll to hire the employee with a new employee number.
Void the 3PSP for the fourth quarter from the old employee number. Hire the employee with a new employee number and set up the employee as UI and FU exempt. If appropriate, also set up the employee as exempt from UD and DD.
2. Enter the fourth-quarter portion of the 3PSP and related FICA under the new employee number.
3. Run a second payroll as a prior quarter adjustment to the fourth quarter to void the 3PSP from the old employee number.
Enter the portion of the 3PSP for quarters 1, 2, or 3 under the new employee number.
4. Perform a manual quarter cut on the fourth-quarter master file to create a new fourth-quarter QT. file. For instructions, refer to the *Manually cutting a client's quarter* section in chapter 2.
5. Process amendments for any previous quarters that were affected.

Uncollected FICA on GTL Premiums

Many companies continue to pay GTL premiums for retired employees. These premiums are taxable for the value of the policy over \$50,000.00. When the person has no income from which to withhold taxes, it is impossible for the employer to collect the taxes due. In a case like this, the employer simply reports the earnings to the government and lets the retired employees take care of paying the taxes when they file their annual federal income tax return.

For example, John Tyler has retired from New England Plumbing and Heating, but the company continues to pay for \$75,000.00 of GTL. The cost of \$25,000.00 worth of coverage is taxable to the employee. Since John no longer has income from New England Heating and Plumbing, his employer cannot withhold Social Security and Medicare from his wages. The employer issues John a W-2 with the value of the policy reported in boxes 1, 3, and 5. Boxes 2, 4, and 6 are empty since the employer did not collect taxes.

- ✓ For employees who have no live earnings for the year, (e.g., retired employees), enter the Social Security portion of FICA in deduction code 4R, codeword INSS. Enter the Medicare portion of FICA in deduction code 5R, codeword INMD.

Explanation of taxability

If a client is unable to collect all of the required FICA tax on premiums paid for GTL insurance (usually the case when paying premiums for a retired employee), the amount that is not collected must be reported. This amount should not be reported as Social Security Tax withheld, but rather as uncollected Social Security and Medicare.

Where does uncollected FICA on GTL premiums appear on the W-2?

The value of the coverage is reported in boxes 1, 3, 5, and 12 (code “C”) of the W-2. Boxes 2, 4, and 6 are empty since the employer did not withhold taxes. The uncollected Social Security appears in box 12 (code “M”) and uncollected Medicare in box 12 (code “N”) of the W-2.

Setting up and entering uncollected FICA on GTL premiums

To report uncollected FICA on W-2s, set up deduction 4R SS INS and 5R MC INS.

Report earnings for employees with uncollected FICA with earnings code 63 (INSPRM). Uncollected FICA amounts are taken into consideration when FICA is balanced with each payroll, so no FICA recalculation will occur.

[△ Although no FICA recalculation will occur for the amount of uncollected FICA, a FICA Variance report will still be generated with quarterly processing, indicating a variance for the amount of the uncollected FICA. As a result, the client’s Form 941 will still be incorrect.](#)

- ✓ If you need to make an adjustment for uncollected FICA on GTL premiums, it must be entered as a separate payroll *after* the client has processed their last payroll of the year.
- ✓ When uncollected FICA is entered on an Adjustment screen in deduction codes 4R/5R for GTL or 2R/3R for tips, the following warning message still appears: “Employee Social Security/Medicare Taxes not entered.” In this situation, no Social Security/Medicare taxes should be entered. Press **ENTER** to bypass this error and continue.

Deduction codes for uncollected FICA on GTL

Deduction Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
4R	INSS	SS INS	Uncollected SS tax on GTL premiums (used in conjunction with codeword INMD)	12M		
5R	INMD	MC INS	Uncollected Medicare tax on GTL premiums (used in conjunction with codeword INSS)	12N		

- ⚠ When setting up deduction codes for uncollected FICA on GTL for EasyPayNet clients, be sure to type “Y” in the Mast Cng field in Profile.
- ⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Where does uncollected FICA on GTL premiums appear on the 941?

The Form 941 will include GTL taxable amounts in Social Security and Medicare taxable wages for both the employer and employee. The employee’s uncollected portion is then backed out on Line 9 of Form 941. This information is passed to San Dimas.

Unsubstantiated/Substantiated Employee Expense Reimbursements

Business expenses can include travel expenses, supplies, or other things necessary for conducting business. If expenses are accounted for completely, clients have no obligation to report these amounts on W-2s.

However, clients are required to report amounts paid to employees for business expenses if any of the following conditions are met:

- The employee is not required or does not substantiate the expenses to the client (i.e., does not furnish receipts or expense reports).
- The client advances an amount to the employee for business expenses, and the employee is not required or does not return any amount not used for business expenses.

For example, Dan is a salesman who travels frequently. His employer gives him \$1,200 a month for business-related travel expenses. Dan can keep any money he does not spend. The expense report Dan submitted for last month only accounted for \$1,000 of the \$1,200. The extra \$200 is taxable.

Earnings codes 48 and 49 and codewords SBEX and UBEX are provided to handle reporting *these types* of expense situations.

Explanation of taxability

Unsubstantiated employee business expenses are taxed as regular earnings.

Where do employee expense reimbursements appear on the W-2?

The unsubstantiated amounts reported as business expenses appear in boxes 1, 3, 5, and 16 of the W-2. The amounts withheld appear in boxes 2, 4, and 6.

Substantiated business expenses appear in box 12 with a code “L.”

Questions to ask clients

Ask clients if part or all of the expenses are unsubstantiated when setting up employee business expenses.

Setting up employee business expenses

Earnings codes for business expenses

Earnings Code	Codeword	Literal	Description	W-2 Box/Cd	Fed Txbl?	FICA Txbl?
48	SBEX	SBEX	Substantiated business expenses, nontaxable.	12L		
49	UBEX	UBEX	Unsubstantiated business expenses, fully taxable, withholds all taxes.	1, 3, 5, and 16	Y+	Y+

✓ The symbols “+” or “-” in the Fed Txbl and FICA Txbl columns indicate whether the codeword amount adds to taxable wages or reduces taxable wages.

⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Entering year-end, FICA-taxable employee business expenses as fourth-quarter adjustments after a client’s last live payroll has been processed

✓ For the procedure for entering FICA-taxable employee business expenses as fourth-quarter adjustments after a client has processed the last live payroll of the year, refer to the *Entering and balancing an adjustment payroll* section in chapter 2 of this guide.

1099-R Earnings

Non-payroll earnings are reported on Form 1099-R. These earnings generally include pensions, annuities, and IRAs. Employers are not required to withhold taxes on these earnings. However, if the employer does withhold taxes at the request of employees, the employer must set up a separate client number for those employees. The employer must also file Form 945 to report the taxes withheld. The following example illustrates a situation for which a separate client number is set up and 1099-Rs produced.

For example, a manufacturer has several newly retired employees now receiving a company pension. At the end of the year, the manufacturer provides his employees with W-2s and the retirees with 1099-Rs. Because the client withholds income taxes at the request of the retirees, the client has two client numbers: one for the employees and one for retirees.

If an employer *does not withhold* taxes on 1099-R earnings, the employees who receive these earnings can be included on the same client number along with employees who receive W-2s.

Questions to ask clients about 1099-R earnings

To determine the proper way to set up and report 1099-R earnings, ask clients the following questions:

- Will you withhold taxes on these earnings?
- Will you file Form 945?

If a client answers “No” to both questions, and the client wants to produce 1099-Rs for certain employees, the employees receiving the earnings can be set up on the client’s *current* number. Follow the procedure below for setting up and reporting 1099-R earnings on a client’s *current* number.

△ 1099-R earnings can only be reported on a client’s current number if *no* taxes are being withheld from the employees.

If a client answers “Yes” to both questions, the client must set up a separate client number to accommodate these employees. Follow the procedure on the next page for setting up and reporting 1099-R earnings on a *separate* client number.

△ A separate client number must be set up to report 1099-R earnings only if taxes *will* be withheld from the employees. Any taxes withheld from 1099-R earnings must be reported on Form 945. The EasyPay system does not produce this form. Advise the client that San Dimas will deposit the taxes that are withheld, but will not file Form 945 for them. The client must arrange to file Form 945 on their own behalf.

Setting up and reporting 1099-R earnings on a client’s *current* client number

If a client has employees who need 1099-Rs, but the client is not withholding tax, follow the procedure below to set up and report the *1099-R earnings* on the client’s *current* client number.

1. Set up earnings code 69 (PENSN) using codeword W2PN and enter the 1099 earnings amount under earnings code 69.
2. Set up deduction code I2 (1099 R) using codeword 109R and activate the deduction for the applicable employees. This deduction will cause Form 1099-R to be produced for those employees.

Earnings and deduction codes for 1099-R amounts (when reported on client's current number)

Code	Earn or Ded?	Codeword	Literal	Description	1099-R Box?	Fed Txbl?	FICA Txbl?
69	Earn	W2PN	PENSN	Pension (earnings code used in conjunction with deduction I2)	1		
I2	Ded	109R	1099 R	Pension distributions (taxable portion; used in conjunction with codeword W2PN)	2a		
65	Earn	PS58	PS58	PS58 plans—cost of premiums	1, 2A and 5		

✓ If the client needs to have box 2b (Taxable Portion Not Determined) checked on the 1099-Rs, follow the procedure on page 4-59 to set up deduction BX. This deduction will cause box 2b to be checked.

△ When setting up 1099-R deduction codes for EasyPayNet clients, be sure to type “Y” in the Mast Cng field in Profile.

△ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Setting up and reporting 1099-R earnings on a *separate* client number

If a client has employees who need 1099-Rs and is withholding taxes on the earnings, follow the procedure below to set up and report the 1099-R earnings on a *separate* client number:

1. Set up the client as a 945 client by answering “Yes” to the 945 question on the first setup screen.
2. Set up earnings code T7 (PENSN) using codeword TXPN. See the following illustration. Enter the 1099 earnings amount under earnings code T7.

Earnings and deduction codes for 1099-R amounts (when used on a *separate* client number)

Code	Earn or Ded?	Codeword	Literal	Description	1099-R Box?	Fed Txbl?	FICA Txbl?
T7	Earn	TXPN	PENSN	Pension (earnings code used in conjunction with deduction code T8)	1		
T8	Ded	T09R	TX PEN	Taxable portion of pension distributions (deduction code used in conjunction with earnings code T7)	2a		

- ⚠ When setting up 1099-R deduction codes for EasyPayNet clients, be sure to type “Y” in the Mast Cng field in Profile.
- ⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Reporting 1099-R earnings when the taxable portion cannot be determined

In some cases, a portion of an employee’s 1099-R earnings is taxable and a portion is *not* taxable. Furthermore, *clients* may not be able to determine the portion that is taxable. Records that would provide the necessary information may have been lost. For these employees, set up a deduction that will cause box 2b (Taxable Amount Not Determined) on Form 1099-R to be checked, following the procedure below.

To check box 2b because the taxable portion of an employee’s 1099-R earnings cannot be determined:

1. If the affected employees are set up on a *1099 only* client number (i.e., set up as a 945 client), change federal withholding tax for the client to not standard and activate it *only* for the employees for whom the taxable portion of the earnings can be determined.

If the affected employees are set up on the *same* client number as the employees who receive W-2s, leave federal withholding tax as standard. Codeword W2PN will prevent tax from being withheld from the employees who are receiving 1099-Rs.
2. Set up the client with deduction BX. Do *not* change the default codeword BX2B. Refer to the illustration on the next page.

Deduction code when the taxable portion of 1099-R earnings is not known

Client#	LBE	NATIONAL OIL INC.	Module- Deductions					UPDATE			
Code	Ded Name	Live Memo	Calc Rate	Calc Type	Calc Value	Lmt Type	Limit Amount	All Cks	Std Ded	Pre Tax	Code Word
T8	TX PEN	M	1.00	\$	*			Y	N	Y	T09R
99	MISC.	L		\$	N			N	N	N	
N4	ADVANCE	L		\$	N			N	N	N	
PV	PAYMNT	L			N			Y	Y	N	
BX	BOX 2B	M		D	N			N	N	N	BX2B
<div> <div>Set up deduction BX.</div> <div></div> </div>											
<div> <div>Reg</div> <div>GROSS</div> <div>TX PEN</div> <div>ADVANCE</div> <div>PAYMNT</div> <div colspan="2">CMD 10-POP Options</div> <div>1</div> </div>											
<div> <div>Heads</div> <div>PAY</div> <div>FED WT</div> <div>FICA</div> <div>STATE</div> <div>SUI/DIS</div> <div>MISC</div> <div>CHECK #</div> </div>											
<div> <div>CHDS: 2 More Options</div> <div>3 Select more</div> <div>4 Taxes</div> <div>7 Update</div> <div>EOJ</div> <div>20 No Update</div> <div>EOJ</div> </div>											

3. Activate deduction BX for the *affected* employees. See the table below; use this when the taxable portion of earnings cannot be determined.
- ✓ When the *affected* employees' 1099-Rs are produced at year-end, the Taxable Amount Not Determined section of box 2b is checked, and box 2a is blank. A sample 1099-R is in chapter 5, *Quarterly and Annual Output*.

Code	Earn or Ded?	Codeword	Literal	Description	1099-R Box?	Fed Txbl?	FICA Txbl?
BX	Ded	BX2B	BOX 2B	Used to check box 2b on 1099-R when taxable portion of 1099-R earnings is not known	2b		

- ⚠ When setting up 1099-R deduction codes for EasyPayNet clients, be sure to type “Y” in the Mast Cng field in Profile.
- ⚠ Before adding an earning or deduction for a client using the EasyPayNet product, ask the client if any payroll entries have been made since the last payroll was submitted. Adding a new earning or deduction code when a current payroll details file is in the INDETAILS library may cause the client to be unable to log into the EasyPayNet application. For details on adding earnings and deductions when a client has files in the INDETAILS library, refer to the *Working with interim details* section of the *EasyPayNet Service Center Procedures* document in the Reference Library on the SBS Service Training intranet site.

Using Customer Service Tools to Research Tax Information

The Customer Service Tools (MNUTOOLS) menu contains options that assist with tax information. Using this menu, you can find:

- Codeword definitions (option 16)
- City information (option 19)

✓ Taxable wage limits can be researched using option 16.

△ The use of *Codewords for a Tax* (option 15) is *not* recommended. The information contained in this section is not updated on a regular basis, and therefore may not be accurate.

For more specific information on the Customer Service Tools menu (e.g., specific procedures, etc.), refer to the *CSTOOLS* book in the Quick Reference Procedures (QREF) section on the SBS Service Training Web site.

Accessing the Customer Service Tools (MNUTOOLS) menu

To access the Customer Service Tools (MNUTOOLS) menu:

From the From the Work with Client (MNUSRV) menu, select option **6** (Go to CSTOOLS) and press **ENTER**. The Customer Service Tools menu appears.

– OR –

From the Teledata Representative Main menu, select option **3** (Customer Service Tools Menu) and press **ENTER**. The Customer Service Tools menu appears.

Menu: MNUTOOLS		Customer Service Tools Menu		System: AS400

2. Browse File		15. Codewords For a Tax		
3. Browse Master (BROWSMST)		16. Codeword Definitions		
7. Change Employee Number (CHGEMP)		19. Find City Info		
8. Workstation File Deletion		<u>Sig/Logo Options</u>		
9. Remove CATS Activity (CATACT)		20. Start PC Organizer (STRPCO)		
10. Remove CONTROL Activity (REMACT)		21. Copying a Sig/Logo Image		
11. Create Qtr Data - Seasonals (PW1390P)		22. Sig/Logo Upload		
12. Browse D., M., T. and QT. (WRKF)		23. Go To Work Wi		
		24. Go To Main Men		
		30. TOPS		

80=WRKSPLF	81=WRKOUTQ	84=DSPMSG	85=Display session	90=Signoff
Ready for Option Number				

Options 16 and 19 will help you with tax information.

Researching codeword definitions

Use option 16 on the Customer Service Tools menu to research general information and taxability for a specific codeword. It will assist you in identifying taxability and W-2 reporting data for a specific codeword.

- ✓ You can also access codeword information from the Earnings and Deductions modules in Profile using the F6 (Lookup) key.

To display a definition for a codeword:

1. From the Customer Service Tools menu, select option **16** (Codeword Definitions) and press **ENTER**. The Search Index screen with main topics appears.

```
Search Index

Type options, press Enter. (+ indicates an expandable topic)
  5=Display topic  6=Print topic  7=Expand topic  8=Compress topic

Opt  Topic
    Codeword Taxability Help - Updated 03/06/08
    + RETIREMENT PLANS
    + CAFETERIA PLANS
    + RESTAURANT PLANS
    + 1099 PLANS
    + OTHER WAGES
    + OTHER DEDUCTIONS
    + PREMIUM ONLY PLANS

Or type search words and press Enter. (* indicates a topic match)

F3=Exit help  F5=All topics  F6=Main topics  F11=Hide structure
F12=Cancel    F13=Information Assistant  F18=More indexes  F24=More keys
```

2. To see a list of codewords in a topic, type **7** to the left of the topic and press **ENTER**. To see a list of codewords in every topic, press **F5** (All Topics).
3. To view information about a codeword, type **5** to the left of the codeword and press **ENTER**. The codeword Help screen appears.

```
Help          CF01 Med 125 cafeteria plans - Ded I9

- Codeword CF01.
  Med 125 cafeteria plans. This codeword does not
  reduce NJ SIT, M125 does.

  Use deduction code I9 in the profile for this codeword.

  ===== W-2 Information =====
  Box #          1          3 & 5          Other/Code Letter
  Affects?      MINUS      MINUS

  This codeword is the default for deduction code I9.
  Check the client's profile for the actual codeword being used.

  Use option 15 on the CST00LS menu to see a list of
  codewords for any tax.

  === Page Down for Tax Information for this CW ===

F3=Exit help  F10=Move to top  F12=Cancel  F13=Information Assistant
F14=Print help
```

- ✓ The codeword Help screen provides a description of the selected codeword. In this example, the codeword CF01 is used for Med 125 Cafeteria plans. It does not reduce NJ SIT.
 - ✓ The W-2 Information section of the codeword Help screen indicates the taxability of the selected codeword. In this example, the CF01 codeword reduces FW wages (box 1 of the W-2) and SS/Med wages (boxes 3 and 5 of the W-2).
4. To see additional taxability information for the codeword, press **PAGE DOWN**. The taxability table appears.

```

Help
CF01 Med 125 cafeteria plans - Ded I9

===== Tax Information =====

PAY QTR      PAY QTR      PAY QTR      PAY QTR      PAY QTR
idu idu      idu idu      idu idu      idu idu      idu idu

FW - | - GA - | - MN - | - OK - - | - WV - | -
FI - | - HI - | - MO - - | - OR - - | - WY - | -
FU - | - IA - | - MS - - | - PA - - | -
AK - - | - ID - - | - MT - - | - RI - - | -
AL - - | - IL - - | - NC - - | - SC - - | -
AR - - | - IN - - | - ND - - | - SD - - | -
AZ - - | - KS - - | - NE - - | - TN - - | -
CA - - | - KY - - | - NH - - | - TX - - | -
CO - - | - LA - - | - NJ - - | - UT - - | -
CT - - | - MA - - | - NM - - | - VA - - | -
DC - - | - MD - - | - NV - - | - VT - - | -
DE - - | - ME - - | - NY - - | - WA - - | -
FL - - | - MI - - | - OH - - | - WI - - | -

Bottom

F3=Exit help   F10=Move to top   F12=Cancel   F13=Information Assistant
F14=Print help

```

- ✓ This table displays taxability information for the selected codeword for FW, FICA, and FUTA. It also displays taxability information for SIT (column i), SDI (column d), and SUI (column u) for all states. In this example, the CF01 codeword reduces taxable wages for FW, FICA, and FUTA. For the state of CA, the minus (-) sign under columns i, d, and u indicates the CF01 codeword reduces taxable wages for CA SIT, SDI, and SUI.
 - ✓ For each tax jurisdiction, there are two columns of information, PAY and QTR. The PAY column indicates the taxability for payrolls, and the QTR column indicates the taxability on the quarterly reports. Under most circumstances, the taxability for PAY and QTR are the same.
 - ✓ For some earnings such as INSP, the PAY column displays an “R,” while the QTR column displays a plus (+) sign. The “R” under the PAY column means we do not withhold the tax liability with payroll for earnings with this codeword; hence, the “R” is for report only. The plus (+) sign under the QTR column means the earning is included in taxable wages on the Quarterly Taxable Wage report and on the W-2s.
- ⚠ The use of the *state taxable wage limit* information available in option 16 of CSTOOLS is *not* recommended. The state taxable wage limits are not updated on a regular basis, and therefore may not be accurate.

Finding city information

Use option 19 on the CSTOOLS menu to find specific city/local jurisdictions or school districts and the corresponding two- to four-digit local or city tax code.

To find city/local or school district tax code:

1. From the Customer Service Tools menu, select option **19** (Find City Info) and press **ENTER**. The City Tax Entry window appears.

Type the state postal abbreviation here.

Type the first letters of the city name here.

Menu: MNUTOOLS
Customer Service Tools Menu
System: AS400

2. Browse File
 3. Browse Master (BROWSMST)

 7. Change Employee Number (CHGEMP)
 8. Workstation File Deletion

15. Codewords For a Tax
 16. Codeword Definitions

 19. Find City Info
Sig/Logo Options
 20. Start PC Organizer (STRPCO)
 21. Copying a Sig/Logo Image
 22. Sig/Logo Upload

 23. Go To Work With Client Menu
 24. Go To Main Menu
 30. TOPS

CITY TAX ENTRY			
Desc	St	Name	Tax Code
CITY1	PA	PHI	
CITY2			
CITY3			

Cmd Keys: F3=Exit

90P)

 85=Display session 90=Signoff

2. Type the state postal abbreviation in the St field (e.g., PA for Pennsylvania).
3. To find the tax code, type all or part of the city/local or school district name in the Name field (e.g., PHI for Philadelphia) and press **ENTER**. The City Tax Search window appears.

CITY TAX SEARCH - CITY1					
City	St	N/R	Type	County	Tax Code
Phila N/R	PA	N		Philadlpha	3912
Phila R	PA	R		Philadlpha	3901
Philadelphia N/	PA				PN
Philadelphia Re	PA				PH
Philipsburg B	PA			Centre	8735
Phoenixville AS	PA				9872
Phoenixville B	PA	R		Chester	8738
Phoenixville B	PA	N		Chester	9873
Piatt T	PA	N		Lycoming	8739
Picture Rocks B	PA			Lycoming	8740
					More...
Select=Point cursor and press Enter					
Cmd Keys: F3=Exit			Roll Keys: Up/Down-View More		

4. Use the roll keys to locate the appropriate tax code.
5. Position the cursor on the row for the tax code you need and press **ENTER**. The tax code appears in the City Tax Entry window.
6. Press **F3** to exit the City Tax Entry window.

Codeword Taxability Tables

There are two codeword taxability tables in this section: one for W-2 codewords (see the next page) and one for 1099 codewords (see page 4-74).

The tables list the taxability of a specific codeword. For each codeword (listed alphabetically), this table gives you the following information:

- Whether the codeword is used for a deduction or earning
- The default deduction or earning code associated with the codeword
- The codeword definition
- Where the codeword appears on Form W-2 or 1099 (box and code if applicable)
- Whether the codeword impacts federal taxes (“Yes” or “No”); if it does impact federal taxes, whether it adds to taxable wages or reduces taxable wages (“+” or “-”).
- Whether the codeword impacts FICA taxes; if it does impact FICA taxes, whether it adds to taxable wages or reduces taxable wages (“+” or “-”).

Example 1: The codeword DCAP is dependent care assistant plan. The default deduction code associated with it is DP. DCAP amounts appear in box 10 of Form W-2 (dependent care benefits). For both federal and FICA taxes, it reduces the dollar amount that is taxable.

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
DCAP	DP		Dependent Care Assistance Plan	10	Y-	Y-

Example 2: The codeword BONS is bonus. The default earning code associated with it is 41. BONS amounts do not appear on Form W-2. For both federal and FICA taxes, it increases the dollar amount that is taxable.

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
BONS		41	Bonus (FICA only withheld)		Y+	Y+

- ✓ The codeword taxability tables listed on the following pages provide federal taxability information and are up-to-date as of this *printing*. Refer to Customer Service Tools (MNUTOOLS menu) for the most current information or for state taxability information.

Codeword taxability table for W-2 codewords

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
401K	P1		401(k) retirement plan for private sector employees. (Shared with Roth 401(k)).	12D & 13 – Ret Plan	Y–	
403B	P4		403(b) retirement plan for public school systems and nonprofit organizations. (Shared with Roth 403(b)).	12E & 13 – Ret Plan	Y–	
409D		FN	409A nonqualified deferred compensation plan	12Y		Y+
409I		4I	Income on 409A nonqualified deferred compensation plan	12Z	Y+	Y+
414B	1B		414H Defined Benefits for RI SUI only	14 & 13 – Ret Plan	Y–	
414C	1C		414H Defined contributions for RI SUI only	14 & 13 – Ret Plan	Y–	
414H	4H		414(h) retirement plan	14 & 13 – Ret Plan	Y–	
414M	4M		Maine retirement systems	14 & 13 – Ret Plan	Y–	
414Y	4Y		Retirement plan (NY state and city not reducing).	14 & 13 – Ret Plan	Y–	
43AT	RM		Roth 403(b) retirement plan 15 year service	12BB & 13 – Ret Plan		
43PT	RL		403(b) retirement plan 15 year service	12E & 13 – Ret Plan	Y–	
457D		8B	Nonqualified deferred distribution	11	Y+	
457P	P0		457P Retirement plan contributions for state and local governments.	12G	Y–	
501C	P8		501(c) retirement plans for tax-exempt organizations. Codeword does not reduce wages on W-2; credit to be taken on Form 1040.	12H & 13 – Ret Plan		
AGWG		AG	Oregon Agricultural Worked		Y+	Y+
ATIP		R0	Allocated tips	8		
AUT2		59	Automobile fringe (nontaxable)			
AUTO		60	Automobile fringe (taxable), Personal use of company car		Y+	Y+
BIKE		BK	Bicycle Commuting Reimbursement			
BONS		41	Bonus (FICA only withheld)		Y+	Y+
BTIP		R5	Tips—Forced			

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
B14A	BA*		Prints employer-defined data in box 14 on Form W-2	14		
B14B	BB*		Prints employer-defined data in box 14 on Form W-2. (Does not appear in CSTOOLS.)	14		
B14C	BC*		Prints employer-defined data in box 14 on Form W-2. (Does not appear in CSTOOLS.)	14		
C125		75	Cafeteria plan earnings		Y+	Y+
CF01	I9		Cafeteria plans for NJ		Y–	Y–
CFFD	FM		Cafeteria plan to be used in states that do not recognize same sex marriage		Y–	Y–
CLGY		7D	Used for PA only; clergy receiving Housing, NOT taxable for local except 3901, 3912. PA taxable			
CO4K	C1		Company 401(k)			
COMM		WM	Commissions earned in WA—not taxed for WA SUI		Y+	Y+
CSM4	CM		SIMPLE 401(k) plan catch up for employees over age 50. Used with SIM4 plans. (Shared with Roth SIMPLE 401(k) catch up).	12D & 13 – Ret Plan	Y–	
CSMP	CS		SIMPLE IRA plan catch up for employees over age 50. Used with SIMP plans.	12S & 13 – Ret Plan	Y–	
CTIP		R3	Tips—Credit card			
CU41	4C		401(k) plan catch up for employees over age 50. Used with 401(k) plans. (Shared with Roth 401(k) catch up).	12D & 13 – Ret Plan	Y–	
CU43	3C		403(b) plan catch up for employees over age 50. Used with 403(b) plans. (Shared with Roth 403(b) catch up).	12E & 13 – Ret Plan	Y–	
CU47	7C		457P plan catch up for employees over age 50. Used with 457P plans.	12G	Y–	
CUS2	2C		408(k) plan catch up for employees over age 50. Used with SEP2 plans.	12F & 13 – Ret Plan	Y–	

*Do not store any permanent amounts in the BA, BB, or BC deductions on an employee level. If a permanent amount needs to be stored to pull the earnings, set up an additional deduction such as M1 to store the amount to pull to the worksheet.

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
DCAP	DP		Dependent care assistance plans	10	Y–	Y–
DCPB		73	Dependent care plan benefits	10		
DEMO		6B	Demos (taxable for NJ SIT. Used for demo cars used by salespeople as a fringe, specific for NJ SIT)			
DISO		SK	Sale of stock in a disqualifying disposition		Y+	
DMIL		EM	Military differential pay		Y+	
DRAW		45	Draw (nontaxable)			
DTIP		R4	Tips—Declared			
EEAD	EA		Adoption deduction by employee		Y–	Y–
EEMS	ME		Medical saving account—employee contribution			
EGPP	GP		20% excise tax on golden parachute payments for key corporate executives	12K		
ELCT	CE		SIMPLE 401(k) employer match			
ERAD	RP		Adoption benefit provided by the employer	12T		Y+
ERDN	DN		Cost of employer-sponsored dental plan (employer- and employee-paid portions)	12DD		
ERHC	HV		Cost of employer-sponsored health care plan (employer- and employee-paid portions)	12DD		
ERMS	MR		Medical savings account—employer contribution	12R		
ERVN	VN		Cost of employer-sponsored vision plan (employer- and employee-paid portions)	12DD		
FEL2		83	Fellowship—Nonresident aliens (exempt for federal only)			Y+
FELO		82	Fellowship (CA SIT only withheld)			Y+
FNG1		51	Fringe benefits (fully taxable and withheld)		Y+	Y+
FNGR		5D	Fringe benefits (FICA only withheld)		Y+	Y+
GROS		Var.			Y+	Y+
GRTR	GT		Grantor trust		Y–	Y–

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
HCDP	DC		Portion of health care premiums for dependents reaching an age where taxability is affected (Taxable for SIT/CIT/locals only)			
HOUS		72	Housing (taxable for: CA, CADD, CAUI, NYUI, ORUI, PA, WAUI)			
HPOP	PH		POP plan hours			
HSAR		HS	Health Savings Account - <i>employer's</i> contribution to employee's HSA is not subject to FIT, FICA, or FUTA.	12W		
HSAT		HT	Health Savings Account - <i>employer's</i> contribution to employee's HSA <i>is</i> subject to taxation.	12W	Y+	Y+
HSCP	HC		Health Savings Account - <i>employee's</i> contribution to an HSA through a cafeteria plan is not subject to FIT, FICA, FUTA.	12W	Y–	Y–
HSNG		7A	Housing (taxable for: FI, PA, ORUI)			Y+
IMRF	PI		Illinois municipal retirement fund	13 – Ret Plan	Y–	
IMSA	MS		Individual medical savings acct.	14 – IMA		
INMD	5R		Uncollected Medicare tax on GTL premiums (used in conjunction with codeword INSS)	12N		
INS2		64	Group Term Life premium (withhold all taxes)	12C	Y+	Y+
INSP		63	Group Term Life premium (withhold FICA only)	12C	Y+	Y+
INSS	4R		Uncollected SS tax on GTL premiums (used in conjunction with codeword INMD)	12M		
IRAP	P3		Individual Retirement Account plan claimed as a reduction to taxable income on employees' 1040s (no effect on W-2)			
KDRW		85	Draw (exempt from KSUI)		Y+	Y+
L401	L4		Loan from ADP 401(k) plan			
MAIN		MA	Insurance Employer Health Coverage		Y+	Y+
M125	I1		Med 125 Plan (use CF01 for NJ)		Y–	Y–

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
MEDP	Varies		Used for Maryland NHR; to report availability of medical benefits if client doesn't use one of the pretax medical codewords. (Does not appear in CSTOOLS.)			
MEET		78	Meeting pay		Y+	Y+
MLNT		R6	Meals (nontaxable)			
MLTX		RA	Meals (taxable)		Y+	Y+
MOV1		61	Moving expenses (nonqualified)		Y+	Y+
MOV2		62	Moving expenses (nontaxable)	12P		
MOV3		6A	Moving (FIT taxable only)		Y+	
MTIP		R7	Tips—Minimum		Y+	Y+
NFDP	NF		Portion of health care premiums for dependents reaching an age where taxability is affected (Taxable for FIT only)			
NLCT	CN		SIMPLE 401(k) employer non-elective contribution	13 – Ret Plan		
NQC2		8A	Nonqualified deferred compensation—(FICA withheld, FUTA taxable). Box 14 code for PA SIT employees only.	14 – code ZN		Y+
NQDC		80	Nonqualified deferred compensation. Only FICA withheld.			Y+
NQDD		8E	Nonqualified deferred distribution. Box 14 code for PA SIT employees only.	11 & 14 – code YT	Y+	
NQDE		87	Nonqualified plan deferrals not subject to substantial risk of forfeiture and for prior year services. Box 14 code for PA SIT employees only.	11 & 14 – code YN		Y+
NQEC		8C	Nonqualified deferred compensation plan—Employer contribution	11		Y+
NQPD	P9		Nonqualified pension plan distributions, only FIT withheld. Must set up as pretax.	11	Y+	
NQPE		8D	Nonqualified deferred compensation plan distribution	11	Y+	
NQPF		84	Nonqualified pension plan distribution	11	Y+	Y+

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
NQST		NQ	Nonqualified stock options	12V	Y+	Y+
NRES	C6		Earnings exempt from city wages			
NTAX		Var.	Nontaxable earnings			
NTRY		81	Notary pay		Y+	
OPTR	ER		Employer's year-to-date tax amounts for Colorado OPTs. (Does not appear in CSTOOLS.)			
OPTT	OC		Employees' year-to-date tax amounts for Colorado OPTs			
OTIP		R2	Tips—Tipped overtime dollars		Y+	Y+
PASS	PS		Employee deduction for parking		Y–	Y–
PEN2	P7		Pension (taxable PA, PH, WM)	13 – Ret Plan		
PENS	P2		Pensions (nontaxable). Use only to check Ret. Plan box on W-2.	13 – Ret Plan		
POP A	PF		POP Plan—AD&D		Y–	Y–
POP D	PA		POP Plan—Dental		Y–	Y–
POP G	PB		POP Plan—Life		Y–	Y–
POP H	PC		POP Plan—Health		Y–	Y–
POP L	PD		POP Plan—LTD		Y–	Y–
POP V	PE		POP Plan—Vision		Y–	Y–
PTHC	CH		Portion of health care premiums for dependents reaching an age where taxability is affected (Taxable for FIT/SIT/CIT/locals)			
RIDE		76	CA ride share (not taxable for CA SIT)		Y+	Y+
RTIP		R1	Tips—Tipped regular dollars		Y+	Y+
R403	RF		Roth 403(b) post-tax pension plan deduction. (Shared with 403(b)).	12BB & 13 – Ret Plan		
R457	RR		Roth 457(b) & 501(c) plan post tax pension plan deduction. (Shared with 457(b) and 501(c))	12EE & 13 – Ret Plan		
R4CU	RU		Roth 403(b) plan catch up for employees over age 50. Used with Roth 403(b) plans. (Shared with 403(b) catch up).	12BB & 13 – Ret Plan		
ROCU	RC		Roth 401(k) plan catch up for employees over age 50. Used with Roth 401(k) plans. (Shared with 401(k) catch up).	12AA & 13 – Ret Plan		

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
ROSP	RJ		Roth SIMPLE 401(k) post-tax pension plan deduction. (Shared with SIMPLE 401(k)).	12AA & 13 – Ret Plan		
ROTH	RO		Roth 401(k) post-tax pension plan deduction. (Shared with 401(k)).	12AA & 13 – Ret Plan		
RSCU	RK		Roth SIMPLE 401(k) plan catch up for employees over age 50. Used with Roth 401(k) SIMPLE plans. (Shared with SIMPLE 401(k) catch up)	12AA & 13 – Ret Plan		
SBEX		48	Business expenses equal to amount allowed by government. Also see UBEX.	12L		
SCRF		71	S-Corporation insurance premiums for discriminatory plans. Fully taxable, FIT and FICA will be withheld. Taxable for NJ.	14	Y+	Y+
SCRJ		SJ	S-Corp insurance premiums. Use only for NJ clients. Taxable for FIT only. Not taxable for NJ SIT.	14	Y+	
SCRN		SN	S-Corp insurance premiums. Use only for NJ clients. Taxable for FIT and FICA. Not taxable for NJ SIT.	14	Y+	Y+
SCRP		70	S-Corp insurance premiums for 2% shareholders. Taxable for FIT only.	14	Y+	
SCTP		RQ	Service charges (tips added to a bill for large parties)	3	Y+	Y+
SEP2	P6		Equivalent of 408(k) deferred compensation plan.	12F & 13 – Ret Plan	Y–	
SEPP	P5		Employer-funded IRA for the benefit of employees	13 – Ret Plan		
SEVR		86	Severance		Y+	Y+
SIC3			Nontaxable portion of third party sick pay. Nothing needed in Profile to use this codeword.	12J		Y+
SICK		04	Sick pay		Y+	Y+
SIM4	SF		SIMPLE 401(k)—Companies with 100 or fewer employees. (Shared limit with Roth SIMPLE 401(k)).	12D & 13 – Ret Plan	Y–	
SIMP	SM		SIMPLE IRA/408(p)—Companies with 100 or fewer employees.	12S & 13 – Ret Plan	Y–	

Codeword	Ded	Earn	Definition	W2 Box/Cd	Txbl Fed	Txbl FI
SITE	AB		Site reporting (MN and IA)			
SOLE		SP	Sole proprietor amounts taxable only for Pittsburgh PA local 5353			
STIP		RQ	Service charges (tips added to a bill for large parties)	3	Y+	Y+
SUPW		68	25% federal tax on all SUPW wages up to 1 million. 39.6% on all SUPW wages over 1 million.		Y+	Y+
TPAS	TP		Transit pass EE deduction		Y–	Y–
TPFD	TF		Transit pass EE deduction for states that do not follow federal limit (use TP up to state limit, then TF for remaining fed limit in HI, MA, MN, WI)		Y–	Y–
TPMD	3R		Tips—Uncollected Medicare on tips	12B		
TPOP	PT		Total POP plan deductions			
TPSS	2R		Tips—Uncollected SS tax on tips	12A		
TUTN		TN	Employer paid tuition (Taxable for PA SIT & SUI, IN SIT, and MA SIT)			
TVAC		77	Vacation pay for terminated employees (not included in CA SUI or CA DIS)		Y+	Y+
UBEX		49	Business expenses—Unsubstantiated. Also see SBEX.		Y+	Y+
UTIP		R8	Tips—Make-up			
VCAF	VC		Cafeteria plan for domestic partners, civil union and same sex marriage. Reduces DE, CT, HI, IL, MA, ME, NJ, NY, OR, RI, and VT SIT; NY City and Yonkers locals only.			
XTIP		R9	Tips—Additional		Y+	Y+

Codeword taxability table for 1099-M and 1099-R codewords

Codeword	Ded	Earn	Definition	1099-M Box/Cd
1099		50	Non-employee compensation	7
109\$		5A	Rents	1
10\$9		5B	Royalties	2
1\$99		5C	Other Income	3
109P		5P	Performing Arts Income (non-employee compensation)	7
9914		AT	Attorney	14
T099		T0, T1, T2	Non-employee compensation	7
T09\$		T4	Rents	1
T0\$9		T5	Royalties	2
T\$99		T6	Other income	3
TXTN		TU	Employer paid tuition; not job related. Taxable for MN.	
Codeword	Ded	Earn	Definition	1099-R Box/Cd
109R	I2		Pension distributions (taxable portion; used in conjunction with codeword W2PN)	2A
T09R	T8		Taxable amount	2A
BX2B	BX		Checks box 2B on 1099-R	2B
PS58		65	PS58 plans (used for the cost of insurance premiums only)	1, 2A, and 5
TXPN		T7	Gross distributions	1
W2PN		69	Pension (earnings code used in conjunction with deduction I2)	1

5

Quarterly and Annual Output

This chapter begins by describing the year-end process for producing quarterly and annual reports and forms. Then, the different reports and forms are described in detail.

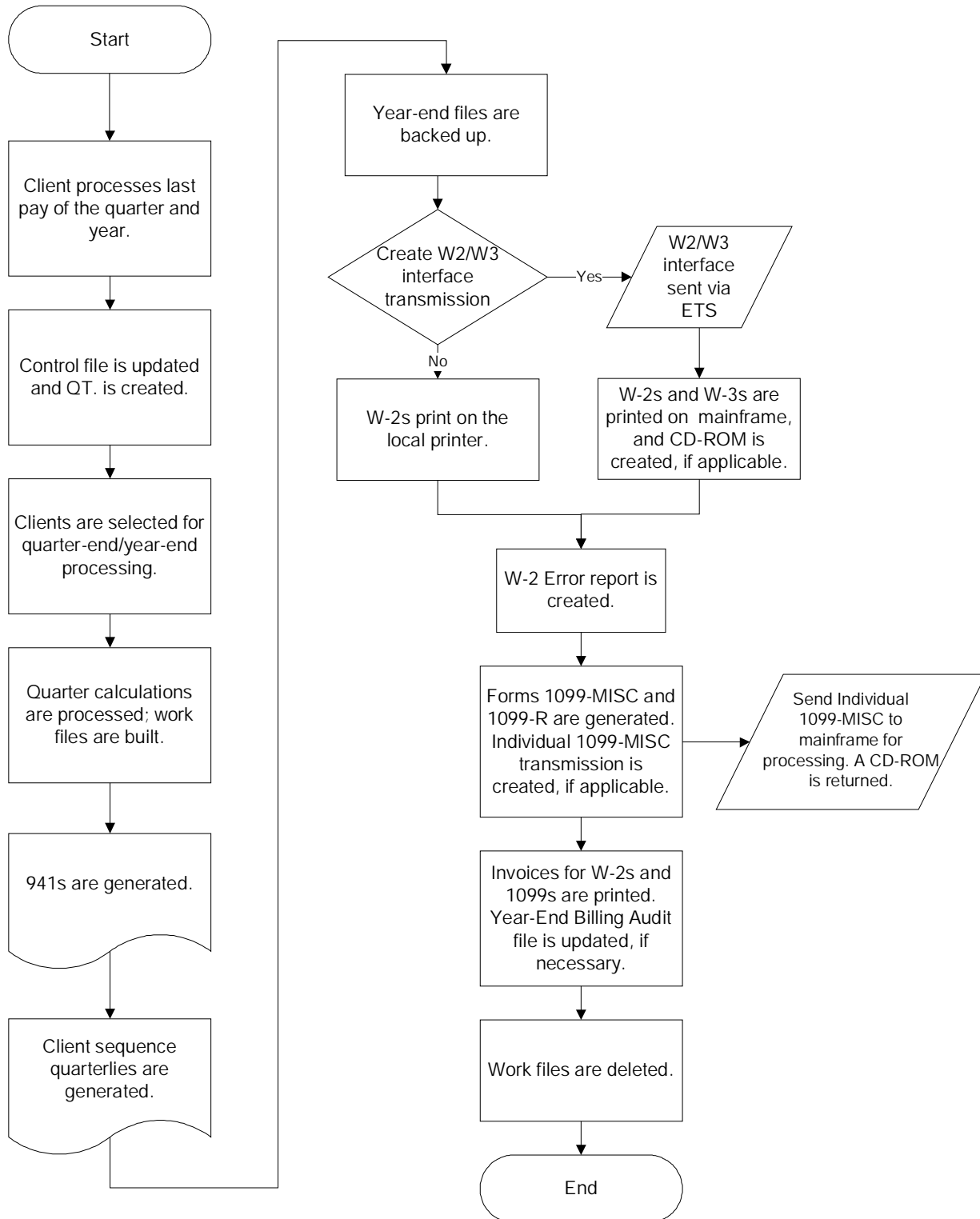
This chapter contains the following sections:

- Year-End Process Flow—describes year-end processing from the last payroll of the year through the generation of year-end forms.
- Quarterly Control System—describes how you can research a client's status during year-end.
- W-2 Issues—includes general information about billing, reprinting, interface transmissions, and CD-ROM output.
- Guidelines for Processing Quarterly and Yearly Reports—include the methods for selecting clients and the procedure for processing earnings records.
- Quarterly Reports—describes the following reports:
 - Quarterly Wage and Tax report
 - Quarterly Wage Detail report
 - End-of-Quarter / Year-to-Date report (EOQ/YTD)
 - Quarterly Tax Summary
 - Quarterly Earnings Record report
 - Statement of Deposits and Filings (SOD), issued by San Dimas to Deposit Only (TOS 2) clients and available by request for File/Deposit (TOS 3) clients
- Quarterly Tax Forms—describes the following forms:
 - Form 941
 - Form 941B
 - Form 941A (State Unemployment Wages Paid report)
- Annual Tax Forms—describes the following forms and report:
 - Form W-2
 - Laser-printed federal Copy A Form W-2
 - Laser-printed Form W-3
 - Wage and Tax Statement Totals report
 - 940 Tentative Credit Worksheet
 - 1099-MISC
 - 1099-R
- ✓ Clients' profiles and employees' overrides determine the information that appears on the quarterly and annual reports and tax forms. The system uses codewords to determine the earnings that are taxable and/or subject and the taxes that should appear on the reports and tax forms.

Chapter contents

Year-End Process Flow.....	5-3
Quarterly Control System.....	5-4
W-2 Issues	5-5
Billing for W-2s and 1099s.....	5-5
Transmitting W-2s and W-3s to the AutoPay mainframe.....	5-6
Creating CD-ROM output	5-6
Reprinting an entire set of W-2s for a client	5-6
Reprinting one or more individual employee W-2s for a client	5-7
Accessing W-2s in Electronic Reports	5-7
Rerunning and printing selected W-2s	5-7
Guidelines for Processing Quarterly and Yearly Reports	5-9
Selecting clients	5-9
Processing earnings records	5-10
Quarterly Reports.....	5-12
Quarterly Wage and Tax report.....	5-13
Quarterly Wage Detail report.....	5-14
End-of-Quarter / Year-to-Date report (EOQ/YTD).....	5-15
Quarterly Tax Summary	5-16
Quarterly Earnings Record report	5-17
Statement of Deposits and Filings (SOD).....	5-18
Quarterly Tax Forms.....	5-19
Federal Form 941	5-19
Federal Form 941B.....	5-22
Resolving 941 errors.....	5-23
State Forms 941A.....	5-23
Annual Tax Forms	5-24
Form W-2.....	5-24
Laser-printed federal Copy A Form W-2.....	5-33
Laser-printed Form W-3	5-34
Wage and Tax Statement Totals report	5-36
940 Tentative Credit Worksheet	5-37
1099-MISC	5-39
1099-R	5-41

Year-End Process Flow



Quarterly Control System

The Quarterly Control system helps you track clients' quarter-end status throughout the quarter-end process. It allows you to obtain various lists of quarterly client information. For example, you can get a list of clients whose quarter has been cut but not run yet or a list of clients who have been processed but not sent.

To access the Quarterly Control system:

1. From your main menu, select option **5** (Branch Functions) and press **ENTER**. The Branch Operations menu appears.
2. From the Branch Operations menu, select option **4** (Quarterly Control) and press **ENTER**. The Quarter Cut menu appears.

Menu: MNUQTRCT	Quarter Cut Menu	System: AS98
+-----+-----+-----+		
1. List all clients for QTR	11. Change A/R hold status	
2. List clients not cut or run	12. Change date quarterlies sent	
3. List clients cut not run	13. Update the control file	
	15. Reprint State Forms	
	16. Reprint Quarterly Reports	
7. List batch excluded clients		
8. Create M. from QT.		
9. Manual Quarter Cut		
	23. Go To Work With Client Menu	
	24. Go To Main Menu	
+-----+-----+-----+		

3. Select one of the following options:

Option	Description
1	Creates a list for the Control Team to use to control quarter close activity
2	Creates a list of clients the Control Team can use to ensure the clients have been cut. These clients were not cut or run.
3	Creates a list of clients who have been cut and not run
7	Creates a list for the Control Team to view clients that have been excluded from automatic close activity
8	Allows associates to create a master file from the Quarter close
9	Allows associates to manually cut the quarter
11	Allows associates to change a client's A/R hold status
12	Allows associates to enter the actual date reports are sent to Traffic or an outside delivery service
13*	Allows associates to update quarter-end comments (e.g., termination information) and exclude clients from automated quarterly batch selection

- * Select option 13 on this menu to enter special messages for terminations. (Refer to *Terminations > Main Business > Preparing an out-of-business client's data* in the online *EasyPay Quick Reference Procedures* in the Reference Library on the SBS Service Training intranet site.) Also, refer to the *Managing the Quarterly Batch Select Process* document for more information on this option.

Also refer to the *Quarter-End* topics in the online *EasyPay Quick Reference Procedures*. This online reference contains an explanation of the menu options, quarter-end scenarios, out-of-balance situations, and end-of-quarter Balance Listing terminal errors.

W-2 Issues

This section contains information about:

- How W-2s are billed
- How W-2s can be transmitted to the AutoPay mainframe for printing on Major Accounts' or National Accounts' high-speed printers
- The CD-ROMs that can be produced
- Whether W-2s can be reprinted

Billing for W-2s and 1099s

Client charges

The first time EasyPay processes annual reports for a client for the current year, the system automatically invoices the client for W-2s and 1099s. If year-end is processed again for the client, the system *suppresses* billing for W-2s and 1099s. You can track this activity with the W-2/1099 Rerun by Batch report. A manual invoice must be created to bill the client for additional year-end processing. For more information on manual W-2 billing, see chapter 7, *Year-End Billing*.

For example, client XYZ cuts the fourth quarter with run 053. Year-end is processed and an invoice is created for W-2s. The client then reports an adjustment payroll. The quarter is re-cut and year-end is processed again. The system does not create a W-2 invoice for run 054. However, *payroll* invoices are generated as usual. The CSR must produce a manual W-2 invoice.

- ✓ Some service centers have one associate who is responsible for creating manual W-2 invoices. Check with your manager for your service center's procedure regarding creating manual W-2 invoices.

The Year-End Billing Audit file is used to track year-end processing and billing activity. Information is added to this file each time year-end is processed for a client. For more information on the Year-End Billing Audit file, see chapter 7, *Year-End Billing*.

DDF invoices

The W-2 processing date is the DDF invoice date for W-2 charges. However, the actual debit transaction will be held in San Dimas for seven days and then sent to the bank. This is longer than the time payroll processing charges are held, as illustrated in the example below:

Activity	Payroll Processing DDF Invoice	W-2 Processing DDF Invoice
Run weekly billing	December 24, 2014	December 24, 2014
Transmit to San Dimas	December 26, 2014	December 26, 2014
Released to the bank	December 29, 2014	January 5, 2015
Debit the client	December 31, 2014	January 7, 2015

If a client disputes a W-2 invoice in the same billing period the invoice was generated, the invoice must be voided. Due to the delay in sending W-2 invoices to the bank, a credit issued in the same week may appear in the client's bank account before the debit for the W-2 invoice.

Transmitting W-2s and W-3s to the AutoPay mainframe

When year end is processed, W-2 interface files are sent to the AutoPay mainframe via an ETS transmission.

When the option to print W-2s via the AutoPay mainframe is selected, the AutoPay center prints all EasyPay W-2s and W-3s. The interface transmission option allows EasyPay centers to print large numbers of W-2s on the AutoPay high-speed printers.

The W-2s printed with the interface program may be slightly different than W-2s printed from local EasyPay printers. Refer to page 5-32 for a list of some differences.

Major Accounts will charge your center a standard charge for this print service. SBS Finance in Florham Park will use processing statistics for reconciliation. Refer to the *Year-End Processing Statistics Report* section in chapter 6 for more information.

- ✓ During year-end, EasyPay will transmit a file via ETS to their previously identified mainframe each time a quarter-end batch is selected to process year-end. All W-2s printed from the mainframe will include a custom EasyPay separator page. This separator page will clearly identify the W-2s as EasyPay and include the San Dimas branch number and quarter batch number.

Creating CD-ROM output

Clients who generate more than 250 1099-M or W-2 forms *must* file data electronically. Your center can send individual CD-ROMs (which contain the client 1099 or W-2 data) to the clients, who are responsible for filing the information electronically with the IRS.

- ✓ All 1099-MISC data will be transmitted via ETS to the AutoPay mainframe for output onto the CD-ROM. For more information on the CD-ROMs, refer to chapter 8, *Magnetic Media*, in this guide.

Clients may request that your center prepare an individual W2 CD-ROM containing only his or her company data. To request individual CD-ROMs, clients must provide you with their SSA PIN. Your center sends individual CD-ROMs to the clients, who are responsible for filing the information electronically with the SSA.

- ✓ Individual federal W-2 CD-ROMs will be produced for applicable clients by the AutoPay mainframe. For more information on the CD-ROMs, refer to chapter 8, *Magnetic Media*, in this guide.

Reprinting an entire set of W-2s for a client

If W-2s are lost or damaged, a designated associate can reprint them using either the Select Clients for Quarterly Reports Only option on the Operator's Quarterly menu or the Reprint Quarterly Reports option in the Quarter Cut menu.

- ✓ Use this option only if the client's data has not changed from the original printing.

The region may use the Select Clients for Quarterly Reports Only option if the client's data has not been changed. When a client's data has not changed, the situation is not a rerun. Therefore, data is not created for the San Dimas transmission. This option should be used *only* to create reports (e.g., for CSR research or due to paper jams). This option should *not* be used if *any* of the client's data (e.g., Social Security numbers, adjustments, client-level data, etc.) has changed.

Reprinting one or more individual employee W-2s for a client

If an individual employee's W-2 has been lost or damaged, CSRs can reprint an individual W-2 using the Reprint Individual Employee W2 option. This option allows you to reprint one or more individual employee W-2s for a client. This option cannot be used to print individual 1099s.

To reprint one or more Form W-2s for a client:

1. From the Work with Client (MNUSRV) menu, select option **14** (Go to Client Srv Yr-End Menu) and press **ENTER**. The Year End menu appears.
2. From the Year End menu (MNUYREND), select option **5** (Reprint Individual Employee W2) and press **ENTER**. The first Selected W2 Re-print screen appears.
3. At the first prompt screen, enter the desired print device and press **ENTER**.
4. At the second prompt screen, enter the client code and the tax year and press **ENTER**.
 - ✓ When the Employee Selection screen appears, it displays all of the employees' IDs and names for the client who was selected.
5. On the Employee Selection screen, select each employee by typing **Y** in the Select field, and then press **F5**.
 - ✓ There is an Advance option at the top of the Employee Selection screen that can be used to skip either to division only, employee only, or division/employee.
 - ✓ A delivery sheet will not print. If necessary, manually print a delivery sheet or create a label.

The error message "Selected client not found" may occur. This means the client's year-end processing has not occurred or the client has been purged.

Accessing W-2s in Electronic Reports

Employee's W-2 and Earning Summary forms are available for viewing through Electronic Reports from the Year-End Report tab. The Year-End Report tab will only appear when there are employee W-2 forms available to view. The W-2 forms are converted into a PDF file; the file name containing all of the employees' forms will be W2 US.

Rerunning and printing selected W-2s

The Rerun Selected W-2s option allows you to rerun a quarter and year end for one or more clients for the current year and print only selected individual employee W-2s generated as a result of the year-end reruns. The option to do so will only be available December through April. For more information, refer to the [Rerunning and Printing Selected W-2s](#) document.

To rerun selected W-2s:

1. From the Self Service Menu 2 (MNUSS2), select option **13**, Rerun Selected W2s, and press **ENTER**. The Rerun Selected W2s print location selection screen appears, with the prompt "Will these rerun W2s be printed by our AutoPay Partners?"
2. Specify where to print the selected rerun W-2s; type **Y** to print from the mainframe or **N** to print locally.
 - ✓ **If you are working with a non-tax filing client or deposit-only type client, you must use the local print option.**

- If you type “Y” to select to have the reports sent to the AutoPay mainframe, the updated quarterly and year-end reports, all copies of the W-3, and all applicable copies of the selected employee rerun W-2s will be printed by your AutoPay print partner. Type the local printer ID to be used to print the select sheet and Client Service internal reports; then, press **ENTER**. The Rerun Selected W2s client selection screen appears.
 - If you type “N” to select to print the reports locally, type the local printer ID and press **ENTER**. The Rerun Selected W2s client selection screen appears.
3. Type the appropriate client’s code, tax year, and quarter number. Then, press **ENTER**. The system validates the tax year and quarter number entries and the quarter stored in the Control file. The Rerun Selected W2s employee selection screen appears.
- ✓ If you press F7 from the Rerun Selected W2s client selection screen, year end will be rerun for each selected client and the appropriate reports, W-2s, and W-3 will be sent to the selected print queue (mainframe or local). If no clients were selected, the message “No clients were selected for W-2 print” appears.

1/10/10
14:07:39

Rerun Selected W2s

Client: SB3

Employee's available for rerun W2 printing

Skip to Div/EE#: _ _ _ _

Sel Y/N	Div	Employee	Name
—	1	0001	AIKMAN, TROY
—	1	0002	CUNNINGHAM, RANDALL
—	1	0003	BROWN, DAVE
—	1	0011	KREIG, DAVE
—	1	0101	KOSAR, BERNIE
—	1	1101	KOSAR, BERNIE
—	1	1113	MANNING, ELI
—	1	1201	ADDED, EMPLOYEE
—	1	9876	EMPLOYEE, NONQUAL
—	2	0004	FAVRE, BRETT

More...

F3=Cancel All W2s F7=Update/Print W2s
F5=Select Next Client F12=Cancel Client

Employees with a marital status of “A” or “V” will not be listed.

If “More” appears, press PGDN to see the next group of employees.

4. Type **Y** next to the employees whose W-2s need to be printed. If there are no more clients to process, press **F7** to begin processing. If there are more clients to process, press **F5**. The Rerun Selected W2s client selection screen appears. Go back to step 3.
- ✓ If you return to the Rerun Selected W2s client selection screen but have no additional clients to process, you can also press F7 from there to begin processing.

Guidelines for Processing Quarterly and Yearly Reports

Before processing quarterly and yearly reports, the client's quarter or year must be cut and the client's quarter-end master (QT.) file must reside on disk.

The following rules apply to quarterly and yearly processing:

- All TFS clients must be processed first to meet San Dimas close deadlines.
- A client's QT. file must be on disk to process the client.
- Processing batches cannot exceed 300 clients.
- ✓ Quarter-cut lists, provided by the Control Team, help in controlling quarter- and year-end.
- ✓ Automatic restarts are built into the quarterly and yearly processing procedure. If you cancel the procedure, you can restart it.
- ✓ The Elk Grove Command Center (EGCC) performs the bulk of the quarterly and yearly processing at quarter-end. Clients will be processed in a first cut, then first run order.

Selecting clients

You can enter up to 300 client codes in a batch. After entering the client codes, a second screen appears. It displays the client codes just entered, client names, and the year and quarter numbers obtained from the quarter-cut information in the control file. If necessary, you can change the quarter and year numbers.

After the client selection, the procedure verifies that the QT. files are on disk. It then loads the clients' files and produces all the other required files and reports. If the QT. files are fourth quarter master files or if the procedure is run during December or January, the year-end reports also are printed. (In all other months, i.e., when the quarter you are running is the first, second, or third, you must run "force year-end" to produce year-end reports.) You can process the year-end reports as part of the quarterly job stream or save the information and process the reports later.

To see which clients still need to have their quarterly reports processed, run a List Clients Cut Not Run report.

- ✓ Refer to the *SBS Self-Service Procedures Guide* for additional information and procedures.

Processing earnings records

Client Services can create earnings records for a single client either at the end of the month or when the client cuts the quarter. These earnings records can be printed upon client request or for researching client issues.

- To create monthly earnings records, the system loads the client's M. file and extended details.
- To create quarterly earnings records, the system loads the client's QT. file and extended details.
- ✓ Check with your manager for your service center's procedure regarding distribution of earnings records.
- ✓ To activate automatic quarterly earnings records so a client receives them automatically for each quarter, refer to the *Activating automatic quarterly earnings records* section outlined on the next page.

Processing monthly earnings records for a single client

To process *monthly* earnings records for a single client:

1. From the main menu, select option **2** (Work with an Existing Client) and press **ENTER**.
2. From the Work with Client (MNUSRV) menu, select option **22** (Go to Print Reports Menu) and press **ENTER**.
3. From the Client Reports menu (MNURPT), select option **3** (Earning Records) and press **ENTER**. The Reprint Earnings Record from Detail History screen appears.
4. In the Sel column, type **Y** next to the year/quarter you want to process and press **ENTER**. The File Type Selection screen appears.
5. Accept the default "1" to process earnings records from the master (M.) file. Press **ENTER**. The Customer Service Tools welcome screen appears.
6. Type the client number and press **ENTER** twice to process earnings records from the current M.
 - ✓ After pressing ENTER once, you have the option to change the M. from which to print the earnings records. If you require earnings records from an historical M., follow your center's procedures to have the appropriate M. restored to the EasyPay system.
7. On the next prompt screen, type **Y** to bill the client for the earnings records, or type **N** if you do not wish to bill the client. Then, press **ENTER**. The Select Records screen appears.
8. Type **Y** next to each payroll run you wish to include in the earnings records. Then, press **F7** to begin processing the earnings records.

Processing quarterly earnings records for a single client

To process *quarterly* earnings records for a single client:

1. From the main menu, select option **2** (Work with an Existing Client) and press **ENTER**.
2. From the Work with Client (MNUSRV) menu, select option **22** (Go to Print Reports Menu) and press **ENTER**.
3. From the Client Reports menu (MNURPT), select option **3** (Earning Records) and press **ENTER**. The Reprint Earnings Record from Detail History screen appears.
4. In the Sel column, type **Y** next to the year/quarter you want to process and press **ENTER**. The File Type Selection screen appears.
5. Type **2** to process earnings records from the quarter master (QT.) file and press **ENTER**. The message “Do you wish to run the Quarterly Recap Report?” appears.
6. Accept the default “Y” to print the Quarterly Recap report, or type **N** if you do not wish to print the Quarterly Recap report. Then press **ENTER**. The Enter Client Quarterly File Data screen appears.
7. Enter the client, year (last digit), and quarter numbers, and press **ENTER**. The Select Records screen appears.
8. In the Pick? column, type **Y** next to each payroll run for which you wish to process the earnings records. Then, press **F7** to begin processing the earnings records.

Activating automatic quarterly earnings records

To activate automatic quarterly earnings records

1. From the Branch Functions 1 (MNUCS1BR) or Branch Functions 2 (MNUBRNCH) menu, select option **3** (Optional QTR Report Selection) and press **ENTER**. The Optional Quarterly Report Client Selection screen appears.
2. Enter the desired client code and press **F7**. The Optional Quarterly Report Selection screen appears.
3. After confirming the name of the client type, **Y** in the Quarterly Earnings Record field and press **ENTER** to activate the report.

Quarterly Reports

The client's profile and employee overrides determine the information that appears on the quarterly and annual reports and tax forms. The system uses codewords to determine the earnings that are taxable/subject and the taxes that should appear on the reports and tax forms. Quarterly reports are printed in a standardized format.

This section includes information on the following quarterly reports, which each client receives each quarter unless noted otherwise:

- Quarterly Wage and Tax report
 - Quarterly Wage Detail report
 - End-of-Quarter Year-to-Date report
 - Quarterly Tax Summary
 - Quarterly Earnings Record report
 - Statement of Deposits and Filings (SOD), issued by San Dimas to Deposit Only (TOS 2) clients and available by request for File/Deposit (TOS 3) clients
 - Form 941 (Employer's Quarterly Federal Tax Return)
 - Form 941B (Employer's Record of Federal Tax Liability)
 - Client's Form 940 Worksheet report
 - Generic and custom unemployment (941A) reports
- ✓ All of the quarterly reports listed above, with the exception of the Statement of Deposits and Filings (SOD), can be viewed electronically with the Electronic Reports feature.
- ✓ Form 941 and client error reports (e.g., FICA Variance and 941 Report Problems) are no longer collated with each client's reports. Error reports are generated, and spool differently depending on where the batch is printed (local vs. mainframe). Refer to the *Processing Quarter-End Reports* section of the *SBS Self-Service Procedures Guide* for additional information and procedures.

Quarterly Wage and Tax report

The Quarterly Wage and Tax report provides both quarter-to-date and year-to-date wage data broken down between employer and employee taxes. It is organized alphabetically by department. Final totals for the client, descriptions of the local taxes, and any notes the client needs to know will print on a totals page.

- ✓ Non-Tax Filing clients can use the wage information from this report to complete their state unemployment (SUI) tax return. Refer to the sample report below.

Sample Quarterly Wage and Tax report

BATCH# 000330										
Employee Information		Employee				Employer				
		Tax Type	QTD Taxable Wages	QTD W/H Tax	YTD Taxable Wages	YTD W/H Tax	Tax Type	QTD Taxable Wages	QTD Tax Expense	YTD Taxable Wages
Dept: 01 DEPARTMENT 1										
FAKE, FIRST NAME XXX-XX-3533 BIRTH: 01/01/1978 HIRE: ST: NJ SUI: NJ	#0003	Fed Wt	6,600.00	1,142.28	7,700.00	1,332.63	FUTA			7,000.00
		EE/SS	6,600.00	277.20	24,200.00	1,016.40	ER/SS	6,600.00	409.20	24,200.00
		EE/IC	6,600.00	95.70	24,200.00	350.90	ER/IC	6,600.00	95.70	24,200.00
		NJ State	6,600.00	212.82	7,700.00	248.28				
		NJ SUI/DS	6,600.00	61.08	24,200.00	71.26	NJ SUI/DS	6,600.00		24,200.00
		NJ Fm Ly	6,600.00	3.96	24,200.00	4.62				
		GROSS	6,600.00		24,200.00					
FAKE, JUMP KICK XXX-XX-5355 BIRTH: 01/01/1972 HIRE: ST: NJ SUI: NJ	#0005	Fed Wt	6,600.00	1,142.28	24,200.00	4,188.36	FUTA			7,000.00
		EE/SS	6,600.00	277.20	24,200.00	1,016.40	ER/SS	6,600.00	409.20	24,200.00
		EE/IC	6,600.00	95.70	24,200.00	350.90	ER/IC	6,600.00	95.70	24,200.00
		NJ State	6,600.00	212.82	24,200.00	780.34				
		NJ SUI/DS	6,600.00	61.08	24,200.00	223.96	NJ SUI/DS	6,600.00		24,200.00
		NJ Fm Ly	6,600.00	3.96	24,200.00	14.52				
		GROSS	6,600.00		24,200.00					
FOX, ERICA XXX-XX-0983 BIRTH: 05/03/1980 HIRE: 06/22/2009 ST: NJ SUI: NJ	#0013	Fed Wt	1,000.00	165.38	8,000.00	1,323.04	FUTA			7,000.00
		EE/SS	1,000.00	42.00	8,000.00	336.00	ER/SS	1,000.00	62.00	8,000.00
		EE/IC	1,000.00	14.50	8,000.00	116.00	ER/IC	1,000.00	14.50	8,000.00
		NJ State	1,000.00	29.37	8,000.00	234.96				
		NJ SUI/DS	1,000.00	9.25	8,000.00	74.00	NJ SUI/DS	1,000.00		8,000.00
		NJ Fm Ly	1,000.00	.60	8,000.00	4.80				
		GROSS	1,000.00		8,000.00					
JONES, MARY ANN XXX-XX-5389 BIRTH: 01/01/1979 HIRE: 06/22/2009 ST: NJ SUI: NJ	#0009	Fed Wt	1,000.00	110.87	8,000.00	886.96	FUTA			7,000.00
		EE/SS	1,000.00	42.00	8,000.00	336.00	ER/SS	1,000.00	62.00	8,000.00
		EE/IC	1,000.00	14.50	8,000.00	116.00	ER/IC	1,000.00	14.50	8,000.00
		NJ State	1,000.00	18.35	8,000.00	146.80				
		NJ SUI/DS	1,000.00	9.25	8,000.00	74.00	NJ SUI/DS	1,000.00		8,000.00
		NJ Fm Ly	1,000.00	.60	8,000.00	4.80				
		GROSS	1,000.00		8,000.00					
MTA, TEST XXX-XX-5830 BIRTH: 01/01/1970 HIRE: 10/16/2009 ST: NY SUI: NY	#0015	Fed Wt	8,600.00	1,652.28	31,600.00	6,058.36	FUTA			7,000.00
		EE/SS	9,000.00	378.00	33,000.00	1,386.00	ER/SS	9,000.00	558.00	33,000.00
		EE/IC	9,000.00	130.50	33,000.00	478.50	ER/IC	9,000.00	130.50	33,000.00
		NY State	8,600.00	490.92	31,600.00	1,800.04				
		NY SUI/DS	9,000.00	3.60	33,000.00	13.20	NY SUI/DS			8,500.00
		NY OVSU	9,000.00		24,500.00		3305	9,000.00	30.60	33,000.00
		GROSS	9,000.00		33,000.00					
MULTIPLE, COMMA, EE XXX-XX-5344 BIRTH: 01/01/1988 HIRE: ST: NJ SUI: NJ	#0004	Fed Wt	6,900.00	1,217.28	8,800.00	1,349.13	FUTA			7,000.00
		EE/SS	6,900.00	289.80	25,300.00	1,062.60	ER/SS	6,900.00	427.80	25,300.00
		EE/IC	6,900.00	100.05	25,300.00	366.85	ER/IC	6,900.00	100.05	25,300.00
		NJ State	6,900.00	231.12	8,800.00	259.65				
		NJ SUI/DS	6,900.00	63.84	25,300.00	234.08	NJ SUI/DS	6,900.00		25,300.00
		NJ Fm Ly	6,900.00	4.14	25,300.00	15.18				
		GROSS	6,900.00		25,300.00					

The Quarterly Wage and Tax report now provides the over SUI limit amount (that is, the difference between the subject wage and the taxable wage). If an employee has an over SUI limit amount for the quarter, the amount can be found in the Taxable Wages column to the right of the Tax Type heading "XX OVSU," where "XX" is the employee's SUI state abbreviation.

Quarterly Wage and Tax Report


Run: 022 Page: 1
Qtr: 3 Batch: 330
Year: 2011 PT00619

Quarterly Wage Detail report

The Quarterly Wage Detail report provides employee hours and earnings information by earning type. It also includes QTD and YTD information. The employees are listed in alphabetical order by department. State and grand totals for the client are also provided on a totals page.

- ✓ Non-Tax Filing clients can use the wage information from this report to complete their state unemployment (SUI) tax return. Refer to the sample report below.

Sample Quarterly Wage Detail report

BATCH# 000492									
Employee Information	Hours		Amount		Hours		Amount		
	QTD	YTD	QTD	YTD	QTD	YTD	QTD	YTD	
Dept:									
AURORA, 0603 587-44-1475 #0029 BIRTH: 09/30/1996 ST: CO SUI: CO	REGULAR OTHER VACATION	80.00 80.00	880.00 880.00		OTIME SALARY VACTKN				
BLACKMARRY 179-52-1233 #1231 BIRTH: 01/01/1979 HIRE: 05/01/2007 ST: NJ SUI: NJ	REGULAR OTHER VACATION	40.00 40.00	600.00 600.00		OTIME SALARY VACTKN		11,055.55	11,055.55	
BOLTON, MICHAEL 155-38-4987 #0010 BIRTH: 11/25/1950 HIRE: 05/05/1990 ST: NJ SUI: NJ	REGULAR OTHER VACATION		500.00 500.00		OTIME SALARY VACTKN		5,000.00	5,000.00	
CLARK, JOHN 232-15-6446 #0021 BIRTH: 01/02/1950 HIRE: 12/03/1990 ST: NJ SUI: NJ	REGULAR OTHER VACATION				OTIME SALARY VACTKN		2,100.00	2,100.00	
COLORADO, NEWHIRE 165-47-8806 #0005 BIRTH: 11/16/1953 HIRE: 10/12/1997 ST: CO SUI: CO	REGULAR OTHER VACATION	80.00 80.00	880.00 880.00		OTIME SALARY VACTKN				
DENVER, 0601 123-51-2239 #0030 BIRTH: 08/03/1996 ST: CO SUI: CO	REGULAR OTHER VACATION	80.00 80.00	4,000.00 4,000.00		OTIME SALARY VACTKN				
CUMPT, HUMPTY 790-56-1111 #0006 BIRTH: 06/22/1987 ST: NJ SUI: NJ	REGULAR OTHER VACATION				OTIME SALARY VACTKN		1,666.65	1,666.65	
EMP, 1224 213-12-3123 #1224 BIRTH: 01/01/1944 HIRE: 01/01/2001 ST: NJ SUI: NJ	REGULAR OTHER VACATION				OTIME SALARY VACTKN		3,000.00	3,000.00	
EMPLOYEE II, NEWHIRE 233-25-8744 #0034 BIRTH: 02/15/1963 HIRE: 10/13/1997 ST: CO SUI: CO	REGULAR OTHER VACATION				OTIME SALARY VACTKN		6,000.00	6,000.00	
<div>  <div> Client : HKG NEW HIRE REPORTING TEST C Quarter End : 06/30/2007 </div> <div> Quarterly Wage Detail Report </div> <div> Run: 003 Qtr: 2 Year: 2007 </div> <div> Page: 1 Batch: 492 PTQ0620 </div> </div>									

End-of-Quarter / Year-to-Date report (EOQ/YTD)

All clients receive this report at each quarter-end. It reports year-to-date totals for all earnings, taxes, and deductions included on the client's Payroll Register at the close of the most recent quarter. You can sort this information either alphabetically by employee name or numerically by employee number. The report sort follows the sort on the Worksheet and Register.

Sample End-of-Quarter/Year-to-Date report

This column contains the following data:


- LW: Employee's last calendar week number worked
- CKS: Number of checks received by the employee
- SU\$: Number of employee's checks credited to unemployment weeks worked

BATCH# 000103																			
EMPLOYEE	EMP NO	REG HR	OT HR	REG HR	O/T HR	OTH HR	SAL SS	ADD SS	CSH PAY	CONDEL									
SOC SEC NO	INC ST	LOCAL	REG SS	OT SS	REG SS	O/T SS	OTH SS	MIN SS	GRS PAYED	WT	FICA	STATE	SUI/DISCTY	LOC	MISC				
TEST, EE 0001	0001								125000	2500									
XXX-XX-2332									125000	865	9563	1585	1155						
TEST, EE 0002	0002								312500	6250									
XXX-XX-5656									312500	13075	23906	4110	2890						
TEST, EE 0003	0003								332500	6650									
XXX-XX-3332									332500	13562	25436	4412	3074						
TEST, EE 0004	0004								317500	6350									
XXX-XX-1212									317500	13187	24289	4297	2938						
TEST, EE 0005	0005								60600										
XXX-XX-4132									143000		10940	1570	1325						
TEST, EE 0006	0006								56000										
XXX-XX-1123									143000		10940	705	1325						
TEST, NONDIRDEP	0007								250000	5000									
XXX-XX-6994									250000	22075	19125	3750	2315						
TEST, PNDNOACH	0008								375000	7500									
XXX-XX-6666									375000	9040	28688	5050	3470						
TIPPED, EE	0009																		
XXX-XX-4797																			
TIPPED, EE	0010								80000										
XXX-XX-8797									143000	9205	10940	2145	1325						
CLIENT TFR ***									14,75000	19,09100	34250								
Y.T.D. TOTAL ***									21,41500	81609	1,63827	27624	19817						
End of Quarter Y.T.D.																			
CLIENT TFR RESTAURANT-ADP CHK-FSDD FED.ID# 23-5173293 STATE NJ BAT# 103 RUN# 5 QUARTER ENDING- 6/30/2007 PAGE 1																			

Quarterly Tax Summary

This report is printed for all clients. The Quarterly Tax Summary includes quarter-to-date and year-to-date information for both employer and employee taxes (federal, state, and local), specifically the amount of tax withheld, taxable wages for each quarter, each tax ID number, and the tax rate for each tax the client withheld during the quarter. The report is organized by division.

Sample Quarterly Tax Summary


BATCH# 000327						
Name of Tax	Quarter to Date		Year to Date		Tax Rates	Notes
	Tax Amount	Taxable Wages	Tax Amount	Taxable Wages		
Federal	EIN: 225499874					
Federal Withholding - EE	20,992.53	121,945.31	23,113.45	136,290.62		
Social Security - EE	7,560.63	121,945.31	8,450.03	136,290.62		
Medicare - EE	1,768.20	121,945.31	1,976.21	136,290.62		
Social Security - ER	7,560.63	121,945.31	8,450.03	136,290.62		
Medicare - ER	1,768.20	121,945.31	1,976.21	136,290.62		
Federal Unemployment - ER	221.24	27,654.69		42,000.00	0.8000%	
Total Employee Federal	30,321.36		33,539.69			
Total Employer Federal	9,550.07		10,426.24			
Total Federal	39,871.43		43,965.93			
Iowa	SIT ID#: 22-5499874124		SUI ID#: 456259			
IA State Income Tax - EE	1,150.77	20,985.55	1,225.19	22,671.10		
IA Unemployment - ER	203.14	20,314.45		22,000.00	1.0000%	
Total Employee Iowa	1,150.77		1,225.19			
Total Employer Iowa	203.14					
Total Iowa	1,353.91		1,225.19			
Kansas	SIT ID#: 036365277415F02		SUI ID#: 254144			
KS State Income Tax - EE	1,041.62	21,452.33	1,168.60	23,904.66		
KS Unemployment - ER	55.48	5,547.67		8,000.00	1.0000%	
Total Employee Kansas	1,041.62		1,168.60			
Total Employer Kansas	55.48					
Total Kansas	1,097.10		1,168.60			
Kentucky	SIT ID#: 214552		SUI ID#: 22-541147			
KY State Income Tax - EE	2,177.27	39,677.88	2,406.95	44,105.76		
KY Unemployment - ER	115.72	11,572.12		16,000.00	1.0000%	
Total Employee Kentucky	2,177.27		2,406.95			
Total Employer Kentucky	115.72					
Total Kentucky	2,292.99		2,406.95			
Louisiana	SIT ID#: 2541477856		SUI ID#: 545695			
LA State Income Tax - EE	886.67	21,365.88	1,001.25	24,331.76		
LA Unemployment - ER	40.34	4,034.12		7,000.00	1.0000%	
Total Employee Louisiana	886.67		1,001.25			
Total Employer Louisiana	40.34					
Total Louisiana	927.01		1,001.25			
<div>  <div> Client : OAD FLT 4Q05 IA KS KY LA ME Quarter End : 06/30/2007 </div> <div> Quarterly Tax Summary </div> <div> Run: 002 Qtr: 2 Year: 2007 </div> <div> Page : 1 Batch: 327 PTQ0624 </div> </div>						

Quarterly Earnings Record report

The Quarterly Earnings Record report is a recap of all information listed on each employee's check or voucher stub per pay for the quarter. The report page breaks by employee and follows the sequence and sort on the Payroll Register. The quarterly earnings records are printed on demand, not automatically. Since the QT. file is one of the input files for this report, the client's quarter must be cut to process the report. The headings for the columns on the report are in the same format as the Payroll Register report.

Sample Earnings Record report

Week #	Check Date	Gross	Earnings	Rate	Hours	Amount	Federal Taxes	State/Local Taxes	Deductions	Net Pay Check #
41	1/31/99	1,730.77	SALARY			1,730.77	SS/Med Fed Wt 174.81	NJ State 28.46		1,395.09 #12105
41	1/31/99	1,730.77	SALARY			1,730.77	SS/Med Fed Wt 174.81	NJ State 28.46		1,395.09 #13126
41	1/31/99	1,730.77	SALARY			1,730.77	SS/Med Fed Wt 174.81	NJ State 28.46		1,395.09 #13142
41	1/31/99	1,730.77	SALARY			1,730.77	SS/Med Fed Wt 174.81	NJ State 28.46		1,395.09 #13158
Employee Totals		6,923.08	SALARY			6,923.08	SS/Med Fed Wt 699.24	NJ State 113.84		5,580.36 4 Pays



Client: E15 Division: 5
FORBO WALLCOVERINGS INC.

Earnings Record

Runs: 22
Weeks: 41
Qtr: 1
Page: 31

Statement of Deposits and Filings (SOD)

The Statement of Deposits and Filings (SOD) provides a detailed accounting of tax activity and deposits conducted by ADP on behalf of a Tax Filing service client for quarterly and/or annual periods. Quarterly SODs are provided to clients with Deposit Only (2) type of service (TOS) jurisdictions and are available by request for File/Deposit (TOS 3) clients. In order for a client to receive an Annual SOD, the fourth quarter TOS must be Deposit Only (2). When the client is responsible for filing, the SOD is designed to contain all information needed to prepare any quarterly or annual jurisdictional filing when used in conjunction with other payroll records.

SODs are prepared by San Dimas and, for Deposit Only (TOS 2) clients, are sent out separately from the quarterly package issued by the service center. SODs are available by request only for Deposit/File (TOS 3) clients.

Sample Quarterly Statement of Deposits and Filings (SOD)

** FOURTH QUARTER 2014 **		STATEMENT DATE BR/COMPANY AGENT		01/20/2015 08/NHR 005		
FEDERAL ID:						
FEDERAL ID SUMMARY						
<hr/>						
QUARTER WAGE RECAP:						
FIT WAGES	2,580,729.98	INCOME TAX WITHHELD	407,591.63			
SOC. SEC. EE WAGES	2,400,468.03	TOTAL SOC. SEC. TAXES	297,658.04			
SOC. SEC. ER WAGES	2,400,468.03					
MEDICARE WAGES	2,460,882.08	TOTAL MEDICARE TAXES	71,365.58			
TAXABLE TIPS	.00	EARNED INCOME CREDIT	5,008.38			
MEDICARE SPSP TAXES	.00	FUTA TAX	5,008.38			
SOC. SEC. EE SPSP TAXES	.00	FICA EXEMPT: NO	FUTA EXEMPT: NO			
UNCOL SOC SEC/MED	.00	SOC. SEC. RATE: 12.40%	FUTA RATE: .80%			
FUTA TAXABLE WAGES	626,047.87	MEDICARE RATE: 2.90%				
FEDERAL DEPOSIT FREQUENCY: SEMI-WEEKLY						
ADP FILING RESPONSIBILITY: CLIENT FILING RESPONSIBILITY:						
<hr/>						
DEPOSIT DETAIL						
DEPOSIT DATE	FEDERAL INCOME TAX	EARNED INC CR	EMPLOYEE FICA	EMPLOYER FICA	TOTAL (MINUS FUTA)	FUTA
<hr/>						
10-12-95	46,112.63		18,965.29	18,965.32	84,043.24	
10-18-95	29,671.59		13,503.29	13,503.15	56,678.03	
10-25-95	36,805.99		16,331.52	16,331.66	69,468.17	
11-01-95	28,541.75		13,173.68	13,173.68	54,889.11	
11-08-95	31,594.39		14,585.35	14,585.41	60,765.15	
11-15-95	18,680.63		9,833.61	9,833.57	38,347.81	
11-22-95	36,484.54		16,246.94	16,246.92	68,878.40	
11-28-95	23,114.25		10,753.48	10,753.43	44,621.16	
12-06-95	28,551.82		13,287.31	13,287.34	55,126.47	
12-13-95	24,449.07		11,353.98	11,353.90	47,156.95	
12-20-95	38,337.60		15,865.31	15,865.40	70,068.31	
12-28-95	20,411.87		10,067.16	10,067.19	40,546.22	
12-29-95	2,744.03		811.69	811.66	4,367.38	
01-04-96	42,091.47		19,733.08	19,733.16	81,557.71	
01-29-96						5,008.38
TOTAL DEPOSITS	407,591.63	.00	184,511.69	184,511.79	776,615.11	5,008.38
TOTAL LIABILITY	407,591.63	.00	184,511.81	184,511.81	776,615.25	5,008.38
ADJUSTMENT	.00	.00	.00	.00	.00	.00
DIFFERENCE	.00	.00	.12	.02	.14	.00
<p>Questions you may have concerning differences in deposits and liabilities shown above should be directed to your Client Service Representative.</p> <p>We have filed the Quarterly 941 Return and have submitted your W-2s on magnetic tape to the Social Security Administration. We have also filed the Annual 940 Return.</p>						
THIS STATEMENT SHOULD BE RETAINED AS PART OF YOUR TAX RECORDS.						

Quarterly Tax Forms

This section contains information about federal Forms 941 and 941B and state Form 941A.

- ✓ Federal 941 and 941B forms, and selected state forms from Arizona, California, Florida, Georgia, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, Texas, and Virginia can be viewed electronically with the Electronic Reports feature.

Federal Form 941

The 941, Employer's Quarterly Federal Tax Return, is a quarterly filing document that reports to the IRS all quarterly taxes and taxable wages for federal income tax, Social Security and Medicare (employee and employer), and COBRA premium assistance payments. Employers file Form 941 quarterly to reconcile tax deposits and liabilities. The 941 must be filed by the last day of the month after the quarter ends (i.e., by January 31 for the quarter-ending date of December 31).

Whether ADP or the client is responsible for completing and filing Form 941 depends on the client's level of tax service.

- If a client is non-Tax Filing, the system automatically prints Form 941. The client is responsible for reviewing the information, signing the return, and filing it with the IRS.
- If a client is a Full Level Tax (FLT) client, and the client's BITS records indicate that ADP has filing responsibility, ADP will file Form 941 electronically with the IRS. The form will be available on Electronic Reports about three weeks after the quarterlies are run. Paper-only clients will receive a copy of the 941 in their packets.
- If a client is a mid-quarter non-FLT start who processed payrolls prior to becoming an ADP client or is deposit only, the system will print Form 941, which the client is responsible for filing.

Hard copy 941 for Tax Filing clients

If Tax Filing clients request a hard copy of Form 941, follow the manual procedure distributed to you by San Dimas to obtain the forms.

Sample Form 941 – first page

Batch# 000002
AZH

941 for 2013: Employer's QUARTERLY Federal Tax Return 950113
Form (Rev. January 2013) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN) 11-9565865

Name (not your trade name) GAILS ST FORMS NON TX FILE

Trade name (if any) --NONE--

Address 1 FIFTH ST
Number Street Suite or room number
XXX City NM 99779
City State ZIP code

Report for this Quarter of 2013
(Check one.)
☐ 1: January, February, March
☐ 2: April, May, June
☒ 3: July, August, September
☐ 4: October, November, December
Instructions and prior year forms are available at www.irs.gov/form941.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter.

1 Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), or Dec. 12 (Quarter 4) 1

2 Wages, tips, and other compensation 2 90155.00

3 Income tax withheld from wages, tips, and other compensation 3 21623.95

4 If no wages, tips, and other compensation are subject to social security or Medicare tax ☐ Check and go to line 6.

	Column 1		Column 2
5a Taxable social security wages	90155.00	$\times .124 =$	11179.22
5b Taxable social security tips	--NONE--	$\times .124 =$	--NONE--
5c Taxable Medicare wages & tips	90155.00	$\times .029 =$	2614.50
5d Taxable wages & tips subject to Additional Medicare Tax withholding	--NONE--	$\times .009 =$	--NONE--
5e Add Column 2 from lines 5a, 5b, 5c, and 5d			13793.72
5f Section 3121(q) Notice and Demand—Tax due on unreported tips (see instructions)			
6 Total taxes before adjustments (add lines 3, 5e, and 5f)			35417.67
7 Current quarter's adjustment for fractions of cents			(0.02)
8 Current quarter's adjustment for sick pay			
9 Current quarter's adjustments for tips and group-term life insurance			
10 Total taxes after adjustments. Combine lines 6 through 9			35417.65
11 Total deposits for this quarter, including overpayment applied from a prior quarter and overpayment applied from Form 941-X or Form 944-X filed in the current quarter			35417.65
12a COBRA premium assistance payments (see instructions)			
12b Number of individuals provided COBRA premium assistance			
13 Add lines 11 and 12a			35417.65
14 Balance due. If line 10 is more than line 13, enter the difference and see instructions			
15 Overpayment. If line 13 is more than line 10, enter the difference			

Check one: ☐ Apply to next return. ☐ Send a refund.

You MUST complete both pages of Form 941 and SIGN it.

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher. Cat. No. 17001Z Form 941 (Rev. 1-2013)

If the figures on the 941 are out of balance, the message "Liability and net tax do not agree. Please correct." is printed at the bottom of the form. Refer to page 5-23 for more information about resolving an out-of-balance 941.

Sample Form 941 – second page

Batch# 000002			
AZH			
		950213	
Name (not your trade name) GAIS ST FORMS NON TX FILE		Employer identification number (EIN) 119565865	
Part 2: Tell us about your deposit schedule and tax liability for this quarter.			
If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Pub. 15 (Circular E), section 11.			
<p>16 Check one: <input type="checkbox"/> Line 10 on this return is less than \$2,500 or line 10 on the return for the prior quarter was less than \$2,500, and you did not incur a \$100,000 next-day deposit obligation during the current quarter. If line 10 for the prior quarter was less than \$2,500 but line 10 on this return is \$100,000 or more, you must provide a record of your federal tax liability. If you are a monthly schedule depositor, complete the deposit schedule below; if you are a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.</p> <p><input type="checkbox"/> You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month and total liability for the quarter, then go to Part 3.</p>			
Tax liability: Month 1		<input type="text"/>	
Month 2		<input type="text"/>	
Month 3		<input type="text"/>	
Total liability for quarter		<input type="text"/> Total must equal line 10.	
<input checked="" type="checkbox"/> You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941.			
Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.			
<p>17 If your business has closed or you stopped paying wages <input type="checkbox"/> Check here, and enter the final date you paid wages <input type="text"/>.</p> <p>18 If you are a seasonal employer and you do not have to file a return for every quarter of the year . . . <input type="checkbox"/> Check here.</p>			
Part 4: May we speak with your third-party designee?			
Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.			
<input type="checkbox"/> Yes. Designee's name and phone number <input type="text"/>			
Select a 5-digit Personal Identification Number (PIN) to use when talking to the IRS. <input type="text"/>			
<input type="checkbox"/> No.			
Part 5: Sign here. You MUST complete both pages of Form 941 and SIGN it.			
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
X	Sign your name here		Print your name here <input type="text"/> Print your title here <input type="text"/>
	Date <input type="text"/>		Best daytime phone <input type="text"/>
Paid Preparer Use Only			
Preparer's name <input type="text"/>		Check if you are self-employed <input type="checkbox"/>	
Preparer's signature <input type="text"/>		PTIN <input type="text"/>	
Firm's name (or yours if self-employed) <input type="text"/>		Date <input type="text"/>	
Address <input type="text"/>		EIN <input type="text"/>	
City <input type="text"/> State <input type="text"/>		Phone <input type="text"/>	
		ZIP code <input type="text"/>	
Page 2		Form 941 (Rev. 1-2013)	

Federal Form 941B

This form is the client's liability record for the quarter. It will not be printed if the client has a monthly federal deposit frequency recorded in the State Tax IDs screen.

Sample Form 941 Schedule B

Batch# 000002
AZH

Schedule B (Form 941):
Report of Tax Liability for Semiweekly Schedule Depositors
(Rev. June 2011) Department of the Treasury — Internal Revenue Service

EIN
Employer identification number 1 1 - 9 5 6 5 8 6 5

Name (not your trade name) GAILS ST FORMS NON TX FILE

Calendar year 2 0 1 3 (Also check quarter)

Report for this Quarter...
(Check one.)
☐ 1: January, February, March
☐ 2: April, May, June
☒ 3: July, August, September
☐ 4: October, November, December

Use this schedule to show your TAX LIABILITY for the quarter; DO NOT use it to show your deposits. When you file this form with Form 941 or Form 941-SS, DO NOT change your tax liability by adjustments reported on any Forms 941-X. You must fill out this form and attach it to Form 941 or Form 941-SS if you are a semiweekly schedule depositor or became one because your accumulated tax liability on any day was \$100,000 or more. Write your daily tax liability on the numbered space that corresponds to the date wages were paid. See Section 11 in Pub. 15 (Circular E), Employer's Tax Guide, for details.

Month 1

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

Tax liability for Month 1
0.00

Month 2

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

Tax liability for Month 2
0.00

Month 3

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

Tax liability for Month 3
35417.65

Fill in your total liability for the quarter (Month 1 + Month 2 + Month 3) ▶
Total must equal line 10 on Form 941 or Form 941-SS.

Total liability for the quarter
35417.65

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11967Q Schedule B (Form 941) (Rev. 8-2011)

The tax liability for each payroll check date is printed in the appropriate boxes for each month of the quarter.

The total amount listed in the Total liability for the quarter box on Form 941B should equal the amount listed on Line 10 of Form 941.

Resolving 941 errors

If a *quarterly error report* (FICA Variance or 941 Report Problems) is produced for a client during batch processing by the command center, a copy of the Batch Summary FICA Variance report is sent to the local SBS print queue along with the individual client error report (FICA and/or 941).

- ✓ The client's quarterly reports will still print on the mainframe.

If the figures on the 941 are out of balance, the message "Liability and net tax do not agree. Please correct." is printed at the bottom of the form. The following table lists possible reasons for an out-of-balance 941 and the necessary action for resolving the situation. The system will also produce a Customer Service report showing clients with out-of-balance 941s.

- ✓ No additional research is required if the difference between the liability and net tax figures is \$2.00 or less. The IRS will accept a form indicating a difference of \$2.00 or less.

Reasons for Out-of-Balance	How to Resolve
The figures on the 941 do not reflect tax liabilities incurred by the client before starting on EasyPay.	Forward the 941 form to the client to complete. The client fills in the missing liability information.
Incorrect FICA tax was entered when voiding a check for one or more terminated employees. The employees were never paid again. Therefore, FICA did not self-correct.	Print earnings records to identify the payroll and employees involved. Then if necessary, run an adjustment payroll.
A terminated employee with an incorrect FICA amount was included in the setup. The employee was never paid again since he or she is no longer on the payroll. Therefore, FICA did not self-correct.	Contact the client for the correct FICA amount. Then, if necessary, run an adjustment payroll.
A codeword was changed for an existing earning or deduction. The change affected FICA taxable wages.	Contact the client to determine how to handle the out-of-balance situation. If necessary, process an adjustment payroll and rerun the quarterly reports.

State Forms 941A

The state Unemployment Wages Paid report (referred to as 941A information) lists information required by individual states for unemployment reporting. The system produces this generic form for any non-Tax Filing and Deposit Only (TOS 2) clients who are not in Arizona, California, Florida, Georgia, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, Texas, and Virginia. Clients in these states now have access to facsimiles of their actual state forms. (Note that Maryland and Michigan also print the old 941A as well.)

The system uses the codewords and taxes found in the client's profile to determine taxability of the information that is printed on the generic forms. Clients use this report each quarter to prepare and file their state unemployment returns.

Annual Tax Forms

The EasyPay system prints the following list of annual tax forms in client code sequence.

- W-2s
 - Employee Earnings Summary and W-2s
 - Laser-printed Employer federal copy (Copy A), if necessary
 - Employer's copy (Copy D)
 - Employer state copy (Copy 1), if necessary
 - Employer local copy (Copy 1), if necessary
- Laser-printed W-3s, if necessary
- Wage and Tax Statement Totals
- Federal 940 Tentative Credit Worksheet (mid-year Tax Filing clients only)
- 1099-MISC
- 1099-R
- ✓ Form 944, Employer's Annual Federal Tax Return, is an annual filing document that some employers with small payrolls (annual liability of \$1,000 or less for social security, Medicare, and withheld federal income taxes) file instead of the quarterly Form 941. Employers cannot file Form 944 unless they were notified by the IRS that they qualify to do so. Form 944 is used to reconcile tax deposits and liabilities and is generally due on January 31st of the following year. ADP will file Form 944 electronically with the IRS for FLT clients for whom we have annual filing responsibility. Non-Tax Filing clients and non-FLT clients required to file these forms must obtain and complete them themselves.
- ✓ Form 945 is for the client's annual 1099 reconciliation of federal income tax withheld, and Form 1096 is the transmittal form that accompanies the 1099-M and 1099-R forms when submitted. Neither EasyPay nor San Dimas will file or furnish these forms for clients.

Clients can obtain Form 945 or 1096 from the IRS Web site at the following address: <http://www.irs.gov/formspubs/index.html>. If your center is collocated with a Major Accounts center, you *may* be able to obtain blank 1096 forms from them. You can send the blank forms to clients if requested and available. These forms can also be obtained by calling 1-800-TAX-FORM (1-800-829-3676).

Form W-2

This section contains the following:

- Email address requirement for electronically filed W-2 forms
- A description of each W-2 copy that is produced
- A sample W-2
- A description of each W-2 box
- W-2 box 13 procedures
- W-2 box 15 information
- Output differences between W-2s produced on the mainframe and on local EasyPay printers.

Email address requirement for electronically filed W-2 forms

Beginning with tax year 2013, the Social Security Administration instituted a new requirement for electronically filed W-3 forms—they must include a valid employer email address. The Social Security Administration will use this email address to send employers notifications regarding account inquiries.

- ✓ ADP files W-3 forms electronically on behalf of all Tax Filing Service clients and therefore, they must include the company email address.

For more information about this requirement, view pages 17 and 18 at:

<http://www.socialsecurity.gov/employer/efw/14efw2.pdf>.

W-2 Copies

The following copies of W-2s are produced:

- **Earnings Summary**—This is the employee's copy of the W-2. The format of the W-2 and the paper it is printed on is the same as AutoPay uses.
- **Employer Copy (D)**—This form is created for all clients for their record keeping.
- **Federal Copy (A)**—This is a laser printed copy created for those clients who have not requested an individual federal W-2 CD-ROM or who do not have Full Level Tax. The client files this copy and the filing copy of the W-3 with the SSA. We do not create it for those TFS clients for whom San Dimas files their annual returns or for clients who transmit/file individual federal W-2 data electronically via CD-ROM.
- **State Copy (1)**—The client files this copy with state governments. We create a copy for states with activity during the year if the state requires one. We do not create a copy for those TFS clients for whom San Dimas files their annual returns.
- **Local Copy (1)**—The client files this copy with local governments. A copy is created for all city and local jurisdictions with activity during the year. It is not created for those TFS clients for whom San Dimas files their annual returns.

Sample W-2 and Earnings Summary

Safe, accurate, FAST! Use **e-file** Visit the IRS Web Site at www.irs.gov/efile

Employee Reference Copy
W-2 Wage and Tax Statement 2014
OMB No. 1545-0008

Copy C for employer's records

d Control number 2 0006 Dept. 2R/GF6 Corp. Employer use only 11

c Employer's name, address, and ZIP code
GAILE 14.3 REGRESSION
259 PROSPECT PLAINS ROAD
MONROE TOWNSHIP, NJ 08831

Batch #00013

e/f Employee's name, address, and ZIP code
MA-EE MASS
6 MASS DRIVE
BOSTON, MA 88899

b Employer's FED ID number 44-4555666 a Employee's SSA number 006-06-6606

1 Wages, tips, other comp. 22635.00 2 Federal income tax withheld 5846.07

3 Social security wages 42679.25 4 Social security tax withheld 2646.11

5 Medicare wages and tips 42679.25 6 Medicare tax withheld 618.85

7 Social security tips 8 Allocated tips

9 10 Dependent care benefits 500.00

11 Nonqualified plans 12a See instructions for box 12 250.00 D 2590.75

14 Other 10794.80 414H 12b 12c 12d

13 Stat emp Ret. plan 3rd party sick pay X

15 State Employer's state ID no. MA 444555666 16 State wages, tips, etc. 33179.80

17 State income tax 1621.35 18 Local wages, tips, etc.

19 Local income tax 20 Locality name

Federal Filing Copy
W-2 Wage and Tax Statement 2014
Copy B to be filed with employee's Federal Income Tax Return. OMB No. 1545-0008

2014 W-2 and EARNINGS SUMMARY **ADP**

This blue Earnings Summary section is included with your W-2 to help describe portions in more detail. The reverse side includes general information that you may also find helpful.

1. The following information reflects your final 2014 pay stub plus any adjustments submitted by your employer.

Gross Pay	43179.25	Social Security Tax Withheld Box 4 of W-2	2646.11	MA. State Income Tax Box 17 of W-2	1621.35
Fed. Income Tax Withheld Box 2 of W-2	5846.07	Medicare Tax Withheld Box 6 of W-2	618.85	SUI/SDI Box 14 of W-2	

2. Your Gross Pay was adjusted as follows to produce your W-2 Statement.

Wages, Tips, other Compensation Box 1 of W-2	MA. State Wages, Local Wages, Tips, Etc. Box 16 of W-2	Social Security Wages Box 3 of W-2	Medicare Wages Box 5 of W-2
Gross Pay	43,179.25	43,179.25	43,179.25
Plus Non-Qual. Dist.	250.00	N/A	N/A
Less IL. Mun. Ret. Fund	6,908.70	N/A	N/A
Less 414(h) Contrib.	10,794.80	N/A	N/A
Less Dependent Care Ben.	500.00	N/A	N/A
Less 401(k) Contrib.	2,590.75	N/A	N/A
Reported W-2 Wages	22,635.00	33,179.80	N/A

3. Employee W-4 Profile. To change your Employee W-4 Profile Information, file a new

MA-EE MASS
6 MASS DRIVE
BOSTON, MA 88899

Social Security Taxable Marital Exemptions/All
FEDERAL: 0
STATE: 0

W-2 forms that are printed locally (not via interface tape) will be numbered sequentially for a client in the Employer use only box.

© 2014 ADP, LLC

FOLD AND DETACH HERE

1 Wages, tips, other comp. 22635.00 2 Federal income tax withheld 5846.07

3 Social security wages 42679.25 4 Social security tax withheld 2646.11

5 Medicare wages and tips 42679.25 6 Medicare tax withheld 618.85

d Control number 2 0006 Dept. 2R/GF6 Corp. Employer use only 11

c Employer's name, address, and ZIP code
GAILE 14.3 REGRESSION
259 PROSPECT PLAINS ROAD
MONROE TOWNSHIP, NJ 08831

b Employer's FED ID number 44-4555666 a Employee's SSA number 006-06-6606

7 Social security tips 8 Allocated tips

9 10 Dependent care benefits 500.00

11 Nonqualified plans 12a See instructions for box 12 250.00 D 2590.75

14 Other 10794.80 414H 12b 12c 12d

13 Stat emp Ret. plan 3rd party sick pay X

e/f Employee's name, address and ZIP code
MA-EE MASS
6 MASS DRIVE
BOSTON, MA 88899

15 State Employer's state ID no. MA 444555666 16 State wages, tips, etc. 33179.80

17 State income tax 1621.35 18 Local wages, tips, etc.

19 Local income tax 20 Locality name

Federal Filing Copy
W-2 Wage and Tax Statement 2014
Copy B to be filed with employee's Federal Income Tax Return. OMB No. 1545-0008

FOLD AND DETACH HERE

1 Wages, tips, other comp. 22635.00 2 Federal income tax withheld 5846.07

3 Social security wages 42679.25 4 Social security tax withheld 2646.11

5 Medicare wages and tips 42679.25 6 Medicare tax withheld 618.85

d Control number 2 0006 Dept. 2R/GF6 Corp. Employer use only 11

c Employer's name, address, and ZIP code
GAILE 14.3 REGRESSION
259 PROSPECT PLAINS ROAD
MONROE TOWNSHIP, NJ 08831

b Employer's FED ID number 44-4555666 a Employee's SSA number 006-06-6606

7 Social security tips 8 Allocated tips

9 10 Dependent care benefits 500.00

11 Nonqualified plans 12a See instructions for box 12 250.00 D 2590.75

14 Other 10794.80 414H 12b 12c 12d

13 Stat emp Ret. plan 3rd party sick pay X

e/f Employee's name, address and ZIP code
MA-EE MASS
6 MASS DRIVE
BOSTON, MA 88899

15 State Employer's state ID no. MA 444555666 16 State wages, tips, etc. 33179.80

17 State income tax 1621.35 18 Local wages, tips, etc.

19 Local income tax 20 Locality name

MA. State Reference Copy
W-2 Wage and Tax Statement 2014
Copy 2 to be filed with employee's State Income Tax Return. OMB No. 1545-0008

FOLD AND DETACH HERE

1 Wages, tips, other comp. 22635.00 2 Federal income tax withheld 5846.07

3 Social security wages 42679.25 4 Social security tax withheld 2646.11

5 Medicare wages and tips 42679.25 6 Medicare tax withheld 618.85

d Control number 2 0006 Dept. 2R/GF6 Corp. Employer use only 11

c Employer's name, address, and ZIP code
GAILE 14.3 REGRESSION
259 PROSPECT PLAINS ROAD
MONROE TOWNSHIP, NJ 08831

b Employer's FED ID number 44-4555666 a Employee's SSA number 006-06-6606

7 Social security tips 8 Allocated tips

9 10 Dependent care benefits 500.00

11 Nonqualified plans 12a See instructions for box 12 250.00 D 2590.75

14 Other 10794.80 414H 12b 12c 12d

13 Stat emp Ret. plan 3rd party sick pay X

e/f Employee's name, address and ZIP code
MA-EE MASS
6 MASS DRIVE
BOSTON, MA 88899

15 State Employer's state ID no. MA 444555666 16 State wages, tips, etc. 33179.80

17 State income tax 1621.35 18 Local wages, tips, etc.

19 Local income tax 20 Locality name

MA. State Filing Copy
W-2 Wage and Tax Statement 2014
Copy 2 to be filed with employee's State Income Tax Return. OMB No. 1545-0008

W-2 box descriptions

The following explains the contents of each box on the W-2. For example, in box c of the W-2, you should see the employer's name, address, and zip code.

Box	Information	Codeword
a	Employee's Social Security number	
b	Employer's federal ID number	
c	Employer's name, address, address line 2, and zip code. If printed via interface, this box also displays the batch number.	
d	Control number, including employee number, San Dimas branch code, and client code. If printed via interface, also contains employee's division number.	
e/f	<ul style="list-style-type: none"> Employee's name (first, middle, last) Employee's address and zip code 	
1	Wages, tips, and other compensation. Other compensation includes: <ul style="list-style-type: none"> Insurance premiums for codeword INSP in earnings or deductions and INS2 Taxable 3PSP 	
2	Federal income tax withheld	
3	Social Security wages and year-to-date Social Security taxable 3PSP wages	
4	Social Security tax withheld	
5	Medicare wages, tips, and taxable third party sick pay (3PSP) wages	
6	Medicare tax withheld	
7	Social Security tips	
8	Allocated tips	ATIP
9	No longer used. Formerly Advance EIC (earned income credit) payment.	
10	Dependent care benefits	DCAP (ded.) DCPB (earn.)
11	Nonqualified pension plan distributions. If employee has both earnings and deductions, add them together and do not label.	457D NQDD NQDE NQEC NQPD NQPE NQPF

Box	Information	Codeword
12	The following list explains the codes that appear in box 12. No more than four of these items are printed on one W-2. These codes are printed only when there are amounts.	
	A – Uncollected Social Security tax on tips	TPSS
	B – Uncollected Medicare tax on tips	TPMD
	C – Cost of group-term life insurance coverage for over \$50,000	INSP, INS2
	D – Elective deferrals to a section 401(k) cash or deferred arrangement	401K, SIM4, CU41, CSM4
	E – Elective deferrals to a section 403(b) salary reduction agreement	403B, 43PT, CU43
	F – Elective deferrals to a section 408(k) (6) salary reduction SEP	SEP2, CUS2
	G – Elective and nonelective deferrals to a section 457(b) deferred compensation plan	457P, CU47
	H – Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan	501C
	J – Year-to-date non-taxable 3PSP (sick pay not included as income) ✓ Nothing needs to be set up in Profile to use this codeword.	SIC3
	K – Tax (20%) on excess golden parachute payments	EGPP
	L – Nontaxable part of employee business expense reimbursements. Business expenses equal to amounts allowed under government rates are printed only when the amounts total over government limits.	SBEX
	M – Uncollected Social Security tax on cost of group-term life insurance coverage for over \$50,000 (former employees only)	INSS
	N – Uncollected Medicare tax on cost of group-term life insurance coverage for over \$50,000 (former employees only)	INMD
	P – Nontaxable moving expense reimbursements	MOV2
	Q – N/A for EasyPay	
	R – Employer contributions to an Archer Medical Savings Account. This amount should be reported on IRS Form 8853.	ERMS
	S – Simple IRA	SIMP, CSMP
	T – Adoption benefit provided by the employer	ERAD
	V – Non-statutory stock options	NQST
	W – Health Savings Accounts (HSA)	HSAR (earn.) HSAT (earn.) HSCP (ded.)
	Y – Deferrals under a 409A nonqualified deferred compensation plan	409D
	Z – Income under section 409A on a nonqualified deferred compensation plan	409I
	AA – Roth 401(k) and Roth 401(k) SIMPLE post-tax pension plans	ROTH, ROCU, ROSP, RSCU
	BB – Roth 403(b) post-tax pension plan	43AT, R403, R4CU
	DD – Cost of employer-sponsored health care coverage	ERHC, ERVN, ERDN
	EE – Designated Roth contributions under a governmental section 457(b) plan	R457

Box	Information	Codeword
13	<p>For more information on checking box 13, see page 5-30.</p> <ul style="list-style-type: none"> • Check the Retirement Plan area when the employee has a year-to-date amount for an earning or deduction with one of the codewords listed in the Codeword column for this box. ✓ Codeword PENS does not require a year-to-date amount. As long as PENS is activated for an employee, the pension box is checked on the employee's W-2. 	401K, 403B, 414H, 414Y, 414M, 501C, SEPP, SEP2, IMRF, SIMP, SIM4, PENS, PEN2, NLCT, CSMP, CSM4, CU41, CU43, CUS2, R403, R4CU, ROCU, ROSP, ROTH, RSCU
14	<p>Other. This can include:</p> <ul style="list-style-type: none"> • Year-to-date employee state unemployment deductions • Year-to-date employee state disability deductions • Year-to-date school district deductions • SCRIP, SCRF, SCRJ, SCRN, IMSA • 414H, 414M, 414Y • B14A, B14B, B14C • Reporting codes for the state of PA – YN (NQDE), YT (NQDD), and ZN (NQC2) 	
15	<p>State name and employer's state ID</p> <ul style="list-style-type: none"> • Print state name for wages. The state is the income tax state. If this is unavailable, the SUI state is used. The W-2 allows for two states per W-2, but ADP prints only one state. • State ID number must be printed when NJ SUI is printed in box 14. • Some states use the federal ID number rather than a specific state ID number. If this occurs, this box is blank. To determine which states are affected, refer to page 5-31 of this chapter. • Employees who are set up for more than one state tax will receive a separate W-2 for each additional state tax jurisdiction. 	
16	State wages, tips, etc. Wages should be printed for states with state taxes even if no tax is deducted. Wages should not be printed for states that do not have state taxes.	
17	State income tax withheld	
18	Local wages, tips, etc. Wages should be printed in this box even if tax is not deducted.	
19	Local income tax withheld	
20	Locality name. The W-2 allows for two locality names per W-2, however ADP prints only one in this box. Employees who are set up for more than one local tax will receive a separate W-2 for each additional local tax jurisdiction. Pennsylvania locals will print the worked in PSD code instead of the local name.	

Form W-2 box 13 procedures

To ensure the appropriate area of box 13 is checked, follow the instructions below each illustration.

Stat emp. X	Ret. Plan	3 PSP
----------------	-----------	-------

1. Set up a memo deduction with codeword STAT in the client's Taxes and Deductions module of Profile.
2. Activate the deduction for each applicable employee or make the deduction standard to check all employees' W-2s.

Stat emp.	Ret. Plan X	3 PSP
-----------	----------------	-------

Deferred compensation deductions with year-to-date amounts automatically cause the Ret. Plan area of box 13 to be checked.

Stat emp.	Ret. Plan	3 PSP X
-----------	-----------	------------

A year-to-date third party sick pay amount will automatically cause the 3PSP area of box 13 to be checked.

- ✓ A checkmark is placed in the 3PSP area of box 13 on the W-2 whenever an employee has 3PSP wages.

State identification numbers that appear in box 15 of W-2s

States can have the federal identification number, the state identification number, and/or the state unemployment insurance identification number appear in the State ID box on the W-2.

State	Fed ID	SIT ID	SUI ID	State	Fed ID	SIT ID	SUI ID
AK	No tax			MT		X	
AL		X		NC		X	
AR	X			ND	X		
AZ	X			NE		X	
CA		X		NH	No tax		
CO		X		NJ		X	X
CT		X		NM		X	
**DC	X	X		NV	No tax		
DE	X			*NY			
FL	No tax			OH		X	
GA		X		**OK	X	X	
HI		X		*OR		X	
*IA				PA		X	
ID		X		RI	X		
*IL				SC		X	
IN		X		SD	No tax		
KS		X		TN	No tax		
KY		X		TX	No tax		
LA		X		UT		X	
*MA				VA		X	
MD		X		VT		X	
*ME				WA	No tax		
**MI	X	X		WI		X	
MN		X		WV		X	
MO		X		WY	No tax		
MS	X						

* State does not require a state copy of the W-2 to be submitted.

** State assigns a unique SIT ID or allows the employer to follow the federal ID format.

W-2 output differences between printing from the AutoPay mainframe and on the EasyPay printers

✓ The government agencies will accept both versions.

The chart below describes the most common differences.

Type of Difference	Forms from the AutoPay Mainframe (Interface)	Forms from Local EasyPay Printers	Service Center Action Required
3PSP: Employer ID	On 3PSP W-2s, the employer state ID number <i>is</i> printed on employer copy D and the employee copies of the W-2.	On 3PSP W-2s, the employer state ID number is <i>not</i> printed on employer copy D or the employee copies of the W-2s.	No action required. Since the employee will also have a regular wage W-2 with the state ID number when filing their return, either the locally printed or Interface W-2s can be filed.
W-2 Totals Page	Totals are printed for all W-2 copies (copy A, state or local copy 1, and employer copy D).	Totals are printed on employer copy D. The Wage and Tax Statement Totals report also is printed with W-2 totals. For a sample, see page 5-36.	No action required.
Employee Summary: Exemptions	You may find differences depending on how the employee is set up. For example, if the employee defaults to the number of federal exemptions for state tax, the exemption number is printed in the Employee's Earnings Summary portion of the W-2 for federal and a zero is printed for state exemptions.	You may find differences depending on how the employee is set up. For example, if the employee claims the same exemptions for both federal income tax and state income tax, the exemption number is printed in the Employee's Earnings Summary portion of the W-2 for both federal and state.	Both versions can be filed. This is a cosmetic issue only. If the client requests revised forms, rerun the W-2s on the local printer. Print only the employee copy of the W-2.
Employer Name	The interface Employer Name field is limited to 24 characters. If a client's name is greater than 24 characters, the name will be printed on two lines.	EasyPay can print a client name containing up to 30 characters. The client name will always appear on one line.	No action required.
Employee Division Number	W-2s printed via interface will display the employee's division number prior to the employee number.	W-2s printed on local EasyPay printers will not display the employee's division number.	No action required.
Batch Number	W-2s printed via interface will display the batch number in box c.	W-2s printed locally will <i>not</i> display the batch number on the W-2.	No action required.
Employee Summary: Sequential Numbering	W-2s printed via interface will <i>not</i> be sequentially numbered.	W-2s printed locally for a client will be sequentially numbered in the Employer use only box for all copies.	No action required.

Laser-printed federal Copy A Form W-2

All federal filing Copy A Form W-2s are printed in black and white format on plain white copy paper. All SBS W-2s from the interface programs will also be printed in the black and white format.

Laser-printed federal Copy A Form W-2

22222		Void <input type="checkbox"/>	a Employee's social security number 555-05-5505		For Official Use Only ► OMB No. 1545-0008	
b Employer identification number 44-4555666				1 Wages, tips, other compensation 869.00	2 Federal income tax withheld 68.81	
c Employer's name, address, and ZIP code GAIS 14.3 REGRESSION 259 PROSPECT PLAINS ROAD MONROE TOWNSHIP, NJ 08831				3 Social security wages 869.00	4 Social security tax withheld 53.88	
				5 Medicare wages and tips 869.00	6 Medicare tax withheld 12.60	
				7 Social security tips	8 Allocated tips	
d Control number 2 0005 2R/GP6				9	10 Dependent care benefits	
e Employee's first name and initial 145		Last name JERSEY		11 Nonqualified plans		12a See instructions for box 12
GHJK CVBNM BNM, NJ 08888				13 Statutory employee Retirement plan Third party sick pay	12b	
				14 Other 3.70 UI/WF/SWF 3.31 DI .89 NJ FLI	12c	
					12d	
f Employee's address and ZIP code						
15 State NJ	Employer's state ID number 444555666	16 State wages, tips, etc. 869.00	17 State income tax 13.06	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
Form W-2 Wage & Tax Statement Copy A for Social Security Administration - Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.				2014 0000/1050		
Department of the Treasury—Internal Revenue Service For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Black-and-White Form W2 (Revised 03/14)						

Laser-printed Form W-3

Form W-3 is the totals page that contains the client's total W-2 information. A client's filing copy is produced for clients who receive only federal filing copies of W-2s. All W-3s are printed in black and white format on plain white copy paper.

Sample laser printed Form W-3

DO NOT STAPLE			
33333		a Control number	
		For Official Use Only ▶ OMB No. 1545-0008	
b Kind of Payer (Check one)		Kind of Employer (Check one)	
<input checked="" type="checkbox"/> 941 Military <input type="checkbox"/> CT-1 <input type="checkbox"/> Hshld. emp. <input type="checkbox"/> 943 Medicare govt. emp. <input type="checkbox"/> 944		<input checked="" type="checkbox"/> None apply <input type="checkbox"/> State/local non-501c <input type="checkbox"/> 501c non-govt. <input type="checkbox"/> State/local 501c <input type="checkbox"/> Federal govt. <input checked="" type="checkbox"/> Third-party sick pay (Check if applicable)	
c Total number of Forms W-2 11		d Establishment number	
e Employer identification number (EIN) 44-4555666		1 Wages, tips, other compensation 285799.28	
f Employer's name GAIS 14.3 REGRESSION		2 Federal income tax withheld 70018.00	
g Employer's address and ZIP code 259 PROSPECT PLAINS ROAD MONROE TOWNSHIP, NJ 08831		3 Social security wages 372788.88	
h Other EIN used this year		4 Social security tax withheld 23112.91	
15 State Employer's state ID number X		5 Medicare wages and tips 411017.98	
16 State wages, tips, etc. 318356.68		6 Medicare tax withheld 5959.76	
17 State income tax 19785.42		7 Social security tips	
Employer's contact person		8 Allocated tips	
Employer's fax number		9	
		10 Dependent care benefits 797.50	
		11 Nonqualified plans 8750.00	
		12a Deferred compensation 6165.75	
		12b	
		13 For third-party sick pay use only	
		14 Income tax withheld by payer of third-party sick pay	
		18 Local wages, tips, etc.	
		19 Local income tax	
		Employer's telephone number	
		For Official Use Only 00001050	
		Employer's email address	

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶

Title ▶

Date ▶

Form W-3 Transmittal of Wage and Tax Statements 2014

Department of the Treasury
Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration (SSA).

Photocopies are not acceptable. Do not send Form W-3 if you filed electronically with the SSA.

Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

Reminder

Separate instructions. See the 2014 General Instructions for Forms W-2 and W-3 for information on completing this form. Do not file Form W-3 for Form(s) W-2 that were submitted electronically to the SSA.

Purpose of Form

A Form W-3 Transmittal is completed only when paper Copy A of Form(s) W-2, Wage and Tax Statement, is being filed. Do not file Form W-3 alone. All paper forms must comply with IRS standards and be machine readable. Photocopies are not acceptable. Use a Form W-3 even if only one paper Form W-2 is being filed. Make sure both the Form W-3 and Form(s) W-2 show the correct tax year and Employer Identification Number (EIN). Make a copy of this form and keep it with Copy D (For Employer) of Form(s) W-2 for your records. The IRS recommends retaining copies of these forms for four years.

E-Filing

The SSA strongly suggests employers report Form W-3 and Forms W-2 Copy A electronically instead of on paper. The SSA provides two free e-filing options on its Business Services Online (BSO) website:

- **W-2 Online.** Use fill-in forms to create, save, print, and submit up to 50 Forms W-2 at a time to the SSA.
- **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's *Specifications for Filing Forms W-2 Electronically (EFW2)*.

W-2 Online fill-in forms or file uploads will be on time if submitted by March 31, 2015. For more information, go to www.socialsecurity.gov/employer and select "First Time Filers" or "Returning Filers" under "BEFORE YOU FILE."

When To File

Mail Form W-3 with Copy A of Form(s) W-2 by March 2, 2015.

Where To File Paper Forms

Send this entire page with the entire Copy A page of Form(s) W-2 to:

**Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001**

Note. If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS-approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Publication 15 (Circular E), Employer's Tax Guide, for a list of IRS-approved private delivery services.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

2014/4/00013/001

GF6

Black & White Form W-3 (Revised 3/14)

Form W-3 box descriptions

✓ EasyPay does not use boxes “d” and “h” on the W-3.

Box	Contents
a	Control number (client code)
b	Kind of payer (941, Military, 943, CT-1, Hsld*, Medicare government employee, 3 PSP)
c	Total number of W-2s for client
d	Establishment number
e	Employer’s federal ID number
f	Employer’s name
g	Employer’s address and zip code
h	Other EIN used this year
1	Wages, tips, and other compensation
2	Federal withholding tax
3	Social Security wages
4	Social Security tax
5	Medicare wages and tips
6	Medicare tax
7	Social Security tips
8	Allocated tips
9	No longer used (formerly advanced earned income credit)
10	Dependent care benefits
11	Non-qualified plans
12	Deferred compensation
13	Third party sick pay
14	Income tax withheld by payer of third party sick pay
15	State abbreviation and employer state ID (“X” appears if multiple states)**
16	State wages and tips
17	State income tax
18	Local wages and tips
19	Local income tax

* To set up a household client or verify that a client with household employees is set up correctly, refer to the *Household Client Setups* section in chapter 4 of this guide.

** Contact information must be completed by the client.

Wage and Tax Statement Totals report

The Wage and Tax Statement Totals report is produced for *all* clients when W-2s are printed. (Clients receive this report regardless of whether their reports are printed on the mainframe or printed locally.)

This report lists totals for all wages and taxes for each federal, state, and local jurisdiction.

Sample Wage and Tax Statement Totals report

Federal totals for each of the following:

- Wages, tips, other compensation (box 1)
- Social security wages (box 3)
- Medicare wages and tips (box 5)
- Social security tips (box 7)
- Allocated tips (box 8)
- Advance EIC payment
- Dependent care benefits (box 10)
- Nonqualified plans (box 11)
- Benefits included in box 1 of the W-2

Federal income tax withheld (box 2), Social Security tax withheld (box 4), and Medicare tax withheld (box 6) totals

BATCH# 000030

Description	Amount	Description	Amount
** FEDERAL			
Wages Tips Other Comp.	71,122.54	Federal Income Tax	16,263.16
Social Security Wages	79,785.04	Social Security Tax	4,946.67
Medicare Wages & Tips	79,785.04	Medicare Tax	1,156.89
** STATE			
CA Wages	15,572.50	CA Income Tax	519.14
NJ Wages	46,540.58	NJ Income Tax	2,819.56
PA Wages	9,001.78	PA Income Tax	276.36
** LOCAL			
Abbott T Wages	9,001.78	Abbott T Income Tax	90.02
** UNEMP/DIS			
		CASDI Tax	266.59
** OTHER			
		NJUC Tax	401.44
		PAUD Tax	7.20
BB	4,050.72		
CC	13,099.35		
H	8,637.50		
K	25.00		
M	25.00		
N	25.00		
NON-TAX	42.32		
R	25.00		
S	8,637.50		
T	25.00		

Total wages of each state jurisdiction (box 16)

State income tax totals (box 17)

Local income tax totals (box 19). The local description is the same short description that is printed in box 20 on the W-2, with the exception of PA locals (will reflect PSD coding).

Total wages of each local jurisdiction (box 18); the local description is the same short description that is printed in box 20 on the W-2.

State unemployment and disability totals (box 14)

Totals of the items from box 12 and all non-unemployment and non-disability amounts from box 14 of the W-2

Client: ABC
Moorestown Candy Shop

Wage and Tax Statement Totals

Run: 006 Batch: 030
Re-Run: Page: 1
Qtr: 4
Tax Year: 2014



Client: ABC
Moorestown Candy Shop

Wage and Tax Statement Totals

Run: 006 Batch: 030
Re-Run: Page: 1
Qtr: 4
Tax Year: 2014

940 Tentative Credit Worksheet

We send Tax Filing clients who are responsible for filing annual returns a 940 Tentative Credit Worksheet. We do *not* provide this worksheet to non-Tax Filing clients or FLT clients.

The 940 Worksheet provides, line-by-line, the information necessary to complete the IRS Form 940 (Employer's Annual Federal Unemployment (FUTA) Tax Return). Ask clients to follow the worksheet line-by-line and transfer the information onto the actual 940 that they received from the agency.

- ✓ We do not provide the client with the actual 940 filing form. The federal agency sends it to the client. The client must calculate the information for Line 3 of Part 2 of the 940 as the system does not calculate this portion. If data is available, we will provide a Tentative Credit Worksheet. The client follows the instructions in box A-1 of Form 940.

Sample 940 Tentative Credit Worksheet (page 1)

940 WORKSHEET - Use this worksheet to complete the Employer's Annual Federal Unemployment (FUTA) Tax Return		BATCH# 000003												
Part 1 - Tell us about your return. If any line does NOT apply, leave it blank.														
1. If you were required to pay your state unemployment tax in... <div style="margin-left: 40px;"> 1a. One state only, write the state abbreviation.....1a <input type="text"/> <input type="text"/> -OR- 1b. More than one state (You are a multi-state employer)...Check box 1b. Fill out Schedule A </div> 2. If you paid wages in a state that is subject to CREDIT REDUCTION... Check box 2. Complete Schedule A (Form 940).														
Part 2 - Determine your FUTA wages for 2013. If any line does NOT apply, leave it blank.														
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">3. Total payments.....</td> <td style="text-align: right;">840,899.91</td> </tr> <tr> <td>4. Exempt payments.....</td> <td style="text-align: right;">Unable to calculate, check applicable boxes</td> </tr> <tr> <td>5. Payments of more than \$7,000.....</td> <td style="text-align: right;">696,999.91</td> </tr> <tr> <td>6. Subtotal.....</td> <td style="text-align: right;">696,999.91</td> </tr> <tr> <td>7. Total taxable wages.....</td> <td style="text-align: right;">143,900.00</td> </tr> <tr> <td>8. FUTA tax before adjustments.....</td> <td style="text-align: right;">863.40</td> </tr> </table>			3. Total payments.....	840,899.91	4. Exempt payments.....	Unable to calculate, check applicable boxes	5. Payments of more than \$7,000.....	696,999.91	6. Subtotal.....	696,999.91	7. Total taxable wages.....	143,900.00	8. FUTA tax before adjustments.....	863.40
3. Total payments.....	840,899.91													
4. Exempt payments.....	Unable to calculate, check applicable boxes													
5. Payments of more than \$7,000.....	696,999.91													
6. Subtotal.....	696,999.91													
7. Total taxable wages.....	143,900.00													
8. FUTA tax before adjustments.....	863.40													
Part 3 - Determine your adjustments. If any line does not apply, leave it blank.														
9. All of the FUTA wages paid were excluded from SUI...Unable to calculate 10. FUTA wages excluded from SUI/SUI tax paid late.....See 940 Tentative Credit and IRS Worksheets 11. If you have a credit reduction enter the total from Schedule A (Form 940) <div style="margin-left: 100px;"> Schedule A Worksheet Total ... 444.00 </div> 12. Total FUTA tax after adjustments..... 1,307.40 13. Total FUTA tax deposit.....Incomplete Data - Unable to Calculate 14. Balance due..... 15. Overpayment.....														
Part 5 - Record of Quarterly Federal Unemployment Tax Liability														
First Quarter	Second Quarter	Third Quarter												
863.40	863.40	863.40												
Total for year														
863.40														
CLIENT GF2 GAILS FI TOS2 SHORT NAMES SORT EMPLOYER ID # 12-3456456 BAT# 3 RUN# 6 DATE RUN 9/04/2013														
940 WORKSHEET														

Sample 940 Tentative Credit Worksheet (page 2)

940 TENTATIVE CREDIT WORKSHEET - Use this worksheet to complete Part 2 Line 3 of the 940 Form								BATCH# 000003	
State	State ID Number	Wages	From	To	Rate	At .054	At Rate	Add'l Credit	Amount Paid
AK	123456789	27,000.00	04/01	06/30	.050000	1458.00	1350.00	108.00	1350.00
MD	123456789	21,500.00	04/01	06/30	.050000	1161.00	1075.00	86.00	1075.00
MI	123456789	23,800.00	04/01	06/30	.050000	1285.20	1190.00	95.20	1190.00
NJ	123-456-456/000	188,699.91	04/01	06/30	.019736	10189.80	3724.18	6465.62	8916.07
WA	123456789	35,100.00	04/01	06/30	.050000	1895.40	1755.00	140.40	1755.00
Totals		296,099.91						6895.22	14286.07
Total Tentative Credit:									7,770.60

NOTE -- Federal Error Message - When completing the 940 Worksheet we encountered incomplete Federal unemployment liability data that should be verified. This incomplete information was most likely due to insufficient data for quarters prior to processing on ADP EasyPay service. Refer to the Computation of Tentative Credit Worksheet to determine those quarters that you were not on ADP EasyPay's service. Enter the correct amount of your federal unemployment deposits and calculate the balance due prior to completing Form 940.

NOTE -- State Warning Error Message - When completing the 940 Worksheet, we encountered incomplete state unemployment deposit data that should be verified. This incomplete information was most likely due to insufficient data for quarters prior to your processing on ADP EasyPays service or because we did not have your SUI rate on file. Before you can complete Form 940, you must enter the correct amount of your state unemployment deposits in Part II, Section 3.

Errors may appear here.
These need to be resolved
prior to filing Form 940.

CLIENT	GF2	GAILS	F1	TOS2	SHORT NAMES SORT	EMPLOYER ID #	12-3456456	BAT#	3	RUN#	6	DATE RUN	9/04/2013
--------	-----	-------	----	------	------------------	---------------	------------	------	---	------	---	----------	-----------

940 TENTATIVE CREDIT WORKSHEET

1099-MISC

This form is printed for clients who have 1099, 109S, 1099, 109P, T099, T09S, T099, T\$99, 9914 and ST99 codewords. The following copies are produced:

- **Copy C** – Payer copy (employer)
- **Copy 1** – State copy
- **Copy A** – IRS federal copy (This is the pre-printed scannable)
- **Copy B** – Recipient copy
- **Copy 2** – State filing copy (recipient)

If federal or state tax is withheld from an employee with only 1099 wages, he or she will receive Form 1099-MISC. Clients with these employees must be set up as 945 controls using the appropriate codewords and a separate control. Refer to chapter 4 of this guide for more information on 1099 wages and reporting.

Sample 1099-MISC

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0115		Miscellaneous Income
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	2014 Form 1099-MISC	
		2 Royalties \$	3 Other income \$	
PAYER'S federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld \$	5 Fishing boat proceeds \$	Copy B For Recipient
		6 Medical and health care payments \$	7 Nonemployee compensation \$	
RECIPIENT'S name		8 Substitute payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.)		10 Crop insurance proceeds \$	11	
City or town, state or province, country, and ZIP or foreign postal code		12	13 Excess golden parachute payments \$	
Account number (see instructions)		14 Gross proceeds paid to an attorney \$	15a Section 409A deferrals \$	
15b Section 409A income \$	16 State tax withheld \$	17 State/Payer's state no.	18 State income \$	
Form 1099-MISC (keep for your records)		www.irs.gov/form1099misc		Department of the Treasury - Internal Revenue Service

✓ Two copies of this form are printed on each page.

1099-MISC box descriptions

If an employee has both W-2 and 1099 information, all taxes are printed on the W-2. A 1099-MISC is printed only when a 1099-MISC year-to-date amount is found.

EasyPay uses the following boxes:

- Unnumbered boxes on the left
 - Boxes 1, 2, 3, 4, 7, 14
- ✓ Set up TFS clients with employees who have tax withheld from 1099 earnings with separate client codes. In other words, set up a TFS client with two codes: one client code contains employees with W-2s and the other client code contains employees who have tax withheld from 1099 earnings. Refer to chapter 4 of this guide for more information on 1099 wages and reporting.

1099 clients are required to file form 945 and must be set up to use specific codewords (T09\$, T\$99).

Box	Contents	Codeword	Earnings Code
Unnumbered	<ul style="list-style-type: none">• Payer's name and address• Payer's federal identification number• Recipient's identification number<ul style="list-style-type: none">– If marital status is "V," then format as a federal identification number.– If marital status is not "V," then format as a Social Security number.• Recipient's name (first, middle, last)• Recipient's address (only two lines, extra address line is not printed)• Payroll contact's name and telephone number		
1	Rents	109\$ T09\$	5A T4
2	Royalties	10\$9 T0\$9	5B T5
3	Other income	1\$99 T\$99	5C T6
4	Federal income tax withheld		
7	Nonemployee compensation	1099 109P T099	50 5P T0, T1, T2
14	Gross proceeds paid to an attorney	9914	AT

1099-R

This form is printed for clients who have 109R, T09R, BX2B, PS58, TXPN, and W2PN codewords.

1099-Rs are provided to clients for the distribution from pensions, annuities, retirement or profit-sharing plans, IRAs, insurance contracts, etc. If an employee has both W-2 and 1099 information, all taxes are printed on the W-2. A 1099-R is printed only when a 1099-R year-to-date amount is found.

Sample 1099-R

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution \$		OMB No. 1545-0119 2014 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S federal identification number		2a Taxable amount \$		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>	
RECIPIENT'S identification number		3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.	
RECIPIENT'S name		5 Employee contributions /Designated Roth contributions or insurance premiums \$		6 Net unrealized appreciation in employer's securities \$			
Street address (including apt. no.)		7 Distribution code(s)		8 Other			
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution %		9b Total employee contributions \$			
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 State tax withheld \$		13 State/Payer's state no.	
Account number (see instructions)		15 Local tax withheld \$		16 Name of locality		14 State distribution \$	
						17 Local distribution \$	

Form **1099-R** www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

✓ Two copies of this form are printed on each page.

1099-R box descriptions

EasyPay uses the following boxes:

- Unnumbered boxes on the left
 - Boxes 1, 2a, 2b, 4, and 5
- ✓ Set up TFS clients with employees who have tax withheld from 1099 earnings with separate client codes. In other words, set up a TFS client with two codes: one client code contains employees with W-2s and the other client code contains employees who have tax withheld from 1099 earnings. Set up BITS for the 945 controls as deposit only and be sure to use 945 codewords (T09R, TXPN, and W2PN). Refer to chapter 4 of this guide for more information on 1099 wages and reporting.

Box	Contents	Codeword	Earning/ Deduction Code
Unnumbered	<ul style="list-style-type: none"> • Payer's name and address • Payer's federal identification number • Recipient's identification number formatted as a Social Security number • Recipient's name (first, middle, last) • Recipient's street address, city, state, and zip code • Account number – includes quarterly batch number • Payroll contact's name and telephone number 		
1	Gross distribution	W2PN TXPN PS58	Earn. 69 Earn. T7
2a	Taxable amount	109R T09R PS58	Ded. I2 Ded. T8
2b	Taxable amount not determined If box 2a is blank, a check mark <i>should</i> be entered in box 2b to show that the employer has not provided the taxable amount. To indicate that the taxability of an employee's 1099R earnings is not known, set up the client with deduction BX, keep the default codeword BX2B, and activate the deduction for the appropriate employees.	BX2B	Ded. BX
4	Federal income tax withheld		
5	Employee contributions/Designated Roth contributions or insurance premiums	PS58	Earn. 65

1099 filing information

EasyPay clients who receive less than 250 1099-MISC or 1099-R forms must file copy A of the returns, along with Form 1096, with the Internal Revenue Service. Clients receive a letter with their year-end package, which includes instructions on filing these forms. For a copy of the letter, refer to the section *Client with Less Than 250 1099 Forms*, reference #033 in appendix B.

- ✓ ADP does not produce or file Form 1096. Clients can obtain a blank form from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from their Web site at <http://www.irs.gov/formspubs/index.html>.

Use the following table to determine where to send copy A of Forms 1099-MISC and 1099-R.

If the client's principal business, office, or agency, or legal residence in the case of an individual, is located in:	Use the following Internal Revenue Service center:
AL, AR, AZ, CT, DE, FL, GA, KY, LA, MA, ME, MS, NC, NH, NJ, NM, NY, OH, PA, RI, TX, VA, VT, WV	Austin, TX 73301
AK, CA, CO, DC, HI, ID, IL, IN, IA, KS, MD, MI, MN, MO, MT, NE, ND, NV, OK, OR, SC, SD, TN, UT, WA, WI, WY	Kansas City, MO 64999

6 Service Reports

This chapter contains information about the following reports and letters used by service centers at year-end:

- Client Audit report produced and used by Service and Implementation associates.
- W-2 Error report produced and used by Service and Implementation associates.
- EasyPay Year End Revenue Analysis report produced and used by SBS Finance.
- Year-End Processing Statistics report produced and used by SBS Finance.

Chapter contents

Client Audit Report.....	6-2
Sample Client Audit report	6-2
Viewing the Client Audit report.....	6-3
Printing the Client Audit report.....	6-3
W-2 Error Report.....	6-4
Viewing W-2 errors online	6-5
Printing the W-2 Error report by CSR.....	6-8
Sample W-2 Error report	6-8
Additional information for certain errors.....	6-10
EasyPay Year End Revenue Analysis Report	6-11
Generating and printing the EasyPay Year End Revenue Analysis report	6-11
Year-End Processing Statistics Report.....	6-12
Summary report.....	6-13
Detail report	6-16

- Use the Client Audit report to identify audit errors generated when a client's master file is updated. These errors are logged when a payroll is run or when a client's profile is changed. Error messages that may generate identify employee-level data discrepancies and company-level errors.

△ Run the Client Audit report daily throughout the year. Running the report daily allows you to correct the client errors before the end of the quarter. Correcting these errors will help reduce the number of W-2 reruns, quarter-close issues, and amendments.

- ✓ For a complete list of error messages and recommendations for resolving each type of error, refer to appendix C, *Client Audit and W-2 Error Messages Table*.

- [illegible]

Viewing the Client Audit report

To view the Client Audit report:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **17** (Display Client Audit Errors) and press **ENTER**. The Client Awareness Tracking System screen appears.

3. Type the client code and press **ENTER**. The client audit error(s) are displayed for the client you selected.

Client Awareness Tracking System

Cli#

Date

8/01/02

Cli

Batch#

Date / Time

Description of event

F

Y

Q

R#

Enter client number to display

Cmd-3 End. Cmd-11 Dsp detail. Cmd-6 Print client

4. If necessary, print the individual client's report by pressing **F6**. If necessary, view more detail by pressing **F11**.
5. When you are finished viewing the client audit errors, press **F3**. The Work with Client menu appears.

Printing the Client Audit report

To print the Client Audit report by CSR, follow the procedure below. If you want to print the report by client code, you must first view the client audit data online. Refer to the procedure above for viewing the Client Audit report.

To print the Client Audit report by CSR:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **23** (Print Client Audit by CSR) and press **ENTER**. The Client Audit report screen appears.
3. Perform one of the following:
 - To print the Client Audit report for one Service associate's clients, type the CSR number and press **ENTER**. You can press **F4** to view a list of valid CSR numbers.
 - To print the Client Audit report for all clients (including unassigned clients) grouped in order by CSR number, type ***A** and press **ENTER**.
 - To print the Client Audit report for clients who do not have CSRs assigned to their account, type ***U** and press **ENTER**.
4. Print the report from the spool file labeled PC0145.
5. Research and resolve each error. For tips on resolving each type of error, refer to appendix C, *Client Audit and W-2 Error Messages Table*.

W-2 Error Report

- ✓ Service and Implementation associates produce and use this report.

Many W-2 errors appear on the Client Audit report, and you should run the Client Audit report throughout the year. However, during year-end, you must also use the W-2 Error report to identify problems with employees' W-2 data.

- ✓ The W-2 Error report identifies problems with employees' W-2s that were either not fixed through the Client Audit system or are being detected *for the first time* through the W-2 process.

The following are some errors that you may identify using the W-2 Error report:

- Invalid or missing Social Security and federal identification numbers
- Federal, state, or local taxes without subject wages
- Negative wages

This section contains the following information about the W-2 Error report:

- How to view W-2 errors online
 - How to print a W-2 error report
 - A sample W-2 error report
 - A list of error messages, their meanings, the necessary action, and how the error affects W-2s
- ✓ For a combined list of errors that may appear on the Client Audit report and/or the W-2 Error report, refer to appendix C, *Client Audit and W-2 Error Messages Table*, in this guide. The chart in appendix C also includes recommendations for resolving each type of error.

Viewing W-2 errors online

Since most W-2 errors indicate a need to change or add information to the client's M. file, it is important to review the W-2 errors online daily during year-end and to resolve all of the client's W-2 errors. If an error is resolved by editing the QT. file (e.g., for a missing Social Security number or an error that does not affect a tax or wages), the current M. file must also be updated.

Accessing errors

To view a W-2 error:

1. From the Work with Client (MNUSRV) menu, select option **14** (Go to Client Srv Yr-End Menu) and press **ENTER**. The Year End menu appears.
2. From the Year End (MNUYREND) menu, select option **17** (Y/E Error Tracking System) and press **ENTER**. The Client Awareness Tracking System screen appears.

Client Awareness Tracking System (Year-end version)

Cli# _____ Date 8/01/02
Batch# _____ Time 10:14:39

Cli	Batch#	Date / Time	Description of event	F	Y	Q	R#
-----	--------	-------------	----------------------	---	---	---	----

Press **F3** to return to the Client Service Year-End (MNUYREND) menu.

Enter client number or batch to display.
Cmd-3 End. Cmd-11 Dsp detail. Cmd-6 Print client

3. To view errors by client, type the client code and press **ENTER**. A screen that shows the client view appears. Refer to the next page for an example of the screen.
– OR –
To view errors by batch, type the batch number and press **ENTER**. A screen that shows a batch view appears. Refer to the next page for an example of the screen.
4. Contact clients to resolve all W-2 errors. After you resolve all the W-2 errors, process the clients' W-2s again. The Year-End Tracking System screen will display the message "All prior W2 errors have been resolved."

Client view

Access by client code;
all employees with
W-2 errors appear.

The column label "F" refers to file type, which is always the QT.
file. The column labels "Y" and "Q" identify the year and quarter
of the QT. file. The column label "R#" refers to the last two
digits of the run number. Rerun numbers are not included.

Client Awareness Tracking System (Year-end version)

Cli# ABU Date 8/17/01
Batch# _____ Time 15:59:51

Cli	Batch#	Date / Time	Description of event	F	Y	Q	R#
ABU	038	2000-10-10-18.55	Missing Soc. Sec. #	CICALELLO,	0060	Q	0 3 12
ABU	038	2000-10-10-18.55	Missing Soc. Sec. #	EDWARDS, J	0061	Q	0 3 12
ABU	038	2000-10-10-18.55	Missing Soc. Sec. #	HAMMOND, S	0058	Q	0 3 12
ABU	038	2000-10-10-18.55	Missing Soc. Sec. #	PETERSON,	0038	Q	0 3 12
ABU	038	2000-10-10-18.55	Missing Soc. Sec. #	SALVIA, CI	0040	Q	0 3 12
ABU	038	2000-10-10-18.55	Missing Soc. Sec. #	SMITH, SUZ	0041	Q	0 3 12
ABU	003	2000-12-21-13.32	Missing Soc. Sec. #	CICALELLO,	0060	Q	0 3 12
ABU	003	2000-12-21-13.32	Missing Soc. Sec. #	EDWARDS, J	0061	Q	0 3 12
ABU	003	2000-12-21-13.33	Missing Soc. Sec. #	HAMMOND, S	0058	Q	0 3 12
ABU	003	2000-12-21-13.33	Missing Soc. Sec. #	PETERSON,	0038	Q	0 3 12
ABU	003	2000-12-21-13.33	Missing Soc. Sec. #	SALVIA, CI	0040	Q	0 3 12
ABU	003	2000-12-21-13.33	Missing Soc. Sec. #	SMITH, SUZ	0041	Q	0 3 12
ABU	004	2000-12-21-14.55	Missing Soc. Sec. #	CICALELLO,	0060	Q	0 3 12
ABU	004	2000-12-21-14.55	Missing Soc. Sec. #	EDWARDS, J	0061	Q	0 3 12
ABU	004	2000-12-21-14.56	Missing Soc. Sec. #	HAMMOND, S	0058	Q	0 3 12
ABU	004	2000-12-21-14.56	Missing Soc. Sec. #	PETERSON,	0038	Q	0 3 1 +

Enter client number or batch to display.
Cmd-3 End. Cmd-11 Dsp detail. Cmd-6 Print client

Press **F11** to view W-2 error details
once a client or batch is displayed.

Press **F6** to generate the print spool file entry
PW1381 when a client is displayed. When
viewing a batch, this command is inactive.

Batch view

Access by batch number;
clients in the batch who
had W-2 errors appear.

Tracking System (Year-end version)

Cli# _____ Date 8/17/01
Batch# 004 Time 15:58:15

Cli	Batch#	Date / Time	Description of event	F	Y	Q	R#
ABU	004	2000-12-21-14.55	Missing Soc. Sec. #	CICALELLO,	0060	Q	0 3 12
ABU	004	2000-12-21-14.55	Missing Soc. Sec. #	EDWARDS, J	0061	Q	0 3 12
ABU	004	2000-12-21-14.56	Missing Soc. Sec. #	HAMMOND, S	0058	Q	0 3 12
ABU	004	2000-12-21-14.56	Missing Soc. Sec. #	PETERSON,	0038	Q	0 3 12
ABU	004	2000-12-21-14.56	Missing Soc. Sec. #	SALVIA, CI	0040	Q	0 3 12
ABU	004	2000-12-21-14.56	Missing Soc. Sec. #	SMITH, SUZ	0041	Q	0 3 12
163	004	2001-00-13-16.15	Allw. amt not Numeric	CASH, ROBER	0020	Q	1 3 19
3HD	004	2001-00-13-16.15	Allw. amt not Numeric	PETERS, JO	0017	Q	1 2 00
3HD	004	2001-00-13-16.15	Allw. amt not Numeric	PETERS, JO	0017	Q	1 2 00
3MX	004	2001-00-13-16.15	State tax w/o Wage	HOGAN, PATR	0014	Q	1 2 29
4F0	004	2001-00-13-16.15	Allw. amt not Numeric	AHL, DEBRA	0048	Q	1 2 19
4F0	004	2001-00-13-16.15	Allw. amt not Numeric	HOFFERT, J	0014	Q	1 2 19
4F0	004	2001-00-13-16.15	Allw. amt not Numeric	HORNER, KA	0015	Q	1 2 19
4F0	004	2001-00-13-16.15	Allw. amt not Numeric	IONNO, SUS	0017	Q	1 2 19
4F0	004	2001-00-13-16.15	Allw. amt not Numeric	TRUMAN, AN	0034	Q	1 2 19
4S2	004	2001-00-13-16.15	Allw. amt not Numeric	BELOPOLSKA	0002	Q	1 2 2 +

Enter client number or batch to display.
Cmd-3 End. Cmd-11 Dsp detail. Cmd-6 Print client

F6 is inactive
on this screen.

Accessing error details

To view more details about an error:

Function key F11 (Dsp detail) provides access to details about W-2 errors.

The details screen (see below) displays all of the information from the client or batch view and adds the following information:

- Name of the program in which the error occurred. The program is listed under the heading Occurred. SBS Payroll Support in Moorestown may require this information when researching a W-2 error situation for you.
- Indicates the type of error:
 - Suppressed** Paper W-2s were suppressed and not printed for the employee. The Service associate needs to correct the error and rerun year-end for the client. It is important not to send the output package to the client when an employee or employees have this error since the package will be incomplete.
 - Informational** W-2s were *not* suppressed. No action is required unless the description of the error is “Missing Soc. Sec. #.” If the Social Security number is missing, obtain it and enter it.
 - Action Required** Appears next to the error message “Over FI limit with 3PSP.” For instructions on how to correct this error, refer to the *Creating a Second W-2 for Employees over the Social Security Limit with 3PSP* section in chapter 4 of this guide for the action to be taken.

Appears next to any error message “Missing mag media data – MM suppressed.” For the procedure for updating this information, refer to the *Updating Clients’ Year-End Magnetic Media Information* section in chapter 8 of this guide for the action to be taken.

Details screen

This error occurred in the program PY0506.

The type of error is listed under Error.

Client Awareness Tracking System (Year-end version)

Cli# ABU
Batch#

Date 8/17/01
Time 16:03:35

Cli	Batch#	Date / Time	Description of event	F	Y	Q	R#
ABU	038	2000-10-10-18.55	Missing Soc. Sec. # CICALLELO, 0060	Q	0	3	12
		Occurred Error					
		PY0506 INFORMATIONAL					
ABU	038	2000-10-10-18.55	Missing Soc. Sec. # EDWARDS, J 0061	Q	0	3	12
		Occurred Error					
		PY0506 INFORMATIONAL					
ABU	038	2000-10-10-18.55	Missing Soc. Sec. # HAMMOND, S 0058	Q	0	3	12
		Occurred Error					
		PY0506 INFORMATIONAL					
ABU	038	2000-10-10-18.55	Missing Soc. Sec. # PETERSON, 0038	Q	0	3	12
		Occurred Error					
		PY0506 INFORMATIONAL					

+

Enter client number or batch to display.
Cmd-3 End. Cmd-11 Dsp detail. Cmd-6 Print client

Printing the W-2 Error report by CSR

The W-2 Error report is created automatically during W-2 processing. The system creates a spool file entry of the errors that suppress W-2s and magnetic media. The spool file entry is identified as PW1381 in the Printer column on the Work with Spool File Status screen.

You can also print the W-2 Error report by CSR number on demand. The W-2 error messages for the clients who are assigned to the CSR you specify will be printed from the spool file entry PW1381. The CSR's number will appear in the lower left corner of each client's report.

To print the W-2 Error report by CSR number:

1. From the Work with Client (MNUSRV) menu, select option **14** (Go to Client Srv Yr-End Menu) and press **ENTER**. The Year End menu appears.
2. From the Year End (MNUYREND) menu, select option 18 (Print Y/E Error Rpt. By CSR) and press **ENTER**. The W2 Error Report screen appears.

The screenshot shows a terminal window titled "W2 ERROR REPORT" with a date "8/01/02" and time "10:21:33". The screen displays the prompt "Enter CSR#" and a "Note:" section with two options: "CSR# *A will print All Clients." and "CSR# *U will print All Unassigned Clients." At the bottom, there is a dashed line with the text "F3=End", "F4=Find", a small black square, and "Enter to process".

Callout 1 (left): Press **F3** to exit without printing any reports. An arrow points from this box to the "F3=End" text.

Callout 2 (right): Press **F4** to find a specific CSR. Next to the CSR's last name, type a **Y** in the Sel column. Press **F6** to print the reports. An arrow points from this box to the "F4=Find" text.

3. Perform one of the following to print the spool file:
 - To print W-2 Error reports assigned to a CSR, type the CSR number and press **ENTER**.
 - To print a set of W-2 Error reports for all clients grouped in order by CSR number, type ***A** and press **ENTER**.
 - To print W-2 Error reports for clients who do not have CSRs assigned to their accounts, type ***U** and press **ENTER**.
4. Print the spool file PW1381.

Sample W-2 Error report

The following example shows many of the errors that may appear on a W-2 Error report.

Description of the error

The employee whose W-2 has errors is identified by the first ten characters of the employee's name and the employee's number.

Client	Description of Error	TEST, EEEM 0008	Error Type
BL6	Missing Soc. Sec. #		INFORMATIONAL
IB1	All prior W2 errors have been resolved		INFORMATIONAL
K45	Fed Tax w/o Wage	OVER50, HA 0010	SUPPRESSED
	State tax w/o Wage	OVER50, HA 0010	SUPPRESSED
	Negative Fed Wage	OVER50, HA 0010	SUPPRESSED
	Negative St Wage	OVER50, HA 0010	SUPPRESSED
LC2	Must set client up for a Federal Tape		SUPPRESSED
	Missing Mag Media Data, MM suppressed		ACTION REQUIRED
LJB	Invalid Fed Id #	2265432M5	SUPPRESSED
	Negative Fed Wage	EE, ONE 0001	SUPPRESSED
	Negative Fed Tax	EE, ONE 0001	SUPPRESSED
	Negative SS Wage	EE, ONE 0001	SUPPRESSED
	Negative Med Wage	EE, ONE 0001	SUPPRESSED
	Negative St Wage	EE, ONE 0001	SUPPRESSED
	Negative St Tax	EE, ONE 0001	SUPPRESSED
	Negative NJUD	EE, ONE 0001	SUPPRESSED
	All Values are Neg	EE, ONE 0001	SUPPRESSED
MM3	Invalid Fed Id #	444444444	SUPPRESSED
	Invalid Fed Mag Media default is paper		INFORMATIONAL
YA1	Invalid Fed Id #	005633525	SUPPRESSED

Error Type: Suppressed
Meaning: Paper W-2s were suppressed. This error must be corrected.

Informational
Meaning: Informational message which means that W-2s were *not* suppressed. No action is required unless the error message is "Missing Soc. Sec. #."

Action Required
Meaning: Appears next to the messages "Over FI limit w 3psp" and "Missing mag media data – MM suppressed" For instructions on how to correct these errors, refer to the messages in chapters 4 and 8.

When the report is processed with W-2s, the W-2 processing batch number appears here.

Date and time the report was processed

CSR-KF TEAM B

W 2 ERROR REPORT

8/01/02 14:38:44 Page - 2

- If the report is produced for all clients, the CSR code and name appears here.
- If the report is produced by client, the client code and name appear here. Use option 17 (Y/E Error Tracking System) on the Year End menu to produce the report by client.
- If the report is produced by batch during W-2 processing, "CSR unassigned" appears here.

To review a combined list of Client Audit report and W-2 Error report messages (that may appear on the details screen and on the W-2 Error report), see appendix C, *Client Audit and W-2 Error Messages Table*, in this guide.

Additional information for certain errors

Negative wage or tax errors

When the system encounters a W-2 with negative wages or tax amounts, San Dimas considers the negatives to be a zero and the system logs the error as: Negative Fed, State, or City Tax; or Negative Fed, SS, or Med Wage; or All Values Are Negative. To determine the exact negative dollar amounts, refer to the amounts for the specified employee on the End-of-Quarter Year-to-Date report.

When voids are entered incorrectly or against the wrong quarter master file, an employee's prior quarter year-to-date amount may be higher than year-to-date amounts, which results in negative wage or tax.

△ When researching errors using the Earnings Record, Current QTD, or Prior Quarter YTD reports, be aware that figures appearing in the 08 Other earnings column and 99 Misc deductions column may actually be other earnings or deductions that were combined into these columns in the client's profile. To avoid negative values as a result of incorrect adjustments, be sure which type of earnings or deductions these are by using the Master List or viewing the employee's earnings and deductions in the client's profile.

When the San Dimas system encounters these types of errors, it also replaces negative W-2 amounts with zeros.

Tax w/o wage errors

The W-2 data for employees who have this error are included on the San Dimas quarterly tax transmission. However, this W-2 data is dropped from the San Dimas group transmission.

Undetected tax w/o wage errors

The following situations result in tax without subject wage, but the system does not identify them and log them as a W-2 error:

- An adjustment or one-time deduction to withhold city tax (CY, YC, or TC) or state tax for a second state (TS) may have been mistakenly applied to the incorrect employee (e.g., an employee not subject to the tax). During W-2 processing, the system does not identify this tax amount as a tax without wage since the employee has not been set up with a valid tax code (e.g., 0801, CA). Therefore, the system does not log the error and produces a W-2 for the employee.
- If the client notifies you that an employee's pay stub shows city or state tax withheld erroneously, the error may have occurred as described in the situation above.

To research this type of situation, refer to the client's Master List. The report shows the jurisdiction with the tax amount for the employee in question, but the jurisdiction name or code will be missing.

The error may also have been caused by a voided check. To determine if this is the cause, refer to the client's Quarterly Taxable Wage report. In such a situation, the message "Caution Credits" appears at the bottom of the city or second state tax column.

△ When correcting any of the three errors described in this section, remember to forward a reclose or amendment to San Dimas.

EasyPay Year End Revenue Analysis Report

- ✓ The SBS Finance department produces this report.

The EasyPay Year End Revenue Analysis report aids management in analyzing the revenue from year-end processing. This report captures the total number of year-end forms (W-2s and 1099s) billed at the item level.

Generating and printing the EasyPay Year End Revenue Analysis report

The EasyPay Year End Revenue Analysis report shows the number of units billed and the revenue for year-end billing. EasyPay regional executives can request this report on demand to track year-end revenue.

To generate and print the report:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **14** (Go to Client Srv Yr-End Menu) and press **ENTER**. The Year End menu appears.
3. From the Year End (MNUYREND) menu, select option **14** (Y/E Revenue Analysis Report) and press **ENTER**. The Y/E Revenue Analysis Prompt screen appears.

The beginning date defaults to the date that your center's system was reset for current year processing. The ending date defaults to the current system date (today's date).

```
BY0500FM                Y/E  2007  Revenue Analysis Prompt                6/08/07
                                                                    12:40:29

      Beginning Date  5/06/2007  (MM/DD/YYYY)
      Ending Date    6/08/2007  (MM/DD/YYYY)

F3=Exit  Press Enter to process report
```

4. If necessary, change the default beginning date and ending date and press **ENTER**. The system generates the spool file BY0500.
 - ✓ For year-end 2014, the years 2014 and 2015 are valid for beginning and ending dates.
5. Print the spool file BY0500. A sample report is shown on the next page.

[illegible]

Year-End Processing Statistics Report

- ✓ The SBS Finance department produces this report.

The EasyPay Year-End Processing Statistics report provides information about year-end items processed and billed during a specified period. SBS Finance department uses this report to compile annual processing statistics for all EasyPay service centers.

The Year-End Processing Statistics report can be printed in two ways: summarized or detailed.

- The *summary* report can be run for a specific range of dates and shows the total number of forms, by form type, processed and billed during a specific period.
- The *detail* report is for the regional executive's reference and can be run in any way he or she chooses.

Form types are listed on the report by bill type code. The following are the codes and forms on this report:

- W = W-2s
- T = 1099-Ms
- R = 1099-Rs
- G = W-2 magnetic media
- X = 1099-M magnetic media

This section describes how to print summarized and detailed Year-End Processing Statistics reports and provides a sample of each.

Summary report

The Year-End Processing Statistics summary report shows the total number of forms, by form type, processed and billed during a specified period.

To print the Year-End Processing Statistics summary report:

1. From your main menu, select option **2** (Work with an Existing Client), and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **14** (Go to Client Srv Yr-End Menu) and press **ENTER**. The Year End menu appears.
3. From the Year End (MNUYREND) menu, select option **11** (Y/E Processing Stat Reports) and press **ENTER**. The selection criteria screen appears.

Selection criteria screen

6/08/07	ENTER DATES FOR 2007 YEAR-END STATISTICS REPORT		12:48:36
FROM	<u>5/06/2007</u>	(MMDDYYYY)	
TO	<u>6/08/2007</u>	(MMDDYYYY)	
WHAT TYPE OF REPORT DO YOU WANT?			
Detail or Summary			
	<u>D</u>	(D/S)	
F3 - Exit Enter - to continue			

4. Type the first (earliest) date for inclusion on the report in the From: field.
5. Type the last (latest) date for inclusion on the report in the To: field.
6. Enter a **D** to produce the detailed or an **S** to produce the summary version of this report and press **ENTER**. The system generates the spool file BY0505.
7. Print the spool file BY0505. A sample report is shown on the next page.

Sample EasyPay Year-End Processing Statistics summary report

- ✓ This data is sorted in descending order by form type and ascending order by processing count. Subtotal breaks are given for each form type.

Service center code and name	Report beginning and ending dates	Number of Processings: The number of times that the form was run for all clients.
EasyPay Year-End 2012 Processing Statistics :3 FROM 11/24/2013 Through 1/12/2014 98 MOORESTOWN - SUPPORT		PAGE 1
Form type		Number of Processings Billed: Of the processings run for all clients, how many were billed to clients. In this example, 363 out of 424 processings were billable.
Total # of Processings with Form Type W for Current Year -	424 Units - 18568	
Total # of Processings Billed with Form Type W for Current year -	363	
Total # of Clients with Form Type W for Current Year -	363	
Total # of Processings with Form Type W for Prior Year -	Units -	
Total # of Processings Billed with Form Type W for Prior Year -		
Total # of Clients with Form Type W for Prior Year -		
Total # of Processings with Form Type T for Current Year -	51 Units - 405	
Total # of Processings Billed with Form Type T for Current year -	40	
Total # of Clients with Form Type T for Current Year -	40	
Total # of Processings with Form Type T for Prior Year -	Units -	
Total # of Processings Billed with Form Type T for Prior Year -		
Total # of Clients with Form Type T for Prior Year -		
Total # of Processings with Form Type R for Current Year -	3 Units - 95	
Total # of Processings Billed with Form Type R for Current year -	3	
Total # of Clients with Form Type R for Current Year -	3	
Total # of Processings with Form Type R for Prior Year -	Units -	
Total # of Processings Billed with Form Type R for Prior Year -		
Total # of Clients with Form Type R for Prior Year -		
Total # of Clients Processed for Current Year -	368	
Total # of Clients Processed for Prior Year -		
** END OF REPORT **		
Totals are provided for both the current and prior years. Current year refers to clients processed for the current processing year (e.g., 2014 W-2s printed within the date range of the report). Prior year refers to clients processed for any previous processing year (e.g., 2013 W-2s printed within the date range of the report).		
Grand totals of all clients processed during the current and previous years appear at the end of the report.		

Detail report

- ✓ Once your system is reset for the new year on April 1st, the data for this report will no longer be available. We recommend that you print the detail report in March before the reset. You should archive the report.

The Year-End Processing Statistics report detailed version shows totals of forms processed and billed to each client during a specified period.

To print the Year-End Processing Statistics detail report:

1. From your main menu, select option **2** (Work with an Existing Client), and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **14** (Go to Client Srv Yr-End Menu) and press **ENTER**. The Year End menu appears.
3. From the Year End (MNUYREND) menu, select option **11** (Y/E Processing Stat Reports) and press **ENTER**. The selection criteria screen appears.
4. The “From” date defaults to the date the system began accepting year-end processing data. Press **TAB** to accept this default date.
– OR –
Type the date you want and press **TAB**.
5. The “To” date defaults to the current system date. Press **TAB** to accept this default date.
– OR –
Type the date you want and press **TAB**.
6. At the prompt “What type of report do you want?” accept the default of “D” for detail by pressing **ENTER**. The system generates the spool file BY0505.
7. Print the spool file BY0505. A sample report is shown on the next page.

Sample EasyPay Year-End Processing Statistics detail report

- ✓ The data is sorted in descending order by form type, ascending order by processing count, and ascending order by client code. Subtotal breaks are given for processing counts and each form type.

Service center code and name

Report beginning and ending dates

Billed Y/N: A "Y" indicates that the client was billed for the processing; an "N" indicates that the client was not billed for the processing.

EasyPay Year-End 2012 Processing Statistics
FROM 11/24/2013 through 1/12/2014
98 MOORESTOWN - SUPPORT

BY0505
PAGE 1

Process Count: The number of times that the form was run for the client.

For each form type, the report shows each client for whom the form was processed.

Number of Units: The total number of forms used by each client during their processing(s).

For each form type, the report summarizes processing and billing data for both the current year and the previous year.

Form Type	Client Code	Process Count	Current Year	Billed Y/N	Number Of Units	Batch Number	Create Date	Create Time
W	AMM	1	Y	Y	35	027	8/15/2001	9:58:45
W	ANC	1	Y	Y	17	018	8/14/2001	14:32:42
W	ANZ	1	Y	Y	8	033	8/15/2001	10:35:29
W	AN4	1	Y	Y	62	019	8/14/2001	14:52:19
W	AQS	1	Y	Y	59	006	8/13/2001	16:25:25
W	ASE	1	Y	Y	8	024	8/15/2001	9:41:58
W	AYT	1	Y	Y	36	034	8/15/2001	10:41:59
W	AY9	1	Y	Y	121	042	8/15/2001	13:05:30
W	A14	1	Y	Y	22	020	8/14/2001	15:12:21
W	A19	1	Y	Y	18	005	8/13/2001	16:21:06
W	A2X	1	Y	Y	45	006	8/13/2001	16:25:25
W	A4C	1	Y	Y	36	012	8/14/2001	9:53:10
W	A66	1	Y	Y	12	031	8/15/2001	10:08:30
W	BAN	1	Y	Y	5	046	8/17/2001	18:35:13
W	BB5	1	Y	Y	86	024	8/15/2001	9:41:58
W	BCM	1	Y	Y	40	036	8/15/2001	11:39:35
W	BHW	1	Y	Y	5	034	8/15/2001	10:41:59
W	BJC	1	Y	Y	24	005	8/13/2001	16:21:06
W	BJ8	1	Y	Y	31	033	8/15/2001	10:35:29
W	BMM	1	Y	Y	31	018	8/14/2001	14:32:42
W	BMS	1	Y	Y	18	031	8/15/2001	10:08:30
W	BM9	1	Y	Y	23	048	8/17/2001	19:00:59
W	BSH	1	Y	Y	56	034	8/15/2001	10:41:59
W	BS9	1	Y	Y	9	033	8/15/2001	10:35:29
W	BTB	1	Y	Y	44	038	8/15/2001	12:01:02
W	BTJ	1	Y	Y	27	033	8/15/2001	10:35:29
W	BYE	1	Y	Y	29	026	8/15/2001	9:56:37
W	BYU	1	Y	Y	26	009	8/14/2001	9:10:02
W	BY9	1	Y	Y	46	046	8/17/2001	18:35:13
W	BZE	1	Y	Y	12	006	8/13/2001	16:25:25
W	B5N	1	Y	Y	75	042	8/15/2001	13:05:30
W	B7F	1	Y	Y	25	046	8/17/2001	18:35:13
W	B7S	1	Y	Y	30	034	8/15/2001	10:41:59
W	CAA	1	Y	Y	42	049	8/17/2001	19:10:19
W	CA6	1	Y	Y	21	012	8/14/2001	9:53:10
W	CCR	1	Y	Y	40	032	8/15/2001	10:29:04
W	CK3	1	Y	Y	68	040	8/15/2001	12:53:27
W	CLY	1	Y	Y	66	049	8/17/2001	19:10:19
W	CMT	1	Y	Y	171	022	8/14/2001	16:23:46
W	CP3	1	Y	Y	22	012	8/14/2001	9:53:10
W	CQU	1	Y	Y	32	046	8/17/2001	18:35:13
W	CQ5	1	Y	Y	41	013	8/14/2001	10:26:40
W	CSJ	1	Y	Y	2	048	8/17/2001	19:00:59
W	CTG	1	Y	Y	3	007	8/13/2001	16:35:21
W	CUH	1	Y	Y	80	029	8/15/2001	10:04:08
W	CZ	1	Y	Y	53	027	8/15/2001	10:53:27
W	CZ	1	Y	Y	35	013	8/15/2001	10:35:13
W	C3	1	Y	Y	01	002	8/15/2001	10:01:02
W	CS	1	Y	Y	29	004	8/15/2001	10:29:04

Current Year: An indicator "Y" in this field indicates that the form was processed for the current processing year (e.g., a 2014 W-2 printed in 2014). An indicator "N" in this field indicates that the form was processed for a prior year (e.g., a 2013 W-2 printed in 2013).

7

Year-End Billing

This chapter contains helpful procedures for billing clients for year-end items. It contains the following topics:

- Accessing the Year End menu
- Manually billing for W-2/1099 processing
- Entering billing overrides and promotions
- Researching issues with the Year-End Billing Audit file
- Working with additional controls

Chapter contents

Accessing the Client Service Year End Menu	7-2
Manually Billing for W-2/1099 Processing	7-3
DDF invoices	7-3
Charges for additional year-end items	7-4
Manual billing procedure for current-year reruns	7-5
Entering Billing Overrides and Promotions	7-8
Override codes and types	7-8
Adding an override item	7-9
Changing an override item	7-11
Promotions	7-12
Researching Issues with the Year-End Billing Audit File.....	7-13
Browsing the Year-End Billing Audit file	7-14
Printing reports from the Year-End Billing Audit file.....	7-16
Working with Additional Controls	7-20
Setting up billing parents for additional controls	7-20
Using the Ask MIS report	7-21

Accessing the Client Service Year End Menu

To perform manual billing for W-2s and 1099s and access the Year-End Billing Audit file, you must first navigate to the Year End menu (MNUYREND).

To access the Year End (MNUYREND) menu:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **14** (Go To Client Srv Yr-End Menu) and press **ENTER**. The Year End (MNUYREND) menu appears.

To manually bill clients for W-2s and 1099s, use options 1 and 2. See page 7-5.

To view the Year-End Billing Audit file, use options 6 and 7. See page 7-14.

To print reports to research billing issues, use options 8, 9, and 10. See page 7-16.

Menu: MNUYREND	Year End Menu	System: AS400
+-----+-----+-----+		
<u>Billing</u>		<u>Y/E Billing Audit File</u>
1. W2/1099 Manual Billing		14. Y/E Revenue Analysis Report
2. Print W2/1099 Invoices		
<u>Scheduling Projection</u>		
3. Update Base Dates		<u>Y/E Error System</u>
4. Estimate Year End Forms		17. Y/E Error Tracking System
5. Reprint Individual Employee W2		18. Print Y/E Error Rpt By CSR
<u>Y/E Audit File</u>		
6. Browse Audit File By Client		21. Go To Quarter Cut Menu
7. Browse Audit File By Batch		22. Go To Mag Media Menu
8. Print Audit File		23. Go To Work With Client Menu
9. Print Selected Clients		24. Go To Main Menu
10. Daily Re-runs and Manual Billing		
11. Y/E Processing Stat Reports		
+-----+-----+-----+		
		85=Display session 90=Signoff

Use option 22 to go to the Mag Media menu. On the Mag Media menu, use option 20 to return to this menu.

Manually Billing for W-2/1099 Processing

In the following situations, you must manually bill for W-2/1099 processing:

- Current-year reruns of W-2/1099 processings
- All prior-year processings

This section describes the processing of DDF invoices, lists standard prices for year-end items, and gives the procedure for manually billing for W-2 and 1099 processing for the current year.

DDF invoices

The DDF invoice date on the client's invoice for W-2 charges will be the W-2 processing date. However, the actual debit transaction will be held in San Dimas for seven days and then sent to the bank. This delay ensures that clients will receive their W-2s before being debited for them. During the last week of December and the first week of January, the schedule may be impacted by the Christmas and New Year holidays. The chart below illustrates the DDF schedule for this period.

Sample DDF schedule

Activity	Payroll Processing DDF Invoice	W-2 Processing DDF Invoice
Run weekly billing	December 24, 2014	December 24, 2014
Transmit to San Dimas	December 26, 2014	December 26, 2014
Released to the bank	December 29, 2014	January 5, 2015
Debit the client	December 31, 2014	January 7, 2015

Charges for additional year-end items

Listed below are the charges that will be incurred for additional year-end items.

2014 Base + per item charges

Year-End Item	Base Charge	Per Item Charge
Employee Earnings Summary/W-2s/1099s	\$45.00	\$5.60 per form
Delivery of Earnings Summary/W-2s/1099s	\$10.50	
Federal W-2 magnetic media (Required by federal law for employers with 250 or more W-2 forms)		\$125.00 per CD-ROM
Federal 1099-MISC magnetic media (Required by federal law for employers with 250 or more 1099 forms)		\$125.00 per CD-ROM
1099-MISC and/or 1099-R forms only	\$45.00	\$5.60 per form
Year-end reprocessing fee*	\$100.00 + W-2 reprints and cost of adjustment payroll	
Tax filing reclose fee	A \$50.00 fee may be incurred for adjustments processed after December 30, 2014.	
For additional controls: Employee Earnings Summary/W-s/1099s**	\$32.50	\$5.60 per form

* Reprinting one Form W-2: If one W-2 is lost or destroyed, the client has the option to photocopy the employer copy of the W-2, or request a reprint of the form at the per item charge plus delivery (must be billed manually). Refer to the section *Reprinting one or more individual employee W-2s* in chapter 5. To avoid a delivery charge, clients can also print the form from Electronic Reports if applicable.

** For more information on setting up parent/child relationships for additional controls, refer to *Working with Additional Controls* on page 7-20.

Manual billing procedure for current-year reruns

- ✓ Establish a procedure for your center for handling manual bills. Decide if a point person will handle manual bills or if each Service associate should handle his or her own. Be sure to communicate the established procedure to all associates.

To manually bill for W-2/1099 processings:

- ✓ Help text for each of the fields on the following screen is available.
- 1. From the Year End (MNUYREND) menu, select option **1** (W2/1099 Manual Billing) and press **ENTER**. A client selection screen appears.
- 2. Type the client code(s) you wish to manually bill and press **ENTER**. The W2/1099 Manual Billing screen appears.
- ✓ If there is no current-year data for a client, the letter “E” appears next to the client code with the following error message at the bottom of the screen: “No Current Year Data.” Correct or delete the client code with the error, and press **ENTER** to advance to the W2/1099 Manual Billing screen.

8/31/05 W2/1099 Manual Billing PY0510-01
 15:55:01 Current Year - 2004

Bill Type	Client	Units	Amount	Bill Y/N	Base Amount	Bill Y/N	Delivery Amount	Current Year Y/N
<u>W</u>	<u>ECH</u>	<u>12</u>		-		-		<u>Y</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

F3=Exit F7=Update

The Bill Type, Client, Units, and Current Year Y/N fields are populated with each client's current year data. Use the TAB and SHIFT+TAB keys to move from field to field to add, edit, or delete data. However, data is not redisplayed after you complete the process and update the system.

3. In the Bill Type column, accept the current-year bill type, or change it if necessary. Valid entries for this field are:
 - “W” for W-2s
 - “T” for 1099-MISCs
 - “R” for 1099-Rs
 - “G” for W-2 magnetic media
 - “X” for 1099 magnetic media
4. In the Units column, accept the current-year data, or change the number of forms processed for this bill. For magnetic media, type **1** in the Units column and press **TAB**.

5. In the Amount column, do one of the following:
 - To charge a price other than the current book price, type the total amount to be charged and press **TAB**. For example, type **5000** for \$50.00.
 - To charge either the current book price or the client's override price, leave the Amount column blank and press **TAB**.
 - ✓ If you type an override amount, the client will be billed for that amount—not that amount times the number of units.
6. In the Bill Base Y/N? column, do one of the following:
 - To bill the base charge for a form type, type **Y**.
 - To omit the base charge, type **N**.
7. In the Bill Base Amount column, do one of the following:
 - To charge either the current book price or the client's override price, make sure there is a "Y" in the Bill Base Y/N? column, leave the Bill Base Amount column blank, and press **FIELD+** or the **+** key.
 - To charge a price other than the current book price, make sure there is a "Y" in the Bill Base Y/N? column, type the amount to be charged, and press **TAB**.
 - To omit the base charge, make sure there is an "N" in the Bill Base Y/N? column, leave the Bill Base Amount column blank, and press **TAB**.
8. In the Bill Delivery Y/N? column, do one of the following:
 - For bill types "G" or "X," type **N**. It is not possible to bill for these deliveries.
 - To bill for delivery of W-2s, 1099-MISCs, or 1099-Rs at the rate indicated in the client's billing overrides, type **Y** in the Bill Delivery Y/N? column, and leave the Bill Delivery Amount column blank. Delivery will be charged at either the current book price or the client's override price.
 - To bill for delivery of W-2s at a rate different from the rate in the client's billing overrides, type **Y** in the Bill Delivery Y/N? column, and then type the amount to be charged in the Bill Delivery Amount column.
 - To *not* bill for delivery, type **N** in the Bill Delivery Y/N? column.
 - ✓ Although a client may require delivery of different types of forms, a client can only be billed once for delivery.
9. In the Current Year Y/N? column, accept the default "Y" if the forms or CD-ROM is for the current year. If you are billing the client for a prior year, type **N**.
10. Repeat steps 3-9 for each client.
11. When you have typed all data for all clients to be manually billed, press **F7** (Update). Any information entered in the Units, Amount, Base Amount, and Delivery Amount columns will be right justified. Review the data for accuracy since you will not be able to redisplay the data.
12. Press **F7** to accept. The Print Invoices screen appears.
 - ✓ If there is invalid data highlighted for correction, correct it and press **F7** (Update) again.

- 13.** At the “Do you want to print invoices now” prompt, do one of the following:
- To print invoices now, type **Y** and press **ENTER**.
 - To print invoices later, type **N** and press **ENTER**. When you want to print the invoices, from the Year End (MNUYREND) menu, select option **2** (Print W2/1099 Invoices) and press **ENTER**.
 - ✓ You cannot print invoices while someone else is entering manual billing data. If you attempt to print invoices while someone is entering manual billing data, the following warning message appears on the screen: “Cannot print invoices while W-2 manual bills are being entered or being printed.”
- 14.** If you need to create a credit memo to correct billing records, use option 4 (Credit Memo Data Entry) on the Branch Billing (MNUBILL) menu.

Entering Billing Overrides and Promotions

You may need to modify an item's pricing for a client (e.g., for a special sales promotion). To do this, enter a billing override on the EasyPay system.

This section contains the following information:

- Lists of override codes and types
- A procedure for adding an override item
- A procedure for changing an override item
- Information on how promotions are processed

Override codes and types

An override item *code* refers to a specific item or feature. For example, 68 is an override code that allows the client an adjusted price for employee attendance records. An override *type* allows you to change the rate, base, minimum, or maximum dollar amount for an individual item. Common override item codes and valid billing types for year-end overrides are listed below.

When you enter an override, you must enter *both* a base and a rate amount for each item code. If rate is normally used, enter 0.0000 for base; if base is normally used, enter 0.0000 for rate. If an override type field is blank (i.e., no "B," "R," "L," or "H"), it is considered an "R."

Item override messages are formatted similar to this example: "Override 53R at 0.0000 Effect 10/30/2014." The item code 53 is for W-2 statements with an override rate of \$0.00 that becomes effective on October 30, 2014.

Override item codes for year-end items

Code	Item
58	W-2 base
53	W-2 statements rate
WS	W-2 delivery rate
Y1	1099 base
Y2	1099 statements rate
68	EE Attendance Records base and rate
76	Mag Media base

Valid billing types

Code	Billing Type
R or blank	Rate per unit (%)
B	Base (\$)
L	Minimum charge
H	Maximum charge

Adding an override item

To add an override item code and type:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **11** (Change Profile) and press **ENTER**. The Client Profile System screen appears.
3. At the Client Number prompt, type the client code and press **ENTER**. The system displays the current quarter and run number.
4. Press **ENTER** to accept the current quarter and run number. The EasyPay Browse/Update menu appears.
5. On the EasyPay Browse/Update menu, type **Y** next to Billing Overrides and press **ENTER**. The Client Bills screen appears.
6. On the Client Bills screen, press **F10** (Add). The Add a Record window appears at the bottom of the Client Bills screen.

The screenshot shows the 'Client Bills' screen for Client# 905. The top section, 'Billing Override Data', lists various overrides with their codes, values, and effective dates. The bottom section, 'Add a record', contains input fields for Billing Price Code, Override Item Code, Report Number, Start Date, Value(\$/%), Report Price, Expiration Date, Item Code, and Reason Code. A callout box with an arrow points to the 'Add a record' section, stating: 'The Add a Record window appears at the bottom of the Client Bills screen.' At the bottom of the screen, a function key legend is displayed: F3=Update/E0F, F4=Options, F8=Exemption, F10=Add, F11=Select, F20=No Update/E0J.

Client# 905 X2 CLIENT Module- Client Bills UPDATE

Select Billing Override Data

.. Tax Jurisdiction DAYTON,NJ 08810 County MIDDLESEX

.. Price Code S3W Effect 03/11/2008

.. Price Code S2W Effect 02/21/2008

.. Spec Rpt N2 at 7.0000 Item Code 57 Effect 03/11/2008

.. Override EB at 0.0000 Effect 03/12/2008

.. Override EBB at 5.0000 Effect 03/12/2008

.. Lab Rpt N1 at 0.0000 Item Code 51 Effect 03/11/2008

.. Override C3 at 0.0000 Effect 03/11/2008

Add a record

Billing Price Code: _____ Value(\$/%) : _____ 0000

Override Item Code: _____ Report Price: _____ 0000 Item Code: _____

Report Number: _____ Expiration Date: _____

Start Date: _____ Reason Code: _____

F3=Update/E0F F4=Options F8=Exemption F10=Add F11=Select F20=No Update/E0J

7. If you know the override item code, **TAB** to the Override Item Code field. Type the two-digit override item code then, the one-digit override type (e.g., "R" for rate) and press **ENTER**.

– OR –

If you don't know the override item code, display a list of valid item codes and override types; to do this, **TAB** to the Override Item Code field and press **F4** (Options). The Valid Override Types pop-up window appears. See the next page.

Valid Override Types window

Valid Override Types

To select item code position cursor on line for specified feature, key override type: blank(rate), R(rate), L(min), H(max), B(base)

Type	Item Code	Feature Description
---	AC	ADP CHECK
---	B1	HARD COVER THREE RING BINDERS
---	B2	SOFT COVER THREE RING BINDERS
---	B3	BLANK THREE RING INDEX PAGES
---	B4	MONTHLY THREE RING INDEX PAGES
---	C2	24 HR SERVICE
---	C3	ABC PROCESSING SURCHARGE
---	C4	BIWEEKLY SURCHARGE

More...

F12 - Previous

State Tax Code: -- Local Tax: --
Report Number: -- Report Period: --
Start Date: -----

CMD5: 3-Update/EOF 4-Options 10-Add 11-Select 20-No Update/EOFJ

Then, position the cursor in the Type column on the line next to the item code. Type one of the following and press **ENTER** to return to the Add a Record window.

- To set the rate as a percentage or dollar amount (e.g., 100 pays x rate = amount billed), type **R**, or press the space bar.
 - To set the override as a base charge (e.g., 100 units = \$5.00), type **B**.
 - To set the override as a minimum dollar amount for the item code, type **L**.
 - To set the override as a maximum dollar amount for the item code, type **H**.
8. To add the new value, **TAB** to the Value (\$/%) field and type the dollar amount or rate (e.g., 2.000 for \$2.00, 26.7500 for \$26.75, .1000 for 10¢, .08 for 8%, or .015 for 1½%).
 9. To define when the new pricing begins, **TAB** to the Start Date field and type the date (e.g., 09122014 for 09/12/2014). The start date cannot be earlier than the current date.
 10. If you need to define when the new pricing ends, **TAB** to the Expiration Date field and type the date.
 - ✓ If you enter a promotion override (i.e., code SP1) you must always enter an expiration date. Please note that when you enter a promotion override, type the code in the Billing Price Code field and not in the Override Item Code field.
 11. To enter a reason code for the billing override, **TAB** to the Reason Code field and enter the three-character reason code or press **F4** to display a pop-up window of reason codes, position the cursor on the desired reason code you want to select, and press **ENTER**.
 12. To save your changes, press **F3** (Update). The top of the Client Bills screen is updated with a brief description of the override.
 13. To save your changes and exit Billing Overrides, press **F3** (Update). The EasyPay Browse/Update menu appears.
 14. On the EasyPay Browse/Update menu, type **Y** next to Write Work to Master and press **ENTER** to save your work to the master file.

Changing an override item

To change a billing override:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **11** (Change Profile) and press **ENTER**. The Client Profile System screen appears.
3. At the Client Number prompt, type the client code and press **ENTER**. The current quarter and run number appears.
4. Press **ENTER** to accept the current quarter and run number. The EasyPay Browse/Update menu appears.
5. On the EasyPay Browse/Update menu, type **Y** next to Billing Overrides and press **ENTER**.
6. In the top half of the Client Bills screen, position the cursor in the Select column next to the appropriate override and press **F11** (Select). The existing information for the override appears on the left side of the bottom half of the Client Bills screen.

The type of override determines what information appears. In the following example, the fields for a special report are shown.

Client# 905 X2 CLIENT		Module- Client Bills UPDATE	
Select	Billing Override Data		
..	Tax Jurisdiction DAYTON,NJ 08810 County MIDDLESEX		
..	Price Code S3W Effect 03/11/2008		
..	Price Code S2W Effect 02/21/2008		
..	Spec Rpt N2 at 7.0000 Item Code 57 Effect 03/12/2008		
..	Override EB at 0.0000 Effect 03/12/2008		
..	Override EBB at 5.0000 Effect 03/12/2008		
..	Lab Rpt N1 at 0.0000 Item Code 51 Effect 03/11/2008		
..	Override C3 at 0.0000 Effect 03/11/2008	More...	

<u>Existing Record</u>		<u>Updated Record</u>	
Code/Type: S3W		Code/Type: <u>S3W</u>	
Start Date: 3/11/2008		Start Date: <u>3/11/2008</u>	
Expiration Date:		Expiration Date: _____	
Reason Code: PRC		Reason Code: _____	

date/E0F F4=Options F8=Exemption F10=Add F11=Select F20=No U			

The left side of the screen shows the existing record. The information contained in this area may *not* be changed.

The right side of the screen is used to edit the information contained in the record.

7. To modify the existing information, change the appropriate information located under the heading Updated Record and press **ENTER**.
8. To save your changes, press **F3** (Update). On the top of the Client Bills screen, the system automatically updates the brief description with the new information.
9. To save your changes and exit Billing Overrides, press **F3** (Update). The EasyPay Browse/Update menu appears.
10. On the EasyPay Browse/Update menu, type **Y** next to Write work to Master and press **ENTER** to save your work to the master file.

Promotions

Unlike billing overrides, which are manually added on the EasyPay system, promotion (promo) codes are entered in EPOPS or SPOE during the entry of a new client's sales order or additional business order. Promo pricing is then added to the EasyPay system via the EPOPS or SPOE upload process. After the Implementation associate creates the client profile, the promo pricing appears on the Client Bills screen.

During an MIS activity download that is performed after the client's first live payroll, the feature's actual start date is sent to EPOPS, forcing the calculation of the promo expiration date. During the next EPOPS upload process, the promo expiration date is sent to the EasyPay system, where it can be viewed in the Billing Overrides module of Profile.

If a promotion for a free processing or free processing for a period of time is not entered properly in EPOPS or SPOE, a billing override will have to be entered manually in Billing Overrides on the EasyPay system. The override must be entered as *billing price code SP1*. Always enter the appropriate expiration date for SP1 in Billing Overrides.

Exceptions to entering billing price codes are feature-specific promotions. For example, a promotion for FSDD would be a feature-specific promotion. In these feature-specific promotion cases, if you need to manually enter a billing override on the EasyPay system, enter an override for the *feature item code* following the procedure beginning on page 7-9.

Researching Issues with the Year-End Billing Audit File

The Year-End Billing Audit file is a valuable tool that you can use to research the following types of information:

- The number of year-end output processings for a client
- The date and time of the form processings
- The number of year-end forms output for each processing
- The number of manual bills created
- The clients included in a batch
- The most recent batch number for the most recent year-end output

Every time a service center processes year-end or creates a manual bill for a client's year-end output, the system updates the Year-End Billing Audit file. The system indicates the form type and number of times the form type has been processed or billed.

This means the first time a service center processes a client's W-2s, a "W" for form type and the number 01 for the first processing is entered in the Year-End Billing Audit file. Each additional time the service center processes a client's W-2s, a "W" and the number of times processed (02 for the first additional processing) are entered in the Year-End Billing Audit file.

Only the first processing of W-2s is automatically billed by the system; you may need to bill additional processings. If you (or another associate) manually bill for W-2s, an "M" and the number of times manually billed (01 for the first manual bill) are entered in the Year-End Billing Audit file.

This section includes procedures for viewing (browsing) and printing information in the Year-End Billing Audit file. It also includes report samples.

Browsing the Year-End Billing Audit file

You can view the Year-End Billing Audit file by client or by batch. Both procedures are given below.

Browsing by client

To browse the Year-End Billing Audit file by client:

1. From the Year End (MNUYREND) menu, select option **6** (Browse Audit File by Client) and press **ENTER**. The Browse EOY Billing Audit File screen appears.

```
09:49:29                                PY0511-01
0/22/01                                BROWSE EOY BILLING AUDIT FILE

Enter Client Code :      . . . .

CMD 3 to End      Enter for next screen
```

2. Type the client code and press **ENTER**. The Browse W2 Y-E Audit File by Client screen appears.

```
09:50:26                                PY0511-02
0/22/01                                BROWSE W2 Y-E AUDIT FILE BY CLIENT

Client Code  AMM  ASH & BENNETT LTD
                6170 W VIKING RD
                LAS VEGAS      NV 89103
-----
Cur Qtr Run RR SR #Cts Form Nbr Batch  Date      Time      Units Bll Type Amount
-----
Y    2   011                W   01   027   8/15/01   9:50:45      35   Y   W

CMD3 - EOJ                                CMD4 - Select a new client
```

Refer to the illustration on page 7-16 for a description of the data/codes that appear in each column of the Y-E Audit file.

Browsing by batch

To browse the Year-End Billing Audit by batch:

1. From the Year End (MNUYREND) menu, select option **7** (Browse Audit File by Batch) and press **ENTER**. The Browse Y-E Billing Audit File by Batch screen appears.

09:57:27
8/22/01

PY0512-01

BROWSE Y-E BILLING AUDIT FILE BY BATCH

Enter Batch Number:

CMD 3 to End Enter for next screen

The batch number is a system-assigned control number assigned to the year-end output for a group of clients. You can find the batch number on the Reruns Not Billed reports, the printout of the Year-End Billing Audit file, and the area below the employer's name and address on the W-2 and the quarterly reports.

2. Type the batch number and press **ENTER**. The Year-End Billing Audit file appears.

– OR –

For manual bills only, leave the Enter Batch Number field blank and press **ENTER**. The Year-End Billing Audit by Batch file appears.

09:58:01
8/22/01

PY0512-02

BROWSE Y-E BILLING AUDIT BY BATCH

Batch Number: 004

Cli#	Name	C	Q	Run	R	S	#	Form	Date	Time	Units	Bll
		Y	T		R	R	CTS	Nbr				
163	EVANGELICAL FREE CHURCH	Y	3	019				W 01	8/13/01	16:15:34	16	Y
2EK	ADVANCED PLACEMENT STRATEGI	Y	2	013	0		1	T 02	8/13/01	16:15:44	3	N
2EK	ADVANCED PLACEMENT STRATEGI	Y	2	013				W 02	8/13/01	16:15:34	4	N
3EN	ND USA LLC	Y	2	015				W 02	8/13/01	16:15:34	32	N
3HD	DEWITT & KENT HISLE ET AL P	Y	2	008				W 02	8/13/01	16:15:34	31	N
3MX	DALTON GEORGIA FLOOR SOURCE	Y	2	029				W 02	8/13/01	16:15:34	21	N
34N	FERRING PHARMACEUTICALS INC	Y	2	015				W 02	8/13/01	16:15:34	59	N
36Q	NETKRAFT INC	Y	3	012	0		1	T 02	8/13/01	16:15:44	3	N
36Q	NETKRAFT INC	Y	3	012				W 02	8/13/01	16:15:34	8	N
4F0	COASTAL NEUROSCIENCES P C	Y	2	019				W 02	8/13/01	16:15:34	49	+

CMD3 - E0J CMD4 - Select a new batch

Refer to page 7-16 for an explanation of the columns.

Printing reports from the Year-End Billing Audit file

You may need a hard copy of the status of year-end output production to date. You can print:

- All clients on demand (sorted by client code)
- Selected clients from the file on demand
- Daily reruns and manual billing

Print all clients in the file

This report includes all clients with year-end output processed to date and is sorted by client code. The information displays by client code, date within client (earliest first), and then time within date (earliest first).

To print all clients in the file:

From the Year End (MNUYREND) menu, select option **8** (Print Audit File) and press **ENTER**. A message stating that the Year-End Billing Audit file is printing appears.

Top Half of Year-End Billing Audit File by Client

RUN RERN—The run or rerun number of the payroll processing used to process the form type

#CTS—The number of times the client's quarter was cut. This column is blank for Form W.

BATCH—The batch in which the year-end output was processed for this client

NBR—The number of times this form type has been processed for this client. For example, the number 01 indicates the first processing of this form type.

Q#—The quarter number of the master file used to process the form type

CUR—Current indicator. "Y" indicates current year; "N" indicates prior year.

FORM—The form type processed for this client in this batch. The following can appear in this field:

- "W" for W-2s
- "T" for 1099-MISC
- "R" for 1099-R
- "G" for W-2 magnetic media
- "M" for manual invoices
- "X" for 1099 magnetic media (CD-ROM)

TYPE—The letter indicating the invoice type. The following can appear in this field:

- "W" for W-2s
- "T" for 1099-MISC
- "R" for 1099-R
- "G" for W-2 magnetic media
- "X" for 1099 magnetic media

This column is blank when there is an "N" in the Billed column.

DATE and TIME—The date and time this form was processed

BILLED—"Y" indicates an invoice was created—either automatically for the first processing or manually for additional processings. "N" indicates that an invoice was not created.

UNITS—The number of forms processed this time

Year End Billing Audit File by Client													
Q#	CUR	RUN	RERN	SERN	#CTS	BATCH	FORM	NBR	BILLED	TYPE	DATE	TIME	UNITS
<div style="display: flex; justify-content: space-between;"> <div> <p>SYS DATE: 8/22/01</p> <p>SYS TIME: 10:01:44</p> </div> <div> <p>ASH & BENNETT LTD</p> </div> </div>													
Y	2	011				027	W	01	Y	W	8/15/01	9:58:45	0035
<div style="display: flex; justify-content: space-between;"> <div> <p>ANG</p> </div> <div> <p>CARDIO STRESS INC</p> </div> </div>													
Y	2	011				018	W	01	Y	W	8/14/01	14:32:42	0017
<div style="display: flex; justify-content: space-between;"> <div> <p>ANZ</p> </div> <div> <p>PRINT FINISHING SYSTEMS INC</p> </div> </div>													
Y	2	013				033	W	01	Y	W	8/15/01	10:35:29	0008

Bottom Half of Year-End Billing Audit File by Client

Totals are calculated for the current and past years.

Report Totals		Current Year	Prior Years
Total Number of Clients:	370		
Total Number of Manual Bills:			
Total Number of W2 Forms:	18621	18621	
Total Number of 1099 Forms:	405	405	
Total Number of 1099R Forms:	95	95	
Total Client entries to Mag Media:			

Additional processings are included in these totals.

Print selected clients in the file

This report displays year-end billing audit information for a specific client. The information displays by date (earliest first) and then time (earliest first).

To print selected clients in the file:

1. From the Year End (MNUYREND) menu, select option **9** (Print Selected Clients) and press **ENTER**. The Client Selection screen appears.

Client Selection Screen PY0513

Client	Client Name
—	
—	
—	
—	
—	
—	
—	
—	

CMD 3=EOJ
CMD 4 = PRINT
ENTER=Verify

2. Type the client codes of all the clients you want to print and press **ENTER**. The clients' names fill in opposite their numbers for verification.
3. Verify and correct (if necessary) the information on the screen. Then, press **F4** (Print) to print the report.

Year-End Billing Audit File by Client Selection

SYS DATE: 8/22/01		Year End Billing Audit File by Client Selection								PY0513		PAGE
SYS TIME: 10:22:48												
AMM												
CUR	Q#	RUN	RERN	SBRN	#CTS	BATCH	FORM NO	BILLED	TYPE	DATE	TIME	UNITS
Y	2	011				027	W 01	Y	W	8/15/01	9:58:45	0035

Print daily rerun and manual billing reports

You can print the four daily rerun and manual billing reports listed below from the Year-End Billing Audit file. This section contains the procedure for printing these reports and samples.

- ✓ Regional executives should review the W-2 and 1099 Reruns Not Billed report each week to make sure their centers are billing for W-2 and 1099 reruns when appropriate.

Daily rerun and manual billing reports

Report Name	Data Listed	Order of Information
Mag Media Reruns Not Billed	Magnetic media reruns that have not been billed	By batch number (lowest to highest, with a page break after each batch number) and then time (earliest first)
W-2/1099 Manual Bills	Clients who have been billed for W-2 and 1099 manual bills	By client code, time (earliest first), and then form type (alphabetically)
1099 Reruns Not Billed	1099 reruns that have not been billed	By batch number (from lowest to highest, with a page break after each number) and then time (earliest first)
W-2 Reruns Not Billed	W-2 reruns that have not been billed	By batch number (from lowest to highest, with a page break after each number), client code, and then time (earliest first)

To print daily reruns and manual billing reports:

From the Year End (MNUYREND) menu, select option **10** (Daily Re-runs and Manual Billing) and press **ENTER**. The sample reports appear below and on the next page.

Mag Media Reruns Not Billed

SYS DATE: 7/26/96		Mag Media Reruns not Billed										PY0516 PAGE		1
SYS TIME: 14:57:47												TOTAL PAGES		
BATCH :		235												
CLIENT	NAME		CUR	RUN	RERN	SBRN	#CTS	FORM	NBR	DATE	TIME	UNITS		
QQQ	CLIENT	QQQ	Y	004	4		1	G	02	7/24/96	11:50:08	0006		

W-2/1099 Manual Bills

SYS DATE: 9/04/96 SYS TIME: 15:27:53		W2/1099 Manual Bills										PY0516 PAGE 1 TOTAL PAGES 1	
CLIENT	NAME	CUR	RUN	RERN	SBRN	#CTS	FORM	NBR	DATE	TIME	UNITS	BILLED	TYPE
AAM	1099R CLIENT NEW CODEWORD	Y	027	0		1	M	02	8/22/96	9:10:41	0001	Y	W
BG4	CLIENT BG4	Y	000	0		0	M	02	8/22/96	9:10:41	0005	Y	W
JB6	CELEBRATIONS CONFETTI CO, INC.	N	027	0		2	M	02	8/22/96	9:10:41	0003	Y	W
JP4	MULTI DIV MULTI DATE PAGE	N	000	0		0	M	02	8/22/96	9:10:41	0002	Y	W
QG4	CLIENT QG4	Y	014	0		1	M	02	8/22/96	9:10:41	0009	Y	W
QQQ	CLIENT QQQ	Y	008	0		1	M	02	8/22/96	9:10:41	0004	Y	W
BG4	CLIENT BG4	Y	000	0		0	M	03	8/22/96	9:10:41	0017	Y	G
AAM	1099R CLIENT NEW CODEWORD	Y	004	0		1	M	03	8/22/96	9:10:41	0022	Y	R
JB6	CELEBRATIONS CONFETTI CO, INC.	Y	000	0		0	M	03	8/22/96	9:10:41	0015	Y	T
QG4	CLIENT QG4	Y	014	0		1	M	03	8/22/96	9:10:41	0026	Y	X

1099 Reruns Not Billed

SYS DATE: 7/26/96		1099 Reruns not Billed										PY0516 PAGE 1	
SYS TIME: 14:57:47												TOTAL PAGES 2	
BATCH :		235											
CLIENT	NAME	CUR	RUN	RERN	SBRN	#CTS	FORM	NBR	DATE	TIME	UNITS		
QQQ	CLIENT QQQ	Y	004	4		1	T	02	7/24/96	11:50:08	0001		

W-2 Reruns Not Billed

SYS DATE: 7/26/96		W2 Reruns not Billed										PY0516 PAGE 1	
SYS TIME: 14:57:47												TOTAL PAGES 3	
BATCH : 235													
CLIENT	NAME	CUR	RUN	RERN	SBRN	#CTS	FORM	NBR	DATE	TIME	UNITS		
PW2	PRETTY WOMAN 2 INC	N	063				W	02	7/24/96	11:50:08	0003		
QQQ	CLIENT QQQ	Y	004	4			W	02	7/24/96	11:50:08	0006		

Working with Additional Controls

Control is another way to say “client’s company code.” A company may have more than one code, and therefore, represent more than one control. A new company code added for an existing client is referred to as an additional control or “child.” The existing client is referred to as the “parent” of the additional control.

For year-end processing, additional controls are billed a reduced base charge. Refer to page 7-4 for year-end pricing. To ensure that additional controls are billed at the correct price, a billing parent must be associated to each new additional control on both the EasyPay system and EPOPS.

This section describes the following:

- How to link associated parent companies for additional controls (“children”) on the EasyPay system and EPOPS
- How to use the Ask MIS report to identify additional controls that may not be associated with a parent company

Setting up billing parents for additional controls

To enter an additional control in SPOE:

1. On the Client Information tab, check **Additional Control** and type the client code. SPOE updates the Control Client Number in Scheduling on the EasyPay system.
2. Follow the procedure below for entering an additional control on the EasyPay system.

To enter an additional control on the EasyPay system:

- ✓ To ensure the system charges the correct base charge for the related control, the parent client code must be entered in the Related Parent field in the EasyPay system under the related control. This procedure describes how to enter this client code.
1. Access Change Profile for the additional control (option 11 from the Work with Client menu) and type **Y** next to the Scheduling module. The Select Scheduling Options screen appears.
 2. Next to the Client Name/Address option, type **Y**, and press **ENTER**. The Client Name/Address screen appears.

Client Name/Address screen

7/22/08/23/08:25:15 Client Name/Address TOR310FM 1 of 2

Address Type : DD Freq : WEK
 Client : S01 NATIONAL OIL COMPANY Branch: EP
 T/A Name : _____
 Address Line 1: 1100 NORTH MAIN STREET
 Address Line 2: _____
 City : SAN FRANCISCO State : CA Zip: 94108 0000
 County : _____ Country: 1

Phone Number : 415-572-1298 _____
 Fax Number : _____
 E Mail address: _____

Attention : GEORGE TANNER P/R Contact: MARY MARTIN
 Executive Contact: GEORGE TANNER Exec Title : OWNER
 Cust Service Rep : 01 Wldin P/R Entry Rep: 01 Wldin
 Conversion Coordinator: 01 Wldin
 Control Client No : _____
 Related to Parent : _____

F1=Help F4=Find F10=Print

3. Delete the contents of the Control Client No field. SPOE uploaded this field from the SPOE Parent Client Code field.

4. TAB to the Related to Parent field. Type the client code of the existing client who added the additional control (i.e., the parent code) and press **ENTER** twice.

The Related to Parent field downloads to the EPOPS Parent Client Code field.

5. Press **F3** to exit the Scheduling module and then write your work back to Master.

Using the Ask MIS report

The Ask MIS function allows you to query the EPOPS database and produce reports.

To help identify additional controls that may not be associated with a parent, you can use an Ask MIS data query. The query PARENT2 lists client codes, names, addresses, and phone numbers, and is sorted by CSR. Each Service associate should review his or her clients to look for similar company names and/or phone numbers.

Using this query to associate controls with their parents helps guarantee correct billing.

- ✓ When the parent client code appears in the Related to Parent field on the Client Name/Address screen in Scheduling on the EasyPay system, the additional control (child) is billed a reduced base charge.

To print and review an existing query:

1. From the EPOPS Main menu, select **Inquiries**. The Inquiries Main menu appears.
2. From the Inquiries Main menu, select **Ask MIS**. The Ask MIS Main menu appears.
3. From the Ask MIS Main menu, select **Run a Query**. The Ask MIS - Run a Query screen appears.
4. Press **F2** for a list of available queries. Highlight **PARENT2** and press **ENTER**.
 – OR –
 Type **PARENT2** and press **ENTER**.
5. Press **F2** for a list of output options. Highlight the desired output option (File, Printer, or Screen) and press **ENTER**.

- Press **F10** to print the query and return to the Ask MIS Main menu.

Ask MIS report

Look for similar company names and/or phone numbers and make sure parents are related to additional controls properly.

If the client has a parent but the Related Column is blank for the additional control, the additional control information must be re-entered on the EasyPay system.

CLIENT CODE LIST SORTED BY CSR

CSR CODE	PARENT	RELATED	STATUS	NAME	ADDRESS	CITY	STATE	ZIP	CNT_PHONE
1S	MG6	MG4	T	ETHEL J DAVID	5302 PACIFIC AVENUE	TACOMA	WA	98408 (253) 475-8600	
1S	MG7	MG4	T	RAMONA MORAN	5302 PACIFIC AVENUE	TACOMA	WA	98408 (253) 475-8600	
1S	Q74		T	NORTHWEST RESTAURANTS	5320 PERRY TERMINAL RD	ANACORTES	WA	98221 (360) 293-6600	
1S	SH2		A	POWERTECH TOOLWORKS INC	555 ANDOVER PARK W.	TUKWILA	WA	98188 (206) 575-0711	
1S	DN6		T	TRILOGY GROUP INC	555 DAYTON ST	EDMONDS	WA	98020 (425) 778-2807	
1S	XS4	DA9	T	TRILOGY GROUP INC	555 DAYTON SUITE A	EDMONDS	WA	98020 (425) 778-2807	
1S	MB8		T	TIMOTHY J HOWARD	5580 PACIFIC HWY EAST	PIKE	WA	98424 (206) 922-9292	
1S	RC2		T	TIMOTHY J HOWARD AGENCY INSUR	5580 PACIFIC HWY EAST	PIKE	WA	98424 (206) 922-9292	
1S	QY9		T	WEST COAST PUBLISHING INC	56 PUGET DRIVE	STEILACOOM	WA	98388 (253) 984-7928	
1S	ND5		T	EBBETS FIELD PLANNERS INC	562 FIRST AVE SO	SEATTLE	WA	98104 (206) 382-7249	
1S	EH8		T	PETRA INSURANCE AGENCY IN	571 NW PACIFIC AVE	CHEHALIS	WA	98532 (360) 748-8855	
1S	GC8		T	AF RAKETTY COMPANY	5710 RAINIER AVE S	SEATTLE	WA	98118 (206) 722-5119	
1S	UP2		T	AF RAKETTY COMPANY	5710 RAINIER AVE SO	SEATTLE	WA	98118 (206) 722-5119	
1S	SB1		T	SWISSRAY HEALTH CARE INC	5775 SOUNDVIEW DR	GIG HARBOR	WA	98335 (253) 858-3330	
1S	SA9		T	SWISSRAY CORPORATION	5775 SOUNDVIEW DRIVE	GIG HARBOR	WA	98335 (253) 858-3330	
1S	GH3		T	CASEY CONSTRUCTION	5912 140TH ST SW	EDMONDS	WA	98026 (206) 742-1484	
1S	XS5		T	SOUND OPTIONS INC	5929 WESTGATE BLVD #C	TACOMA	WA	98406 (253) 755-5007	
1S	KW5		T	PURPLE SOLUTIONS INC	6001 24TH AVE NW STE 402	SEATTLE	WA	98107 (206) 705-1710	
1S	RJ8		A	QUADRA CAPITAL MANAGEMENT	601 UNION ST	SEATTLE	WA	98101 (206) 613-6734	
1S	RM3	RJ8	A	QUADRA ASSOCIATES LLC	601 UNION ST	SEATTLE	WA	98101 (206) 613-6734	
1S	VV6	RJ8	A	QUADRA CAPITAL MARKETS LLC	601 UNION ST	SEATTLE	WA	98101 (206) 613-6734	
1S	FR5		T	ICM ASSET MANAGEMENT INC	601 W MAIN #600	SPOKANE	WA	99201 (509) 455-3588	
1S	EE2		T	CAFE WA	602 N STATE ST	TACOMA	WA	98403 (206) 383-3465	
1S	NH6		T	SANYU CORP	614 WAYNARD AVE	SEATTLE	WA	98104 (206) 682-6830	
1S	QZ4		T	KAYO BROADCASTING LLC	614 W MARKET ST	ABERDEEN	WA	98520 (360) 532-1450	
1S	EK2		T	RESOLUTION TECHNOLOGIES INC	6147 158TH AVE SE	BELLEVUE	WA	98006 (425) 641-0213	
1S	MJ8		T	NEW IMAGE NEON INC	619 S ALASKA ST	SEATTLE	WA	98108 (206) 292-9440	
1S	QR7	YH8	T	MICHAEL J SEIGER MD INC PS	623 14TH AVE SE	POYALLUP	WA	98372 (253) 841-2471	
1S	MZ1		T	T&W FINANCIAL CORPORATION	6416 PACIFIC HWY E	TACOMA	WA	98424 (253) 922-6509	
1S	NB2	MZ1	T	BONNEY LAKE SUPERMARKET LLC	6416 PACIFIC HWY E	TACOMA	WA	98024 (253) 922-5184	
1S	FA6		T	WATTS GROUP INC	6608 HILLTOP LN SW	TACOMA	WA	98499 (206) 582-8013	
1S	ND6		T	SWEEPING SERVICES INC	667 E NORTH BEND WAY	NORTH BEND	WA	98045 (206) 831-6777	
1S	UL3		T	DATA CONTROLS MARKETING	6708 EVERGREEN	EVERETT	WA	98203 (425) 353-8787	
1S	GH8		T	HART AUTOMOTIVE	6718 ROOSEVELT WAY NE	SEATTLE	WA	98115 (206) 523-6040	
1S	EG7		L	NADER PAINTING	6735 21ST AVE NW	SEATTLE	WA	98119 (206) 784-9743	
1S	GU6		T	ROSE HEARTS INC	6925 216TH ST SW #N	LYNNWOOD	WA	98036 (206) 774-7673	
1S	JR4		T	KARLA INSURANCE DESIGN	700 5TH AVE 4069	SEATTLE	WA	98104 (206) 343-9055	
1S	PC2		A	LIFESPAN BIOSCIENCES	700 BLANCHARD STREET	SEATTLE	WA	98121 (206) 464-1554	
1S	JF5		T	DAVID G LOVERN	7000 SCENIC DRIVE	YAKIMA	WA	98908 (509) 452-2551	
1S	TQ4	QM6	QM6	WASHINGTON TAX SERVICES LLC	721 E DENNY	SEATTLE	WA	98122 (206) 282-4555	

- To determine relationships, look for similar company names and/or phone numbers. If an additional control has already been associated with its parent, the parent code will be printed in the Related Column.
- If the client has a parent but the Related Column is blank for the additional control, re-enter the additional control on the EasyPay system following the procedure on page 7-20.

8

Magnetic Media

- ✓ This chapter contains information for regional executives and quarter cut coordinators (Control Desk associates). Refer to the *SBS Self-Service Procedures Guide* for more information on year-end processing procedures.

First, this chapter gives valuable background information on:

- Types of magnetic media
- Magnetic media process flow
- Magnetic media indicators
- Magnetic Media menu

Then, this chapter provides the following procedures for working with magnetic media:

- Updating clients' year-end magnetic media information
 - Using queries to ensure proper output
 - Using the Annual Filing Reconciliation report
 - Processing the Year-End Edit Transmission report
 - Handling rejected magnetic media
 - Processing 1099-MISC CD-ROMs
- ✓ The SSA requires clients with more than 250 employees to file their W-2 data electronically. Clients who request magnetic media will receive a CD-ROM.
 - ✓ The IRS requires clients with more than 250 employees to file their 1099-MISC data electronically. Clients who request magnetic media will receive a CD-ROM.

Chapter contents

Types of Magnetic Media	8-3
Filing W-2 magnetic media with the SSA	8-3
Filing 1099-MISC magnetic media with the IRS	8-3
Magnetic Media Process Flow	8-4
Magnetic Media Indicators	8-6
Federal filing output	8-6
Viewing or changing magnetic media indicators	8-6
Output produced for clients who receive individual federal W-2 magnetic media	8-7
Using the Magnetic Media Menu	8-9
Updating Clients' Year-End Magnetic Media Information.....	8-10
Using Queries to Ensure Proper Output.....	8-11
Service center tasks.....	8-12
Print partner tasks	8-12
Using the Annual Filing Reconciliation Report	8-13
Producing the Annual Filing Reconciliation report.....	8-13
Reading the Annual Filing Reconciliation report	8-14
Viewing the reconciliation online for a selected client	8-15
Correcting errors found in the reconciliation	8-16
Processing the Year-End Edit Transmission Report.....	8-18
Year-End Edit Transmission report description	8-18
Resolving errors.....	8-19
Producing an archive copy of the Annual Filing Reconciliation report.....	8-21
Handling SSA Rejected Federal Magnetic Media	8-22
Service associate procedures for rejected magnetic media	8-22
Processing 1099-MISC CD-ROMs.....	8-25
Printing a list of 1099 clients.....	8-26

Types of Magnetic Media

Magnetic media contain clients' W-2 and reconciliation data or 1099-MISC data. They are created during year end by AutoPay mainframe operators. Clients transmit the data electronically to the Social Security Administration (SSA) and Internal Revenue Service (IRS). The SSA and IRS review the W-2 and 1099 data and reconcile clients' annual tax information.

Electronically transmitting data on magnetic media eliminates the need for an employer to submit paper forms to the SSA or IRS. Clients with fewer than 250 forms can file either on paper *or* by transmitting data on magnetic media electronically. Clients with 250 or more forms *must* transmit their data electronically.

During year end, you may need to create the following types of magnetic media. This chapter contains information to assist you in creating these magnetic media:

- Individual federal W-2 CD-ROMs
 - Individual 1099-MISC CD-ROMs
- ✓ EasyPay produces only *federal* W-2 magnetic media. We do not produce magnetic media for state or local jurisdictions.

△ We cannot produce 1099-R magnetic media for clients.

Filing W-2 magnetic media with the SSA

ADP clients can file W-2 data with the SSA via magnetic media two ways:

- **San Dimas**—San Dimas files W-2 and reconciliation data for all Full Level Tax (FLT) clients. No action is required by your center for FLT clients.
 - **Individual CD-ROM**—Clients may request that your center prepare an individual CD-ROM containing only their company data. To request individual CD-ROMs, clients must provide you with their SSA PIN. Your center sends individual CD-ROMs to the clients, who are responsible for filing the information electronically with the SSA. The fee for each individual CD-ROM is \$125.00.
- ✓ Individual federal W-2 CD-ROMs will be produced for applicable clients by the AutoPay mainframe.

Regardless of their method of filing W-2 data with the SSA, clients must distribute employee W-2s and Earnings Summaries to their employees by February 2, 2015.

Filing 1099-MISC magnetic media with the IRS

Clients who generate more than 250 1099 forms *must* file 1099-MISC data electronically. Your center sends individual CD-ROMs to the clients, who are responsible for filing the information electronically with the IRS. The fee for each individual CD-ROM is \$125.00.

To request a CD-ROM, clients must provide the five-digit transmitter control code (TCC) with their requests. This number is required to produce the CD-ROM.

Magnetic Media Process Flow

- ✓ W-2 and 1099-MISC data must be filed with the appropriate agency by the last day of February. For year-end 2014, data must be filed no later than March 2, 2015.

The following describes the tasks involved in producing magnetic media. It includes a description of the task, the person who performs the task, and the timeframe for performing the task.

November-December

1. *Service/Control Desk associate* updates clients' magnetic media indicators in Profile and adds year-end magnetic media information. Refer to page 8-10 for detailed information.

December

2. *Control Desk associate* runs queries in preparation for W-2 and 1099-M CD-ROM processing. Refer to the section *Using Queries to Ensure Proper Output* on page 8-11.
3. *Control Desk associate* adds quarterly handling messages for CD-ROM clients and excludes them from quarterly processing by the EGCC.
4. *TDRs* process last payrolls of the year. The system updates the CONTROL file and creates QT. files.
5. *Service/Control Desk associate* prints quarter cut reports; ensures all clients are processed.

December-January

6. *Control Desk associate* coordinates with *AutoPay Print Partners* to schedule CD-ROM clients for processing and arrange for special handling of their quarter and annual output.
7. *Control Desk associate* processes quarter end/year end for CD-ROM clients in small batches via self service. The system creates W-2s and W-3s and updates the system files with client and employee information. 1099-MISC and W-2 CD-ROM data will be sent to the AutoPay mainframe via ETS.
8. *AutoPay Print Partners* produce the client's individual federal magnetic media.
 - ✓ San Dimas submits W-2 data to the SSA for FLT clients in February.

January

9. *Service associate* processes adjustments and third party sick pay.
10. *Service/Control Desk associate* reruns quarter end and year end for clients with adjustments and creates reclose and amendment transmissions. If the client is set up for magnetic media, new magnetic media and/or ETS transmissions will be generated.
 - ✓ The system creates W-2s/W-3s; updates the system files with new W-2/W-3 information.

February

11. *Service/Control Desk associate* produces the Annual Filing Reconciliation report.
12. *Service associate* researches the report to determine the cause of the errors and resolves them.
13. *Service/Control Desk associate* reruns year end to correct errors.

- 14.** *Service/Control Desk associate* processes the San Dimas edit transmission and prints the Year-End Edit Transmission report. The San Dimas edit transmission is used to verify that all EasyPay clients' W-2 data has been reconciled and the appropriate party has filed the data with the SSA.
- 15.** *Service associate* reviews the Year-End Edit Transmission report, researches any errors, and notes any changes on the report.
- 16.** *Service associate* takes appropriate action.

Magnetic Media Indicators

Federal filing output

The type of federal W-2 filing output a client receives is determined either by BITS (for TFS clients) or by the Magnetic Media indicator in Profile (for clients who are responsible for their annual filings).

The federal filing output to be produced is determined in the following way:

- **FLT (Full Level Tax) clients**—The system uses BITS records to determine who is responsible for filing these clients' data. San Dimas will file regardless of the indicator shown in the State Tax IDs module.
- **Non-FLT clients**—The system uses BITS records to determine who is responsible for filing these clients' data. If BITS indicates a client is responsible for filing annuals, the output indicated by the client's magnetic media indicator in the State Tax IDs module will be produced. If the client requests magnetic media, you can change the magnetic media indicator from "P" to "T."
- **Non-Tax Filing clients**—These clients do not have BITS. Therefore, responsibility is indicated solely via their magnetic media indicators in the State Tax IDs module.

Magnetic Media W-2 indicators in the State Tax IDs module of Profile

Federal Indicator	Meaning
P	Paper. This is the default. This entry is valid for all years.
T	Individual federal W-2 magnetic media. This entry is valid for all years. Clients must specifically request a CD-ROM. See the note below.

- ✓ If a client requests an *individual* federal W-2 CD-ROM, there is a \$125.00 fee. Clients can contact your service center to request these CD-ROMs; they must provide their SSA PIN.
- ✓ If W-2 data is generated during an interface processing, the AutoPay mainframe will produce individual federal W-2 CD-ROM for applicable clients.

Viewing or changing magnetic media indicators

For non-Tax Filing clients and Tax Filing clients who are responsible for their annual filings, you can determine or change their output type by following the procedure below.

To view or change magnetic media indicators in Profile:

1. First, make sure you check BITS for non-FLT clients. If BITS indicates a client is responsible for filing annuals, continue with this procedure. However, if BITS indicates ADP is responsible for filing, San Dimas will file on the client's behalf. A change in Profile will not affect this.
2. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**.
3. From the Work with Client (MNUSRV) menu, select option **11** (Change Profile) and press **ENTER**.
4. Type the client code and press **ENTER**. The EasyPay Update/Browse menu appears.

Sample Individual Federal Magnetic Media (W-2) letter

The letter explains to the client how to file their federal W-2 data electronically with the SSA using the enclosed CD-ROM.



The letter is generated automatically when the federal CD-ROM is created via the AutoPay mainframe.

SOCIAL SECURITY ADMINISTRATION **MAGNETIC MEDIA FILERS**

United States Form W-2
Virgin Islands Form W-2

Puerto Rico Form 499R-2/W-2PR
Guam Form W-2

INFORMATION ONLY — DO NOT FILE THIS PAGE

The Social Security Administration (SSA) requires employers reporting wages for 250 or more employees to file them electronically. Magnetic tape and cartridge filings are not accepted.

Employers are to use Electronic File Upload, a feature of Business Services Online (BSO), to conduct business with the SSA. Electronic File Upload allows you to transmit an electronic file containing an MMREF-1 wage report to SSA over the Internet.

ADP generates all federal W-2 magnetic media on CD-ROM. The enclosed CD-ROM should be loaded to your PC for transmission to the SSA via BSO and the CD-ROM retained for backup.

Connection to the BSO is done from the SSA website at www.socialsecurity.gov/employer. Click on Electronically File Your W-2s or Business Services Online.

Additional information on the BSO:

- Call **1-800-772-6270** Monday through Friday, 7:00 a.m. to 7:00 p.m. Eastern Time to request a BSO Employer Handbook.
- To view the on-line handbook:
 - Access the Internet at www.socialsecurity.gov/employer
 - Click on Electronically File Your W-2s or Business Services Online
 - In the left column select BSO Handbook

Assistance with problems using the BSO:

- Call **1-888-772-2970** Monday through Friday, 8:30 a.m. to 4:00 p.m., Eastern Time, or
- Send an e-mail message to bsc.support@ssa.gov.

All other federal filing rules are to be followed, without exception.

(PF/TFM/FRM)

©2005 Automatic Data Processing, Inc.

Using the Magnetic Media Menu

The Magnetic Media menu provides the functions you need to perform the following tasks:

- Update client information to produce an individual federal W-2 CD-ROM.
- Enter resubmission numbers for corrected magnetic media when original magnetic media have been rejected by the SSA.
- Produce the Annual Filing Reconciliation report.

To access the Magnetic Media menu:

1. From your main menu, select option **2** (Work with an Existing Client) and press **ENTER**. The Work with Client menu appears.
2. From the Work with Client (MNUSRV) menu, select option **14** (Go To Client Service Yr-End Menu) and press **ENTER**. The Year End menu appears.
3. From the Year End menu, select option **22** (Go To Mag Media Menu) and press **ENTER**. The Magnetic Media menu appears.

```
Menu: MNUMAG                      Magnetic Media Menu                      System: AS98
+-----+-----+-----+
| Client Updates |
| 1. Update Year End Client Info |
| 2. Enter Resubmission Number |
|
| Mag Media Reports |
| 5. Annual Filing Recon Report |
|
|
|
|
| 20. Go To Year End Menu |
| 22. Go To Quarter Cut Menu |
|
| 23. Go To Work With Client Menu |
|
| 24. Go To Main Menu |
+-----+-----+-----+
80=WRKSPLF   81=WRKOUTQ   84=DSPMSG   85=Display session   90=Signoff
Ready for Option Number
_____
```

4. Select the option you need:
 - Select option **1** to input year-end information for those clients who requested individual federal W-2 magnetic media. This task must be completed before processing year-end and creating a CD-ROM.
 - Select option **2** to enter resubmission numbers for clients whose federal magnetic media were rejected by the SSA. This task must be completed before rerunning year-end and creating corrected magnetic media. Refer to the section *Handling SSA Rejected Federal Magnetic Media* on page 8-22 for more information.
 - Select option **5** to produce the Annual Filing Reconciliation report. This task must be completed no later than January 22, 2015. Refer to the section *Using the Annual Filing Reconciliation Report* on page 8-11 for more information.

Updating Clients' Year-End Magnetic Media Information

Certain information is required by the SSA to be included on clients' individual federal W-2 magnetic media CD-ROM. Follow the procedure below to update the client's information. This information is included on the CD-ROM when it is produced.

- ✓ Before completing the following procedure, be sure to change the Magnetic Media W-2 indicator in Profile to "T." Refer to the page 8-6 for more information.

To update clients' year-end magnetic media information:

1. From the Magnetic Media menu, select option **1** (Update Year End Client Information) and press **ENTER**. The Year End Client Information Update screen appears.
2. Type the client code you wish to work with. The client name and the required fields appear on the Year End Client Information Update screen as shown below.

PTY002
FERRAROL

Date: 8/17/05

Year End Client Information Update

Client Code: ECH EMILY, INC.

Contact Name:

Phone Number: - - Extension #:

E-Mail Addr:

Personal Id:

Termed Business: N

Tax Year for Term:

F3 - Exit F5 - Next Client Enter - Accept F4 - Delete

3. Complete the required fields:
 - Contact Name—This information is required. The name must be the same contact name that the client provided to the SSA when he or she registered.
 - Phone Number—This information is required. The extension number is optional.
 - E-Mail Addr—This information is required effective tax year 2012.
 - Personal ID—This information is required. Type the PIN. The client must register with the SSA to obtain a PIN. Clients may register via the Web at <http://www.socialsecurity.gov/employer> or by phone at 1-800-772-6270.
 - Termed Business—If the client has indicated that he or she is going out of business, type Y. Otherwise, accept the default.
 - Tax Year for Term—If the client has indicated that he or she is going out of business, type the year in which the client is going out of business.

Using Queries to Ensure Proper Output

The following process was developed for handling EasyPay W-2 and 1099-M CD-ROM clients.

- ✓ EasyPay produces only federal W-2 magnetic media. We do not produce magnetic media for state or local jurisdictions.

△ We cannot produce 1099-R magnetic media for clients.

From the EasyPay AS/400 Query menu, you can print queries that will help you prepare for W-2 and 1099-M CD-ROM processing.

To print queries in preparation for W-2 and 1099-M CD-ROM processing:

1. From the Client Reports (MNURPT) menu, selection option **22** (Go to Query Menu) and press **ENTER**. The EasyPay AS/400 Query menu appears.

EasyPay AS/400 QUERY MENU		QUERY
1. ACH Clients	19. Tax Filing Clients	37. PR Submitted Not Proc
2. Alpha Client List	20. Tax Note Clients	38. Total Tax Complete
3. ARP Clients	21. Clts w/Tax Transfer	39. Total Tax Comp Serv
4. All Codewords	22. Time Card Label Clt	40. Insurance Services
5. DDF Clients	23. Total Tax Clients	41. Suppress SSN Clients
6. Clts w/Divisions	24. Backup W/H Clients	42. Invoice Lookup
7. Clts by EE Count	25. Daily PR Activity	43. TLM Report
8. Federal Freq	26. Bank Queries	44. White Label
9. Fed Mag Clients	27. 1099 Mag Media Clts	45. Sales Bundl
10. Missing SSN	28. FSDD Clients	46. Split Wrap
11. Missing ST ID	29. ADPCheck Clients	47. Payroll Ove
12. PC Clients	30. TotalPay Clients	48. Clts w/Garr
13. POP Clients	31. ADP401(k) Clients	49. Bank Maskin
14. Restaurant Clts	32. New Hire Rpt Clts	50. COBRA Payment History
15. Sigs/Logo Clts	33. Seasonal Clients	51. IAT Clients
16. Specials/Labors	34. Run Qtrly/Yearly	52. Billing Adj/Voids
17. Clts w/2nd ST/CY	35. Non TFS Clients	53. W2 CD-ROM Clients
18. ST Mag Clients	36. Sales Tax Exempt	

Enter the option number of the query you want to run:
 F3=Exit

2. Print the queries shown here and follow the steps in the next section in preparation for W-2 and 1099-CD ROM processing.

Service center tasks

1. In early December, associates should run three EasyPay queries:

Query	Action required
W-2 CD-ROM Clients (option 53)	<p>This query identifies:</p> <ul style="list-style-type: none">• Clients who are correctly set up to receive the W-2 CD-ROM. For these clients, proceed with step 2.• Clients with 250 or more W-2 forms not set up to receive CD-ROM. Verify clients' annual level of tax service (TOS) for federal taxes.<ul style="list-style-type: none">– If ADP will file annual federal returns, no further action is required.– For all others, contact clients to obtain all required W-2 CD-ROM information* and enter it in the system. Then proceed with step 2.• Clients for whom ADP will file annual federal returns who have the W-2 magnetic media indicator set up in error. Remove the W-2 CD-ROM information and any existing quarterly handling message for CD-ROM.
1099 Mag Media Clts (option 27)	<p>Verify these clients have all required 1099-M CD-ROM information* in the system.</p> <ul style="list-style-type: none">– If yes, proceed with step 2.– If not, contact clients to obtain all related W-2 CD-ROM information* and enter it in the system. Then proceed with step 2.
Clts by EE Count (option 7)	<p>Check for clients with over 250 1099 employees and verify that they have all required 1099-M CD-ROM information* in the system.</p> <ul style="list-style-type: none">– If yes, proceed with step 2.– If not, contact clients to obtain all required 1099 CD-ROM information* and enter it in the system. Then proceed with step 2.

* Such as transmitter IDs and contact information.

2. Add the appropriate quarterly handling message for CD-ROM clients:
 - “W-2 CD-ROM will generate with annuals and must be included in the y/e package.”
 - “1099 CD-ROM will generate with annuals and must be included in the y/e package.”
 3. Exclude all CD-ROM clients from quarter processing by EGCC.
 4. Coordinate with AutoPay Print Partners to:
 - a. Schedule these clients for year-end processing.
 - b. Arrange for special handling of their quarter and annual output.
- ✓ All clients must be processed via self service and then sent to the mainframe for printing.

Print partner tasks

1. Print and hold quarter and annual output.
2. Create the appropriate CD-ROM.
3. Include the CD-ROM with all other year-end output when preparing the Year-End Reports package for delivery.

Using the Annual Filing Reconciliation Report

The Annual Filing Reconciliation report compares clients' type of output *actually produced during year-end processing* (paper, individual magnetic media, or tax) to their federal W-2 filing indicators in the QT. files *at the time the report is produced*. Discrepancies are noted on the report.

- ✓ This report does not include 1099-MISC output. The report reconciles *only* W-2 year-end output produced with W-2 filing indicators in master files.

Producing the Annual Filing Reconciliation report

Using option 5 (Annual Filing Recon Report) on the Magnetic Media menu, you can produce the Annual Filing Reconciliation report in two formats—all clients regardless of errors or clients with errors only. You can also produce an online view of a selected client.

To produce the Annual Filing Reconciliation report:

1. From the Magnetic Media menu, select option **5** (Annual Filing Recon Report) and press **ENTER**. The Annual Filing Recon Report screen appears.

PTV005CL Date: 8/29/01
LIZS

Annual Filing Recon Report

Year of Report: 2001

Select type of Report: 2

1. All Clients
2. Errors only
3. Selected Client (Display only)

F3 - Exit Enter - Accept

- Select option **1** to list all clients' jurisdictions and the reconciliation status.
- Accept the default option **2** to list only clients' jurisdictions for which the reconciliation shows an error. See the note below.
- Select option **3** to produce an online view of a selected client.

2. On the Annual Filing Recon Report screen, select the option you want.

If you select options 1 or 2, the report is created and placed in your spool file. Print the report from the spool file.


If you select option 3, a screen appears allowing you to enter the client code. Refer to page 8-15.

- ✓ Print the Annual Filing Reconciliation report Errors Only option no later than January 22, 2015—after year end is processed but before producing the Year-End Edit Transmission report. This provides an opportunity to resolve conflicts and make changes before producing the Year-End Edit Transmission report beginning the week of February 2, 2015.

Reading the Annual Filing Reconciliation report

An example of the report for option 2 (Errors Only) is shown below and on the next page.

Sample page 1 of the Annual Filing Reconciliation report

CLT Code	Juris	Output Medium	Date Created	Error Message
AAL	FED	Tax	6/19/2001	QT. Indicator does not match YE processing
AD1	FED	Tax	7/24/2001	QT. Indicator does not match YE processing
AD1	MI	Tax	7/24/2001	QT. Indicator does not match YE processing
CAY		Tape	4/24/2001	QT. Indicator does not match YE processing
D29	FED	Tax	6/05/2001	QT. Indicator does not match YE processing
JKY	FED	Paper	7/13/2001	QT. Indicator does not match YE processing
JKY	KY	Paper	7/13/2001	QT. Indicator does not match YE processing
JPA		Tape	5/11/2001	QT. Indicator does not match YE processing
JT4	OK	Paper	8/24/2001	QT. Indicator does not match YE processing
JT4	OR	Paper	8/24/2001	QT. Indicator does not match YE processing
JT4	3617	Paper	8/24/2001	QT. Indicator does not match YE processing
JT4	7040	Paper	8/24/2001	QT. Indicator does not match YE processing
JT4	7231	Paper	8/24/2001	QT. Indicator does not match YE processing
JUN		Tape	6/20/2001	QT. Indicator does not match YE processing
R24	FED	Tax	8/27/2001	QT. Indicator does not match YE processing
R30	OR	Tax	5/29/2001	QT. Indicator does not match YE processing
R40	FED	Tape	8/24/2001	QT. Indicator does not match YE processing
V23	FED	Tape	5/08/2001	QT. Indicator does not match YE processing
Y20	FED	Tape	6/08/2001	QT. Indicator does not match YE processing
Y29	FED	Tape	8/21/2001	QT. Indicator does not match YE processing
ZY3	NY	Tax	6/04/2001	QT. Indicator does not match YE processing
Total per Jurisdiction: FED 9 MI 1 KY 2 OK 2 OR 2				
 Annual Filing Reconciliation Report - Errors Only Processing Center: 00Easypay Dylomnt				Report Date: 8/28/2001 Program: PTY005CL Page: 1

- Clients are listed by each jurisdiction for which year-end output was produced. State jurisdictions with no income tax will not appear in this report. For example, Texas and Florida will not appear. For a complete list of states that do not have income tax, refer to page 5-29.
States that do not require W-2s do appear on this report even though no output was actually produced. For example, California and New York will appear. For a complete list of states that do not require W-2s, refer to page 5-29.
 - The Date Created column reflects the most recent processing for that jurisdiction. So, if year end was processed for a client, then processed again, the date would reflect the most recent processing.
 - The Output Medium column lists the type of W-2 year-end output that was produced for that jurisdiction. Tape output refers to individual federal W-2 magnetic media. Tax refers to filing by San Dimas.
- The Error Message column indicates the results of the reconciliation between the year-end output produced and the indicator in the QT. File. Refer to page 8-16 for the procedure for correcting errors.

Sample page 2 of the Annual Filing Reconciliation report

CLT Code	Juris	Output Medium	Date Created	Error Message
3617	1			<p>The total number of jurisdictions for which year-end was processed is provided. This information may be useful for identifying clients affected by statutory changes.</p> <p>The total number of jurisdictions is continued on an additional page if necessary.</p>
7040	1			
7231	1			
NY	2			
Total	21			

Viewing the reconciliation online for a selected client

Option 3 on the Annual Filing Recon Report screen provides an online view of a client's reconciliation status.

To view a selected client's reconciliation status online:

1. On the Annual Filing Recon Report screen, select option **3** (Selected Client) and press **ENTER**. A second Annual Filing Recon Report screen appears.

PTY005
LI25

Date: 8/30/01

Annual Filing Recon Report

Year of Report: 2001
Client # _____

F3 - Exit Enter - Accept

2. Type the client code and press **ENTER**.

If there is no data in the year-end processing file for the selected client in the selected year, this message appears: “Selected client not found.”

If the selected client does not exist on the EasyPay system, this message appears: “Invalid Client.”

If data for the selected client and selected year is found, the reconciliation report for the client appears.

PTY005

LIZS

Annual Filing Recon Report

8/30/01 14:48:02

CLT	Juris	Output	Date	Error Message
Code		Medium	Created	
AD1	FED	Tax	7/24/2001	QT. Indicator does not match YE processing
AD1	MI	Tax	7/24/2001	QT. Indicator does not match YE processing

Total

F3 - Exit

- Clients are listed by each jurisdiction for which year-end output was produced. States that do not require W-2s do appear on this report even though no income tax was actually produced. For example, California and New York will appear on the complete list of states that do not require W-2s, refer to page 5-29.

States that do not require W-2s do appear on this report even though no income tax was actually produced. For example, California and New York will appear on the complete list of states that do not require W-2s, refer to page 5-29.
- The Date Created column reflects the most recent processing for that jurisdiction. So, if year end was processed for a client, then processed again, the date reflects the most recent processing.
- The Output Medium column lists the type of W-2 year-end output that was produced.

- Clients are listed by each jurisdiction for which year-end output was produced. State jurisdictions with no income tax will not appear in this report. For example, Texas and Florida will not appear. For a complete list of states that do not have income tax, refer to page 5-29.
States that do not require W-2s do appear on this report even though no output was actually produced. For example, California and New York will appear. For a complete list of states that do not require W-2s, refer to page 5-29.
- The Date Created column reflects the most recent processing for that jurisdiction. So, if year end was processed for a client, then processed again, the date would reflect the most recent processing.
- The Output Medium column lists the type of W-2 year-end output that was produced for that jurisdiction. Tape output refers to individual federal W-2 magnetic media. Tax refers to filing by San Dimas.
- The Error Message column indicates the results of the reconciliation between the year-end output produced and the indicator in the QT. file.

Correcting errors found in the reconciliation

The reconciliation program may find errors for one or more jurisdictions during the comparison. These error messages are printed on the report or appear in the online view for a client. Any necessary corrections should be made before producing the Year-End Edit Transmission report.

The possible reconciliation error messages are explained below.

Reconciliation error message: “QT. indicator does not match YE processing”

When the Annual Filing Reconciliation report was produced, the indicator in the QT. file *on the system* did not match the year-end output that had been produced. For example, *when the report was produced*, a client’s magnetic media indicator in the QT. file was “T.” However, *when year-end was processed* for the client, the indicator in the QT. file was “P.” Paper was produced.

To correct this error:

1. Research the source of the change of federal filing indicator in the QT. file. As part of your research, look for changes in the client’s type of service (TOS).
 - a. On the TOPS CH01 screen, review the TOS change record. If a change was made, make a note of the date of the change.

- b. Compare the date of the TOS change to the client's year-end processing date. Use option 6 (Browse Audit File by Client) on the Year End (MNUYREND) menu to view the Year-End Audit file.
2. Perform the appropriate action depending on the results of your research.
 - a. If a TOS change did occur, reprocess the client's quarterly reports and year-end output to update the Year-End Processing file with the most current data.
 - b. If a TOS change did *not* occur, set this client aside until the San Dimas Edit Transmission report is received.
 - If the client also appears on the San Dimas Edit Transmission report, research further the cause of the error using any information provided by San Dimas.
 - If the client does *not* appear on the San Dimas Edit Transmission report, no action is required.
- ✓ Since errors resulting from TOS changes usually appear on the San Dimas Edit Transmission report, you can have advance notice of these situations by running the Annual Filing Reconciliation report as early as possible. This gives you valuable lead time to resolve valid errors. When resolving these errors, *consider if an amendment or exception is necessary.*

Reconciliation error message: "QT. run # does not match YE processing"

When the Annual Filing Reconciliation report was produced, the run number in the QT. file *on the system* was different from the run number in the QT. file used for year-end processing. For example, *when the report was produced*, the run number in the QT. file was 030. However, *when year-end was processed*, the run number in the QT. file was 029.

To correct this error:

1. Determine the most current run number on the system for this client for 2014. Use option 7 (Online Payroll Register) on the Work with Client (MNUSRV) menu to determine this. Compare the current run number with the run number used for year-end processing. Determine why the numbers are different. For example, was an adjustment payroll processed after year end was processed?

If an adjustment was processed, determine if the adjustment affected taxable wages, tax withheld, or any other data needed by San Dimas. If so, *consider if an amendment or exception is necessary.*
2. Reprocess quarterly reports and year-end output to update the Year-End Processing file with the most current client data.

Processing the Year-End Edit Transmission Report

In mid-February, the regional executive will receive a year-end edit transmission from San Dimas. Print the Year-End Edit Transmission report as soon as it is received. (Refer to the *Processing the Year End Edit Compare Report* section in the *SBS Self-Service Procedures Guide* for instructions on printing the report.) Use this report to confirm that W-2 data for all EasyPay clients is filed correctly.

⚠ You must review this report as soon as possible to avoid P & I for not filing W-2 data with the SSA.

✓ The year-end edit transmission is also referred to as the compare tape for federal direct reporting.

This report compares San Dimas' W-2 information to the W-2 filing information stored on the EasyPay system. This information contains all client records the service center has processed during the current year. It contains the W-2 filing indicator that was in the client's profile at the time year-end was processed.

The Year-End Edit Transmission report groups clients by error type. The payroll start date and comments also are printed on the report. The report summary appears on a separate page and lists subtotals for "No Errors Found," "Errors Found," and "Clients were not Filed."

Year-End Edit Transmission report description

Body of the report

The Payroll Start Dt column lists the scheduled payroll start date for each client. The start date is stored in the Scheduling system.

The Qtr Cut Date column lists the last quarter cut date for each client. This can indicate the client's status. For example, a client with the last quarter cut date of 06/21/93 is probably a terminated client who was not removed from the system.

12/04/96		Year End Edit Tape Report		Page 18	
Error type heading		ERROR TYPE 02 Client Not Filed		13:56:29	
Client#	PAYROLL START DT	QTR CUT DATE	COMMENTS		
1CT	MONROE MILLS	0/00/00			
1C1	LUTHERAN SOCIAL SERV	10/11/83	6/21/93 term-no 3rd qtr no w2's		
1D1	GREEN ACRES MANOR	7/26/88	6/24/93 lost 7-93 no w2s		
1E1	TRIANGLE 3 INC.	10/20/92	0/00/00 no go delete		
1FY		0/00/00	11/30/94		
1F1	LUTHERAN SOCIAL SERVCS	4/03/84	6/21/93 term-no 3rd qtr no w2's		
1GU	MASCOT PLUMBING	0/00/00	0/00/00		
1G1	W D MOZER INC	11/13/86	3/24/93 lost 5-93 no q2 or w2s		
1G6	W. PEARCE & BROTHERS, INC.	0/00/00	6/19/95		
1HR		0/00/00	0/00/00		
1HX	ELBERFELD CONCRETE BLOCK CO.	0/00/00	0/00/00		
1H1	HAZLET MANOR NURSING	11/17/92	3/23/93 lost 3/93 no reports.		
1I1	SICKLES FARM	8/07/84	3/29/93 term no qtr3 no w2's		
1JK	BARRETTWORKS STUDIOS	0/00/00	0/00/00		
1J1	C.T.N.S. CORPORATION	1/12/89	6/28/93 lost 8-93 no reports		
1J2	LANSBROOKE DAIRY QUEEN	0/00/00	0/00/00		
1J4	BERT'S EXCEL EXPRESS DELIVERY	0/00/00	0/00/00		
1J7	MYERS & HENLEY, INC.	0/00/00	0/00/00		
1KL	TOWN AND COUNTRY MARKET	0/00/00	0/00/00		
1K1	CAPOANO FRAMING CONTRACTORS	3/13/86	6/24/93 lost 7-21 no w2s		

The Client# column lists the client code for each client in the service center that has an error identified.

The Comments column lists any comments that pertain to particular clients. It is taken from the Quarterly Control System (control file). For example, client 1F1 terminated, and no third quarter reports or W-2s are required.

Resolving errors

Service centers must coordinate with the regional Tax department or Tax Central to ensure that all errors are resolved.

- ✓ Regional executives and Control Desk associates should coordinate the review process. They can use Web Access to verify that San Dimas is filing annuals for a client. They should log on to Web Access and filter for job name **W2S720AF**. Web Access will display all clients being filed to the SSA by San Dimas.

[△ You must research and correct all errors to ensure that annual filings are correct.](#)

Error types

Error Type	Meaning	Action
01: Filed by Region and San Dimas	Obsolete	Obsolete
02: Client Not Filed	The client's master file is not for the current year or was not processed for the year in question.	<ul style="list-style-type: none"> • If this client is a first quarter new start, no action is required. • If the client has terminated service and requires annual reports, run year end for the client and forward W-2s to the client. <ul style="list-style-type: none"> ✓ If the client is an FLT client and San Dimas should have filed W-2s, send the necessary Exception package to San Dimas. • If this client did <i>not</i> terminate service and requires annual reports, run year end for the client and forward W-2s to the client. <ul style="list-style-type: none"> ✓ If the client is an FLT client and San Dimas should have filed W-2s, send the necessary Exception to San Dimas. • If this client has terminated service and does <i>not</i> require annual reports, transfer the client off the system.
03: San Dimas Did Not File, But Should Have	The client's W-2 data is not included on the Year-End Edit Transmission report.	<ul style="list-style-type: none"> • Check Web Access to verify the client's status. View the listing for W-2 Backup. • Check TOPS CH01 for the TOS and/or an annual override. • Check if the client was terminated with finals. If so, check to see when the header was updated with the termination status. If the header was updated after the header lockout date, an Exception is required. • If the client is active and not on the report, or if you cannot determine why the client was not on the report, work with the Tax department to determine the cause. Forward paper copies of the W-2s and an Exception Request to San Dimas. Use the Hard Copy Close option to produce paper W-2s. In some instances (for example, for combos), an amendment may be required in addition to the Exception.

Error Type	Meaning	Action
09: Client and San Dimas Filed	The client's W-2 data is on the Year-End Edit Transmission report, and the client has received paper W-2s or a CD-ROM.	<p>If this client is on the San Dimas transmittal, contact the client to determine if he or she has filed W-2s with the Social Security Administration (SSA).</p> <ul style="list-style-type: none"> ✓ Use Web Access to verify the client's status. • If W-2s have <i>not</i> been filed, tell the client that ADP is filing on his or her behalf. • If W-2s have been filed, tell the client that ADP has also filed and that he or she may receive a notice from the agency. The client should forward all notices to his or her service associate.
13: Research required. There is current activity.	The system cannot determine whether the client is a new start (i.e., did not run year end, has current year in control file, has no start date in the current year).	<ul style="list-style-type: none"> • Determine if this client had activity but did not have year end run. If necessary, run year-end for this client. If the client is an FLT client, determine if an Exception is needed. • If the client is terminated or is a "No Start," transfer the client off the system.

Report summary

The last page of the report lists the report statistics, which are described in the *Client Totals of Errors Found* section below.

11/17/08	Year End Edit Tape Report	Page 84
ERROR TYPE 99	Report summary - Year End Statistics	14:33:39
NO ERRORS FOUND		
1367	Clients Filed by San Dimas	No Errors Found section lists the total number of clients who had W-2s filed by San Dimas or by the client.
0	Clients Filed by this Region	
222	Clients Filed their own	Errors Found section lists the total number of clients who had these types of errors. Refer to the Client Totals of Errors Found section to determine what action needs to be taken.
ERRORS FOUND		
2496	San Dimas Did Not File, But Should Have	
1633	Clients were not Filed	
399	Possible Termed Clients. 2 or more Yrs since Last Yr End	
395	Possibly did not run Year End. No Activity since last Yr.	
839	Research required. There is current activity.	

Client totals of errors found

Client Total Category	Meaning
Clients Filed Twice	The total number of clients for whom there were two filings—one by the client and one by San Dimas (error type 09).
San Dimas Did Not File, But Should Have	Total number of clients whose W-2 data is not included on the Year-End Edit Transmission report (error type 03).
Clients were not Filed	<p>Total number of clients who did not have W-2 data filed with the SSA by ADP (error type 02). This total is divided into the following subtotals:</p> <ul style="list-style-type: none">• Possible termed clients. Two or more years since last year end. Total number of clients whose quarterlies were last processed two or more years ago.• Possibly did not run year end. No activity since last year. Total number of clients whose quarterlies were last processed last year.• Research required. There is current activity (error type 13). Total number of clients who may have had activity but for whom year end was not processed.

Producing an archive copy of the Annual Filing Reconciliation report

After you have resolved all Year-End Edit Transmission report errors, produce a final copy of the Annual Filing Reconciliation report. Refer to page 8-13 for the procedure for producing the report. Select option **1** (All Clients) and press **ENTER** for this archive copy. Keep this copy as a final record of reconciliation status.

Handling SSA Rejected Federal Magnetic Media

The SSA rejects magnetic media if the contents exceed the acceptable error rate. The SSA rejects magnetic media if less than 95% of the Forms W-2 or W-2C filed show names and/or Social Security numbers that do not agree with the SSA database. Most magnetic media rejected by the SSA have one or more of the following problems:

- An employee's Social Security number is incorrect.
- An employee's name does not match how it is spelled on the Social Security card.
- A Social Security number does not match the employee's name.

If the federal W-2 data filed electronically by the client is rejected, the SSA sends a letter to the client. The letter states that the SSA is rejecting the filing because they encountered conditions that would not allow them to process the file. The letter also includes an error list explaining the problems with the file and a resubmission (TLCN) number. Clients have 45 days to file corrected data.

When clients contact ADP regarding these situations, Service associates must correct the employees' information in Profile and enter the magnetic media resubmission number provided by the client. A new CD-ROM is created and sent to the client who submits the data to the SSA.

Service associate procedures for rejected magnetic media

The SSA rejects magnetic media because the data for one or more employees (employees' names or Social Security numbers) does not match the data on the SSA database. Clients need to provide you with the correct employee data. You need to quickly resolve this problem so that clients can resubmit their corrected federal W-2 data electronically to the SSA before the deadline. First, send the client a Master List or Employee List with SSNs so he or she can note the corrections. You must restore the fourth quarter master file in order to print these reports.

To restore the fourth quarter master file:

1. Restore the QT. file for the fourth quarter of 2014. (Use option 18 on the Self Service Menu 1.)
2. To rename the QT. file to an M. file, from the Quarter Cut (MNUQTRCT) menu, select option **8** (Create M. from QT.) and press **ENTER**. Specify the fourth quarter and 2014.
3. Write down the quarter and run number and press **ENTER**.

Printing a Master List (for clients who do not suppress SSNs)

Use option 1 (From the Master file) on the Client Reports (MNURPT) menu to print a Master List. Use the fourth quarter and the run number from step 3 above. Select **Master List**. Send the report to the client.

Printing an Employee List with SSNs (for clients who suppress SSNs)

Use option 1 (From the Master File) on the Client Reports (MNURPT) menu. Use the fourth quarter and the run number from step 3 above. Select **Employee List with SSNs**. Send the report to the client.

Correcting employees' data

When the client has returned the applicable list with correct data, follow the procedure below.

To input the employees' data:

If *none* of the information can be corrected (for example, employees are no longer available to provide correct information), advise the client to contact the SSA and explain the situation. The client may be permitted to resubmit the rejected federal W-2 data.

– OR –

If the employee information can be corrected, change each employee's information in Profile by editing the M. file. Use the fourth quarter and the run number you wrote down when you renamed the QT. to an M. file.

To complete the corrections:

1. If necessary, access Profile and change the employees' data for the client's current M. file.
2. Perform a manual quarter cut. From the Payroll Entry (MNUPAY) menu, select option **6** (Manual Quarter Cut) and press **ENTER** to recut the quarter. Specify the fourth quarter and run number you wrote down when you renamed the QT. to an M. file.
3. Using option 2 (Enter Resubmission Number) on the Magnetic Media menu, enter the resubmission number, which will be included on the CD-ROM. See the procedure below.

Entering the magnetic media resubmission number

Service associates must enter the magnetic media resubmission number (TLCN number) using option 2 (Enter Resubmission Number) on the Magnetic Media menu. Corrected magnetic media cannot be produced without first entering the TLCN resubmission number.

- ✓ This number, which is provided to the client by the SSA and to ADP by the client, must be included on the new CD-ROM for identification purposes.

To enter the TLCN resubmission number:

1. From the Year End (MNUYREND) menu, select option **22** (Go to Mag Media Menu) and press **ENTER**. The Magnetic Media menu appears.
2. From the Magnetic Media menu, select option **2** (Enter Resubmission Number) and press **ENTER**. The Resubmission of Mag Media Tape screen appears.

PTY001
GUINEYK

Date: 6/22/07

Resubmission of Mag Media Tape

Client Code: ■

Tax Year: 2006

F3 - Exit Enter - Accept

The default entry in the Tax Year field is the previous tax year, which is the correct tax year for rejected magnetic media. For example, if a client's 2014 federal W-2 data is rejected in March 2015, when you enter the resubmission number on this screen in 2015, the correct tax year 2014 appears.

3. On the Resubmission of Mag Media Tape screen, enter the client code, accept or change the tax year as appropriate, and press **ENTER**. The second Resubmission of Mag Media Tape screen appears.

```
PTY001                               Date: 6/22/07
GUINEYK

                        Resubmission of Mag Media Tape

Client Code:  ABA      WETMORE WOLF ASSOCIATES LPCHG
Tax Year:    2006

TLCN Resub #:  █

F3 - Exit   Enter - Accept
```

4. On the second Resubmission of Mag Media Tape screen, type the resubmission number in the TLCN Resub # field and press **ENTER** to accept the number. A message appears notifying you that the number has been entered and you should rerun year end.

```
PTY001                               Date: 8/31/01
LIZS

                        Resubmission of Mag Media Tape

Client Code:  ABA      WETMORE WOLF ASSOCIATES LP-IIM
Tax Year:    2001

TLCN Resub #:  123456

Client ABA WETMORE WOLF ASSOCIATES LP-IIM has been updated with a
resubmission number, please run Year End for tax year 2001 to produce
an updated tape for this client.

F3 - Exit   F5 - Next Client
```

5. Press **F3** to exit the screen.
6. Rerun year end for the client.

Billing clients for corrected magnetic media

After rerunning rerun year end, produce a *manual* invoice for the corrected magnetic media. Refer to chapter 7.

Processing 1099-MISC CD-ROMs

Clients who receive 250 or more 1099-MISC forms must file electronically with the IRS. We can provide the client with a CD-ROM for their 1099-MISC forms. This media can be used to file electronically and retained as a back up. Clients are responsible for filing the information electronically with the IRS. Refer to the *W-2 and 1099-M CD-ROM Procedures* job aid at http://sbslearning.es.ad.adp.com/Reference_Lib/Year_End/Qref_procedures/W-2_and_1099-M_CD-ROM_procedures.pdf

Clients with fewer than 250 forms may also request a CD-ROM. The fee for this service is \$125.00 per CD-ROM. During year-end processing, when the 1099-MISC CD-ROM is created, the system automatically bills the client. If year end is rerun, an invoice is not created. A manual invoice must be created. For more information, refer to *Manual Billing Procedure for Current Year Reruns* on page 7-5.

✓ EasyPay cannot create 1099-R magnetic media.

If requested by a client, your center can prepare an individual 1099-MISC CD-ROM via the AutoPay mainframe.

✓ All 1099-MISC data is automatically transmitted to the AutoPay mainframe via ETS. The mainframe then outputs the client's 1099-MISC data onto the CD-ROM. The mainframe does *not* produce any paper 1099-MISC forms. It is strongly recommended that clients requiring 1099-MISC CD-ROMs be processed in a separate quarterly batch. Each client's data will produce an individual ETS file that will be output onto an individual 1099-MISC CD-ROM from the mainframe.

EasyPay service centers process 1099-MISC data, but produce only *individual* CD-ROMs. In order for EasyPay to create the individual CD-ROM, the client must contact you and provide a five-digit transmitter control code (TCC). To obtain a TCC, clients must file a Form 4419 with the IRS. They can obtain a Form 4419 from the IRS web site at <http://www.irs.gov/formspubs/index.html> or 1-800-TAX-FORM (1-800-829-3676).

Once you have the TCC, activate the 1099-MISC magnetic media indicator in the State Tax IDs module of Profile and type the TCC in the 1099 Mag Media Transmitter ID field. For instructions, refer to page 8-6.

When year end is processed, the system generates a client letter, and the 1099-MISC data will be transmitted to the AutoPay mainframe via ETS. The AutoPay mainframe operator will process a job that will copy the EasyPay client's 1099-MISC data to a CD-ROM. The magnetic media is then returned to EasyPay and must be sent to the client along with the paper output from the EasyPay system, including the client letter. The letter states that we have enclosed the following items:

- Paper copies of the client's 1099-MISC forms
- A CD-ROM containing the client's 1099-MISC Federal Copy A information
- Due dates for distributing the paperwork to the employees and sending the CD-ROM to the IRS

For more information, see sample letter #037 in appendix B (*Client Letters*) in this guide.

The CD-ROM and the letter are sent to the client with the 1099s and reports. The client is responsible for filing with the IRS.

Printing a list of 1099 clients

From the EasyPay AS/400 Query menu, you can print a consolidated list of clients who require 1099-MISC individual CD-ROMs. You may use this list to confirm that the system has created a 1099-MISC magnetic media CD-ROM for all clients who requested one.

To print a list of 1099-MISC clients:

1. From the Client Reports (MNURPT) menu, select option **22** (Go to Query Menu) and press **ENTER**. The EasyPay AS/400 Query menu appears.
2. From the EasyPay AS/400 Query menu, select option **27** (1099 Mag Media Clts) and press **ENTER**. The message “Display or Print Query?” appears.
3. Depending on whether you want to display or print the query, type **D** or **P** and press **ENTER**. The message “Master or Quarter?” appears.
4. Depending on whether you want to search the most current master files or most current quarter information, type **M** or **Q** and press **ENTER**.

If you selected “D” to display the list, the query appears. Review it. Then, press **F3** to return to the menu from which you started.

If you selected “P” to print the list, the list is created as a spool entry, and you are returned to the menu from which you started. Print the spool entry.

A

Frequently-Asked Questions

This section contains answers to frequently-asked year-end questions. The questions have been categorized for ease of reference as follows:

Forms W-2 and 1099 Questions	A-2
Form W-2.....	A-2
Form 1099.....	A-5
Bonus Payroll Questions	A-6
Special Taxation Questions	A-8
Third Party Sick Pay Questions	A-10
Tax Filing Service Questions	A-11
Tax filing validation	A-12

Forms W-2 and 1099 Questions

Form W-2

Question	Answer
<ul style="list-style-type: none">➤ An employee's W-2 doesn't match my Master List/last check stub – why are the figures in the W-2 boxes different?➤ An employee's W-2 doesn't match the year-to-date earnings on the last pay stub. Why?	There may have been adjustment payrolls processed since receiving the last paycheck. Check to see if additional payrolls have been processed. These adjustments could have been made for any number of reasons, including a void or manual check that was not reported prior to the last payroll.
An employee's federal wages are different from the state wages. Why?	States do not always follow federal guidelines in what they consider to be taxable. The state may not allow for a deduction that the federal government considers nontaxable. While many states do follow federal guidelines, there are many exceptions to this rule, and the W-2 will reflect these exceptions. Check the Employee Earnings Summary section of the W-2 to determine which deductions either add to or subtract from taxable wages for specific jurisdictions.
Why don't the wages in box 1 match the wages on the Master List or box 3 or 5?	The figures on your Master List are normally gross pay figures, while the figures on the W-2 reflect <i>taxable</i> wages. The W-2 will not include those earnings or deductions that are <i>nontaxable</i> . The same goes for the wages reflected in boxes 3 and 5. Not all deductions that are pretax for federal taxes are allowed for Social Security and Medicare (FICA). A prime example of this is a 401(k) deduction. This deduction lowers taxable wages for federal, but does not have an impact on FICA. The Earnings Summary of the W-2 reflects how the wages in each box of your W-2 have been derived.
Why isn't Med 125 showing on the W-2?	According to the IRS code, Med 125 and other Cafeteria plan deductions do not need to be reported in a separate box on the W-2. The impact of these deductions is lowered wages for certain taxes. These deductions are not like 401(k) or SIMPLE deductions and do not need to be reported in box 12 or in any other separate box on the W-2.
What is the difference between exempt and not withholding?	Exempt means that wages are not taxable. These wages will not appear on the W-2 for all exempt jurisdictions. Not withholding means the wages are taxable. These wages will appear on the W-2, but no tax will be withheld with payroll for that jurisdiction.

Question	Answer
When don't some employees get W-2s?	<p>If all jurisdictions are exempt for an employee, no W-2 will be produced since exempt means the wages are not taxable.</p> <p>If the employee is not exempt for all jurisdictions and does not receive a W-2, check the Y/E Error Tracking System—option 17 on the Client Service Year End (MNUYREND) menu. You can print this report by selecting option 18. More information on the Client Audit report can be found in chapter 6 and appendix C of this guide.</p>
Why are there no wages in box 1 on the W-2 for my employee who is exempt?	Since the employee is exempt from federal withholding, and exempt means the wages are not taxable, nothing is printed in box 1 of the W-2. Box 1 contains only taxable wages.

Multiple states and Form W-2

Question	Answer
How do I read a W-2 when two states are set up?	The primary W-2 has the first state's wages and tax along with all the other W-2 federal information. The second W-2 has only the wages and tax information for the second jurisdiction.
Why did this employee get two W-2s (tax transfer employee)?	An employee with multiple state and/or local jurisdictions requires a second W-2 to accommodate the printing of the wages and tax for those jurisdictions.

Corrections to Form W-2

Question	Answer
I reran the W-2s to correct employee name, SSN, address for a client. Why didn't the change go through?	Most likely, the change was made to a fourth-quarter master file (M.). If the quarter was not recut, the change will not be reflected on the W-2. The W-2s are run from the quarterly file (QT.).
My employee lost his W-2. What are my options?	Reprint the form using the Electronic Reports feature. Alternatively, the employee copy of Form W-2 may be reprinted for selected employees as needed. You do not need to reprint all W-2s for a client. See the section <i>Reprinting One or More Individual Employee W-2s for a Client</i> in chapter 5 of this guide.
Why do I have to sign a Letter of Absolution for P & I when it's ADP's responsibility for making timely deposits?	Tax deposits are due according to a payroll's check date. If that check date does not give ADP sufficient time to make those deposits by their due date, a P & I letter will need to be signed since ADP cannot be responsible for a late deposit in that situation.

Question	Answer
I have employees whose SSNs/addresses are incorrect on their W-2s. What do I need to do?	Valid SSNs must be part of submitted W-2 data for all employees. The fourth-quarter master file would need to be updated, the fourth quarter would need to be recut, and year end would need to be run again. If ADP is responsible for annual filings, an amendment would be needed in this situation. See the <i>Correcting Employees W-2s After They Have Been Filed</i> section in chapter 2 of this guide.
Why do I have to have all of my manual and void checks reported before December 30? Sometimes it takes a while to review information to find the corrections.	The December 30 date allows us to meet Tax Filing and W-2 processing deadlines. See the <i>Making Adjustments at Year-End</i> section in chapter 2 of this guide.
I just noticed that an employee's SSN has been incorrect all year. Can I change it for this quarter, or does this have to be changed in previous quarters as well?	If changes (corrections) are needed for state (SIT or SUI) and/or local returns that ADP files for the client, corrections would have to be made to the appropriate end-of-quarter files and amendments would be needed. For federal reporting purposes, corrections to the fourth quarter master file would be appropriate, fourth quarter would need to be recut, and W-2s would be rerun as necessary.
When is a W-2 correction (i.e., wrong address) needed versus an amendment?	Autotape amendments are needed when tax liabilities are altered. We amend for tax, not wage. A wrong address on a W-2 would necessitate a correction for W-2 purposes and an online amendment as no tax liability was changed. For more information on the different types of amendments, see the <i>Amendments</i> section in chapter 2 of this guide.

Form 1099

Question	Answer
Which copy is which for 1099s?	<p>ADP produces two types of 1099s for our clients. 1099-MISC and 1099-R. The most common type of 1099 is the 1099-MISC. These forms are produced for miscellaneous income an employer may pay out during the year. 1099-Rs are for pension distributions. ADP produces the following copies of 1099-MISC:</p> <ul style="list-style-type: none"> • Copy A, the federal copy that needs to be filed with the IRS • Copy B, the employee's copy that is distributed directly to the clients' employees • Copy C, the payer copy that is retained by the employer • Copy 1, the state copy that is filed by the employer with the state • Copy 2, the state filing copy for the employee that is distributed to the employee with Copy B
Does ADP produce 1096s? Why not?	<p>ADP does not create a 1096 form for the client. This is because while we produce 1099s, we do not file them. These forms are available to the client by calling 1-800-TAX-FORM (1-800-829-3676) or by visiting the IRS Web site at www.irs.gov.</p>
How do I distribute my 1099 forms?	<p>1099s are distributed the same way you distribute your W-2 forms. They normally need to be distributed by the last day of January.</p>
Where do I file my 1099s? (Who gets what copies of 1099s, and where do I send them?)	<p>Depending on the area of the country in which the client is located, there are two separate Internal Revenue Service centers for filing. Each of these centers is responsible for a number of states. The center to which a client files is determined by the location of the client's principal business office.</p>

- ✓ For more information on all the topics in this section, please see the *Annual Tax Forms* section in chapter 5 of this guide.

Bonus Payroll Questions

Question	Answer
May I have pretax deductions on my bonus payroll?	Yes, you may have pretax deductions taken from your bonus payroll. Make sure the deduction is active for that payroll.
How do I suppress/add 401(k) to bonus checks?	<p>To suppress a 401(k) deduction on a bonus payroll, do one of the following:</p> <ul style="list-style-type: none"> • If the 401(k) deduction (401K) is set up in Profile with “N” for All Chks, remove the deduction code from the Date Page. • If the 401(k) deduction (401K) is set up in Profile with “Y” for All Chks, change the All Chks option in Profile to “N” and confirm that it doesn’t appear on the Date Page. Once the bonus payroll has been processed, change the deduction back to “Y” for All Chks in Profile.
What does bonus codeword SUPW do?	<p>Codeword SUPW is an earnings codeword for supplemental wages that withholds federal income tax at the current supplemental wage rate of 25% of the first \$1,000,000.00 and 39.6% of everything thereafter. If the employee’s state does not have a supplemental wage rate, state income tax is withheld at the normal SIT rate. A chart showing the states that have a supplemental wage rate can be found in chapter 3 of this guide.</p> <p>✓ Bonus codeword SUPW can be used in conjunction with pretax deductions. Federal and state taxable wages will be appropriately reduced by the amount of the pretax deduction. See more detailed information regarding the SUPW codeword in chapter 3.</p> <p>△ When an employee with a matched and unmatched pretax deferred compensation calculation (for example; 401(k) or 403(b)) is paid SUPW earnings and the pretax deduction is withheld, Federal Withholding and State Income taxes are calculated incorrectly.</p> <p>To avoid this situation, when a client with a deferred compensation plan using matched and unmatched calculations pays an employee(s) using the SUPW codeword, use the Gross Pay Calculator to calculate taxes, and issue a pre calculated check. The Gross Pay Calculator can be accessed at the following link: http://www.adp.com/rc_calculators.asp.</p>

Question	Answer
How do I enter a bonus payroll so only taxes are taken?	<p>For this situation, all voluntary deductions need to be stopped for that payroll. To accomplish this, do one of the following:</p> <ul style="list-style-type: none"> • For deductions that are set up in Profile with “N” for All Chks, remove the deduction codes from the Date Page. • For deductions that are set up in Profile with “Y” for All Chks, change them to “N” for All Chks in Profile and confirm that the codes do not appear on the Date Page. Once the bonus payroll has been processed, change those deductions back to “Y” for All Chks in Profile.
Can I run bonus checks with my regular payroll?	<p>Employees can have a second check for bonus pay along with their regular pay, although we recommend that bonus payrolls be processed separately. This is because bonus pay frequently requires special treatment such as suppression of voluntary deductions and/or ACH. If bonuses are processed as second checks with the regular payroll, the bonus amount will be reflected in year-to-date balances on both checks.</p>
Do I have to use the supplemental wage rate to tax my bonus payroll? Does ADP do this automatically?	<p>You do not have to use the supplemental wage rate for bonus pay, and ADP will not do this unless you request it. The taxing options available, which you must request, are:</p> <ul style="list-style-type: none"> • Take regular taxes. • Take FIT at the supplemental wage rate of 25% of the first \$1,000,000.00 and 39.6% thereafter along with the applicable state, city, FICA, unemployment, and disability taxes (use the SUPW codeword). • Block federal and state income tax only (use the BONS codeword). • Use precalculated gross-to-net figures.

✓ For more information on all the topics in this section, please see chapter 3 of this guide.

Special Taxation Questions

Question	Answer
How do group term life (GTL)/S-Corporation (SCRIP)/fringe benefits earnings affect W-2s?	Automobile fringe benefits are fully taxable earnings and do not show separately on the W-2. There are two codewords for GTL and four for S-Corporations—taxation differs. GTL shows in box 12 with code letter C, and S-Corporation shows in box 14 on the W-2.
How do I set up automobile fringe benefits AUTO, GTL, and S-Corporation earnings?	<p>All these earnings can be set up in Profile. Automobile fringe benefits may be live or memo, but GTL and S-Corporation insurance premiums are always memo earnings.</p> <p>Refer to the Customer Service Tools (MNUTOOLS) menu or chapter 4 of this guide for information on how these earnings are taxed. Also refer to chapter 4 for setup procedures.</p>
What boxes on the W-2 are reduced for pretax medical and dental deductions?	Pretax deductions with codeword CF01, M125, or any of the POP codewords reduce boxes 1, 3, 5, and 16. For the CF01 codeword, box 16 will not be reduced for NJ SIT.
Where do I see the 401(k) contributions on the W-2?	Contributions to 401(k) are shown in box 12 with code letter “D” on the W-2. All other deferred compensation deductions show in either box 12 or 14 on the W-2. See chapter 4 of this guide for the entire list of deferred compensation deductions.
How and when does the pension box get checked?	The Ret. Plan option in box 13 is checked if an employee has a year-to-date figure for a deferred compensation deduction, or if a deduction using codeword PENS or PEN2 is activated for the employee.
When a memo fringe benefit is entered with a payroll, must there be a live pay to be taxed?	<p>It is preferred to have live pay when a memo fringe is entered so that taxes for the fringe can be withheld. If there are no more live earnings for the year and fringe benefits need to be reported, so that FICA will be recalculated.</p> <p>The one exception to this is for GTL. If the client wants to show uncollected FICA for the GTL (when there are no more live payrolls in the calendar year), post the GTL on a Pay screen and key one-time deductions under codes 4R and 5R for the uncollected Social Security and Medicare.</p>
GTL, AUTO, SCRIP – clients do not know about different earnings.	You can explain to clients the meanings of these earnings, but do not recommend what they need. If a client is unsure what earning to use, have them consult their accountant.
How do I report fringe benefits (or any special earnings/deductions)?	The earnings that the client will report should be set up in advance.

Question	Answer
Have the contribution limits for 401(k)/SIMPLE changed?	The limits for 401(k), SIMPLE plans, and other deferred compensation deductions, as well as the catch-up deductions, can change each year. See the chart in chapter 4 of this guide for the current limit amounts.
What does “caf��” mean on the W-2?	The term “Caf��” in the Earnings Summary section of the W-2 is short for cafeteria plan. These are amounts for employee contributions to their medical coverage that have been withheld pretax. These amounts reduce taxable wages in boxes 1, 3, 5, and 16.
Why doesn’t AUTO earning appear separately on the W-2?	The W-2 no longer provides a separate box for AUTO earnings. These earnings are fully taxable and are included in boxes 1, 3, 5, and 16.
How do I get information to print in box 14?	Any year-to-date figure that an employee has under deduction codes BA, BB, and BC with codewords B14A, B14B, and B14C is displayed in box 14 on the W-2.

✓ For more information on all the topics in this section, please see chapter 4 of this guide.

Third Party Sick Pay Questions

Question	Answer
Why does my employee have two W-2s?	The Federal government indicates that the third party sick pay (3PSP) can either be added to an employee's gross earnings on the W-2 or can be on a separate W-2. ADP made a decision to create a second W-2 for 3PSP wages on the EasyPay system.
How do I read the information on the 3PSP W-2?	<p>Look for information on the 3PSP W-2 as follows:</p> <ul style="list-style-type: none"> • Third party sick pay wages are displayed in boxes 1, 3, and 5. • Third party sick pay taxes are displayed in boxes 2, 4, and 6. • An "X" appears in box 13 under 3PSP on all W-2s. • Any nontaxable third party sick pay wages are printed in box 12 with letter "J." • State third party sick pay wages are added to the gross earnings on the W-2.
How do I enter third party sick pay?	<p>Follow these steps:</p> <ol style="list-style-type: none"> 1. Create a CATS payroll event. 2. On the Pay screen, type 3SP in the first column and press ENTER. The 3SP Adjustment screen is displayed. 3. Enter the full gross amount of the third party sick pay that has not been previously reported in the "Total Pay" field. Make sure the amount provided is the full amount—not just the taxable amount. Enter any Federal Income tax or FICA tax withheld in the appropriate fields. The Fed taxable, state, and unemployment tax fields are not active on the 3SP Adjustment screen. When the payroll is processed, the taxable third party sick pay amount is determined based up the FICA tax entered. The nontaxable portion of the third party sick pay will be automatically determined (if any) and display in box 12 with codeword "J" on the W-2.

- ✓ For more information on all the topics in this section, please see the *Third Party Sick Pay Amounts* section in chapter 4 of this guide.

Tax Filing Service Questions

Question	Answer
Why did ADP debit my account?	<p>Clients may have overlooked the advice of debit in their W-2 package.</p> <ul style="list-style-type: none"> • If it is a tax debit (San Dimas advice of debit for an adjustment or balance to payroll), it may be due to an adjustment or a balance to payroll. If that is the case, then you need to research the reason for the debit in TOPS on the P002 or Q410 screen. <ul style="list-style-type: none"> – Check TOPS P002 screen to identify the debit. If all fields are out of balance (Gross and all taxes), the cause may be: <ul style="list-style-type: none"> ❖ An additional payroll was processed for the quarter after the quarter had closed. ❖ A bad payroll is included in the close transmission (not deleted from the master file before the quarter closed). ❖ A payroll was flagged bad in San Dimas, but it is still in the master file. ❖ Duplicate payroll activity passed to San Dimas. ❖ Reclose/Quarter rerun was processed with an adjustment affecting all fields. ❖ Employees and wages were moved to/from another payroll code. ❖ Branch or payroll transfer – transfer notification was never forwarded to San Dimas and/or close transmissions were received in San Dimas for both the old and new branch/payroll codes. ❖ There were processing problems on Daily Activity, which resulted in dropped employees. ❖ An employee may have an invalid marital status of “A.” – If just one specific tax such as FICA, FUTA, SUI, or CITY is out of balance: <ul style="list-style-type: none"> ❖ An employee may have been set up as exempt, and the exempt status was removed and is now taxable. ❖ A new SUI rate has been sent to San Dimas. ❖ An employee may have been recoded to a different locality. • Other fees that may contribute are reclose fees, applied for fees, or amendment fees. <p>If you still cannot resolve the out-of-balance data, you may want to contact Tax Central or SBS Payroll Support in Moorestown for assistance.</p>

Tax filing validation

Question	Answer
Is ADP filing my taxes? If so, which taxes do you file?	To research the answer for the client, access TOPS screen CH01 to verify the type of service (TOS).
I received tax forms from the IRS and/or state. Why did I get them? Do you file these for me?	<p>The reason the agencies send tax forms directly to you is because, although ADP has the Power of Attorney to file you taxes, the agencies do not keep records of this. Therefore, the forms are all sent directly to a company's legal address.</p> <ul style="list-style-type: none"> • If a client receives any of the forms regarding rate changes for unemployment or local percentage changes, you should advise the client to send those notices to the service center. This is so you can update the profile and forward the local percent changes to SBS Payroll Support in Moorestown so that the rates can be researched and updated accordingly. • If a client receives a frequency change from the IRS or from a state agency, and the new frequency is different than the client's current frequency, instruct the client to forward it to the service center so that the profile and TOPS can be updated. • Another reason that you may need to have the client send in a form/notice is so we can verify the ID number. If the client is in the Applied For status, the form/notice is necessary as proof to update the profile and TOPS.
When will I get my Statement of Deposit (SOD)?	<p>The SOD has a few release dates depending on a client's type of service (TOS).</p> <ul style="list-style-type: none"> • For clients who are deposit only (TOS 2) or household clients, SODs are sent out a few days after the end of the quarter. For example, for the fourth quarter 2014, SODs for TOS 2 and SODs for household clients start going out around 1/10/15. • For clients whose TOS is Full Level Tax (TOS 3), SODs are available by request about a month after the end of the quarter. For example, for the fourth quarter 2014, SODs for TOS 3 clients are available around 2/2/15. <p>To get specific dates, you should refer to San Dimas' Quarter End Notes. They are posted on the Compliance and Payment Solutions (CAPS) Portal at: http://tfs.ca.adp.com/resource/reports/Quarter/2014_QEN.pdf</p>
Why don't I get copies of tax returns you've filed?	The reason you do not receive the actual returns is because ADP files these returns electronically. The SOD replaces the actual returns. The SOD provides a detailed accounting of tax activity and deposits conducted by ADP on behalf of a Tax Filing client for quarterly and/or annual periods.

Question	Answer
I didn't get my W-3/941/940 in my year-end package. Why not?	<p>The only time clients do <i>not</i> receive these forms in their year-end package is if they are Full Level Tax Filing Clients (annual responsibility ADP). (Note: Non-Tax Filing clients do not receive the Form 940, only non-Full Level Tax clients receive this form.)</p> <p>If a client <i>does</i> receive one of the returns in their year-end packet, they are to use the returns along with payroll records to prepare any annual jurisdictional filings.</p>

B Client Letters

Samples of the following client letters are included in this appendix. Refer to the page numbers listed in the table.

Letter Name	Page	Reference Number	When Produced	Client Type
Tax End-of-Quarter	B-2	021	Last payroll of quarter	Tax filing clients; to inform of miscellaneous quarter-end processing information
940 Data Verification	B-3	022	Quarterly processing	Non-FLT filing clients who will receive a 940 Worksheet to complete IRS Form 940
Tax Filing Client - Mid-Year Start	B-4	023	Year-end processing	Tax filing clients that start mid-year for whom ADP will <i>not</i> file annual returns
Tax Filing Client - Full-Year	B-5	024	Year-end processing	Full-Level tax filing clients for whom ADP will file annual returns
Non-Magnetic Media W-2 Filer	B-6	025	Year-end processing	Clients who will file a paper Federal Copy A of the W-2 with the SSA
Client with Less Than 250 1099 Forms	B-7	033	Year-end processing	Clients who will file paper 1099-MISC forms
Client Requested 1099 CD-ROM	B-8	037	Year-end processing	Clients who requested a CD-ROM with 1099-MISC Federal Copy A information. The client is responsible for electronically filing with the IRS.
Tax Filing Client – Mid-year Term	B-9	038	Year-end processing	Tax filing clients that term mid-year for whom ADP will <i>not</i> file annual returns
Individual Federal Magnetic Media (W-2)	B-10	N/A	Year-end processing	Clients who requested an individual federal W-2 CD-ROM so they can file their data electronically with the SSA
Request for Transmitter ID for 1099 CD-ROM	B-11	041	Year-end processing	Clients scheduled to receive 1099-MISC Fed Copy A information on CD-ROM, but are missing a federal transmitter ID

Tax End-of-Quarter, Reference #021

This letter is produced with the last payroll of the quarter to let tax filing clients know how their payroll information will impact the quarter-end processing.

XXX

Test CLI
123 ST

MOORESTOWN NJ 12345

Dear ADP® Tax Filing Client,

The following information is provided to assist you with your quarter-end processing:

- Quarter-end processing will begin 48 hours after your last payroll of the quarter. Adjustments must be reported within this 48-hour period to avoid late close charges. Other processing charges are still applicable.
- Any quarterly adjustments reported after the end of the quarter may subject you to Internal Revenue Service and other agency penalties and interest. Also, if amended returns are filed on your behalf, there will be applicable processing charges associated with them.
- Quarterly reporting is determined by the payroll check date. Payrolls dated on or before the end of the quarter will be reported in that quarter. Payrolls dated after the end of the quarter will be reported in the following quarter.
- In planning additional payrolls, please keep in mind we can only process one payroll on a given day. If you need to schedule additional payrolls, contact your ADP client service representative.

We appreciate the opportunity to serve your payroll and tax filing needs now and in the future.

Sincerely,

Your ADP Service Team

Reference #021

940 Data Verification, Reference #022

This letter is produced during quarterly processing to let non-FLT clients know that they will receive a 940 Worksheet from ADP. The worksheet assists the client in completing Form 940.

BATCH# 000586

XXX

Client Name

123 Main Street

Moorestown NJ 12345

Dear Valued ADP® Client,

Thank you for continuing to use ADP's Tax Filing Service. Since you were not on our Tax Filing Service for the entire year, ADP did not deposit all four quarters of your tax liability for federal unemployment and state unemployment insurance. As a result, ADP is unable to file Form 940 (Employer's Annual Federal Unemployment (FUTA) Tax Return) on your behalf for the current year. While it is your responsibility to file Form 940, this letter contains information that will help you prepare and file this tax information.

A 940 Worksheet* is included with your ADP year-end package to help you complete Form 940. Sections of your worksheet may be blank for any quarters prior to your using our Tax Filing Service. Use information found on the enclosed 940 Tentative Credit Worksheet along with the information in your records to complete Form 940.

We appreciate the opportunity to service your payroll and tax filing needs now and in the future.

Sincerely,

Your ADP Service Team

* This information is provided solely as a courtesy and not as legal or tax advice. Your tax professional and/or legal counsel should be consulted for updates that may have an impact on your organization and specific facts related to your business.

Reference: #022

Tax Filing Client – Mid-Year Start, Reference #023

This letter is produced during year-end processing for clients who started using the Tax Filing Service during the year, but did not use it for a full calendar year. These clients are *not* on Full Level Tax. For these clients, ADP will *not* file their annual returns for this year.

YNT
NAG – YE LETTER
AFD
SECOND
KULA, HI 96790

Batch# 000667

Dear Valued ADP® Client,

Since you started using our Tax Filing Service this year but did not use it for the full calendar year, you will be responsible for filing your federal, state and local annual returns for this year. For further explanation of your filing responsibilities for this year, please refer to your Quarterly Statement of Deposits and Filings, which will be issued by our Tax Filing Service in mid-January.

Enclosed you will find the paper copies of your Form W-2 and W-3:

- Employee W-2s and Earning Summary
- Employer federal copy (Copy A)
- Employer reference copy (Copy D)
- Employer state copy (Copy 1), if applicable
- Employer local copy (Copy 1), if applicable
- Employer federal W-3

You must distribute the employee copies of the Form W-2 by January 31 (or first business day in February if this falls on a Saturday or Sunday). It is recommended that you keep the “Your Copy” of Form W-3 with your Employer Reference copy (Copy D). Then submit the original Form W-3 along with the Employer federal copy (Copy A) to the address listed on the Form W-3 by the last day in February (or first business day in March if this falls on a Saturday or Sunday).

Please review the totals on your Form W-3. If you have changes to make to the W-2 and W-3 data before you file it, or if you have any questions regarding your annual filing responsibilities, please contact your ADP service representative immediately. If you need to correct the W-2 and W-3 data after you have filed, contact the Internal Revenue Service for instructions for filling corrections on paper using the Forms W-2C and W-3C.

For information on filing your specific state and local annual returns, please contact your tax advisor.

Beginning with the new calendar year, ADP will file your annual returns for each full calendar year you utilize our Tax Filing Services. We appreciate the opportunity to serve your payroll and tax filing needs now and in the future.

Sincerely,

Your ADP Service Team

Reference: #023

Tax Filing Client – Full-Year, Reference #024

This letter is produced during year-end processing for federal full-level tax filing clients. For these clients, ADP will file their annual returns.

YNC
NAG-YE LETTER#24
STREET
SECOND
HANA, HI 96713

Batch #000154

Dear Valued ADP® Client,

As one of the many benefits of ADP's Tax Filing Service, ADP will be filing your annual returns for you. ADP's Tax Filing Service will file federal, state and local W-2s and W-3s for each tax that was deposited and filed throughout the year. To verify annual tax filing responsibilities, refer to your Quarterly Statement of Deposits and Filings that will be issued by ADP's Tax Filing Service in February.

Enclosed are the Employee W-2s and the Employer reference copy (Copy D) of your W-2s. You must distribute the employee copies of the W-2s by January 31 (if this date falls on a Saturday, Sunday or legal holiday, the deadline will be the next business day).

If you need to make changes to the enclosed totals, please contact your ADP client service representative immediately.

We appreciate the opportunity to serve your payroll and tax filing needs now and in the future.

Sincerely,

Your ADP Service Team

Reference: #024

Non-Mag Media W-2 Filer, Reference #025

This letter is produced during year-end processing for all non-tax clients to let them know that paper copies of W-2s are enclosed and should be distributed to the employees. Federal filing instructions are also included.

YND
NAG – YE TEST CLIENT
STREET
ADDRESS TWO
DAYTON, NJ 08810

Batch# 000096

Dear Valued ADP® Client,

Enclosed are all the applicable copies of your W-2s. Because you have elected not to utilize ADP's Tax Filing Services, you are responsible for filing your federal, state/local annual returns to the appropriate agencies. To assist you, ADP has provided the federal paper copy along with all other copies of your W-2s:

- Employee W-2s and Earning Summary
- Employer federal copy (Copy A)
- Employer reference copy (Copy D)
- Employer state copy (Copy 1), if applicable
- Employer local copy (Copy 1), if applicable
- Employer federal W-3

It is recommended that you keep the "Your Copy" of Form W-3 with your Employer Reference copy (Copy D). Then submit the original Form W-3 along with the Employer federal copy (Copy A) to the address listed on the Form W-3 transmittal form by the last day in February (or first business day in March if this falls on a Saturday or Sunday). Please contact your tax advisor regarding the filing of any applicable state or local annual returns.

Please review the totals on your Form W-3. If you have changes or need to correct the W-2 and W-3 data before you file it, please contact your ADP service representative immediately.

If you need to correct the W-2 and W-3 data after you have filed, contact the Internal Revenue Service for instructions for filling corrections on paper using the Forms W-2C and W-3C.

We appreciate the opportunity to serve your payroll and tax filing needs now and in the future.

Sincerely,

Your ADP Service Team

Reference: #025

Client with Less Than 250 1099 Forms, Reference #033

This letter is produced during year-end processing to inform the client of the requirements for filing 1099-MISC forms. The letter below is sent to clients who will file less than 250 1099-MISC forms.

Batch# 000231

YNG
NAG – YE LETTER
STREET
SECOND
DAYTON, NJ 08810

Dear Valued ADP® Client,

Enclosed please find the paper copies of your 1099-MISC forms. Please review them for accuracy before filing.

Distribute the copies of the form as follows:

Copy A: Internal Revenue Service (employer)

Copy C: Payer (employer)

Copy 1: State filing copy (employer)

Copy B: Recipient (employee)

Copy 2: State filing copy (employee)

If your company is filing more than 250 1099-MISC forms, you are required by the Internal Revenue Service to file electronically. The 250 count must include both the enclosed 1099-MISC forms as well as those produced from other systems, such as your Accounts Payable system.

If you would like us to provide a CD-ROM for the enclosed 1099-MISC forms, please contact your ADP service representative immediately. This media can be used to file electronically and retained as a back up.

NOTE: If you file your 1099-MISC forms on magnetic media, do NOT submit the same returns on paper to the IRS.

NOTE: ADP does not produce or file 1096 forms. You can obtain a blank form from the IRS by calling 1-800-TAX-FORM (829-3676).

Should you have any questions, please contact your ADP client service representative. We appreciate the opportunity to serve your payroll needs.

Sincerely,

Your ADP Service Team

Reference: #033

Client Requested 1099 CD-ROM, Reference #037

This letter is produced during year-end processing to inform the client of the requirements for distributing the 1099-MISC forms. Also, information is provided on the procedure for handling the CD-ROM.

YNG
NAG – YE LETTER
STREET
SECOND
DAYTON, NJ 08810

Batch #000231

Dear Valued ADP® Client,

Enclosed, please find the paper copies of your 1099-MISC forms. You must distribute the employee copies of the 1099-MISC forms by January 31. Distribute the forms as follows:

Copy C: Payer (employer)
Copy 1: State filing copy (employer)
Copy B: Recipient (employee)
Copy 2: State filing copy (employee)

As you requested, we are enclosing a CD ROM containing your 1099-MISC Federal Copy A information. This media can be used to file electronically and be retained as back up.

If you have any changes or need to correct the 1099-MISC data before filing it, please contact your ADP client service representative immediately.

We appreciate the opportunity to serve your payroll and tax filing needs now and in the future.

Sincerely,

Your ADP Service Team

Reference: #037

Tax Filing Client – Mid-Year Termination, Reference #038

This letter is produced during year-end processing for clients who did not use the Tax Filing Service for a full calendar year because the Tax Filing Service was terminated. For those clients, ADP will *not* file their annual returns for this year.

Batch: 000144

YNE
NAG – YE LETTER #38
STREET
SECOND STREET
ADIN, CA 96006

Dear Valued ADP® Client,

You did not use our Tax Filing Service for a full calendar year. Therefore, our Tax Filing Service will not be filing your annual returns for this year.

Your Quarterly Statement of Deposits and Filings, issued by our Tax Filing Service, explains your filing responsibilities for this year.

We appreciate the opportunity to serve your payroll and tax filing needs now and in the future.

Sincerely,

Your ADP Service Team

Reference #038

Individual Federal Magnetic Media (W-2) Letter

This letter is produced via the AutoPay mainframe during year-end processing for clients requesting individual federal W-2 CD-ROMs. The client receives W-2 and W-3 information on CD-ROM so they can file with the SSA.



SOCIAL SECURITY ADMINISTRATION **MAGNETIC MEDIA FILERS**

United States Form W-2
Virgin Islands Form W-2

Puerto Rico Form 499R-2/W-2PR
Guam Form W-2

INFORMATION ONLY — DO NOT FILE THIS PAGE

The Social Security Administration (SSA) requires employers reporting wages for 250 or more employees to file them electronically. Magnetic tape and cartridge filings are not accepted.

Employers are to use Electronic File Upload, a feature of Business Services Online (BSO), to conduct business with the SSA. Electronic File Upload allows you to transmit an electronic file containing an MMREF-1 wage report to SSA over the Internet.

ADP generates all federal W-2 magnetic media on CD-ROM. The enclosed CD-ROM should be loaded to your PC for transmission to the SSA via BSO and the CD-ROM retained for backup.

Connection to the BSO is done from the SSA website at www.socialsecurity.gov/employer. Click on Electronically File Your W-2s or Business Services Online.

Additional information on the BSO:

- Call **1-800-772-6270** Monday through Friday, 7:00 a.m. to 7:00 p.m. Eastern Time to request a BSO Employer Handbook.
- To view the on-line handbook:
 - Access the Internet at www.socialsecurity.gov/employer
 - Click on Electronically File Your W-2s or Business Services Online
 - In the left column select BSO Handbook

Assistance with problems using the BSO:

- Call **1-888-772-2970** Monday through Friday, 8:30 a.m. to 4:00 p.m., Eastern Time, or
- Send an e-mail message to bsc.support@ssa.gov.

All other federal filing rules are to be followed, without exception.

(PF/TFM/FRM)

©2005 Automatic Data Processing, Inc.

Request for Transmitter ID for 1099 CD-ROM, Reference #041

This letter is produced during year-end processing for clients who must supply ADP with the federal transmitter ID before an individual 1099-MISC CD-ROM can be created.

YNG
NAG – YE LETTER
STREET
SECOND
DAYTON, NJ 08810

Batch #000231

Dear Valued ADP® Client,

Enclosed are the paper copies of your 1099-MISC forms. You must distribute the employee copies of the 1099-MISC forms by January 31 (or first business day in February if this falls on a Saturday or Sunday).

As you requested, ADP EasyPaySM will supply you with your 1099-MISC Federal Copy A information on CD ROM, which must be filed electronically with the Internal Revenue Service by the last day in February (or first business day in March if this falls on a Saturday or Sunday). However, before we can create the CD ROM, we need your five-character federal transmitter ID. Please call your ADP client service representative immediately and supply this information.

In addition, if you have any changes or need to correct the 1099-MISC data before filing it, please contact your ADP client service representative immediately.

We appreciate the opportunity to serve your payroll and tax filing needs now and in the future.

Sincerely,

Your ADP Service Team

Reference: #041

C

Client Audit and W-2 Error Messages Table

The table in this appendix lists errors you may find on the Client Audit and/or W-2 Error reports.

This table recommends actions that will lead you to a resolution. Please remember, however, that each situation is different.

- ✓ Since the instructions in this table may not include everything you need to do in a given situation, you must analyze each error on a client-by-client basis. For example, depending on when the error occurred, you may have to rerun quarterly reports or W-2s.
- ⚠ When researching errors using the Earnings Record, Current QTD, or Prior QTD reports, be aware that figures appearing in the 08 Other earnings column and 99 Misc deductions column may actually be other earnings or deductions that were combined into these columns in the client's Profile. To avoid negative values as a result of incorrect adjustments, be sure which type of earnings or deductions these are by using the Master List or viewing the employee's earnings and deductions in the client's Profile.

If any of the errors suppress W-2s, then a Service associate must contact the client to correct the problem. For instructions on performing amendments and adjustments, see chapter 2, *Payroll Procedures*, in this guide.

- ✓ Since employee W-2 data with errors is included on the San Dimas quarterly tax transmission, W-2 errors for Tax Filing clients *must* be resolved before quarter close deadline. A reclose can be submitted to San Dimas.

Client Audit and W-2 Error Messages

Error Message	Report	Error Description and Proposed Action
1099 mag media transmitter ID missing	W-2 Error report	<p>The client's five-digit transmitter control code (TCC) is missing in the State Tax IDs module of Profile. An individual 1099 CD-ROM was not created for this client.</p> <p>Contact the client to obtain the TCC. Then, add the number in the State Tax IDs module of Profile.</p> <p>✓ To produce the electronic media (CD-ROM), you must enter the TCC number in the 4Q master file, cut the quarter, and then rerun year end.</p> <p>Enter this as a case in Clarify.</p>
xx Active employee with "A" in marital status with YTD taxes ✓ This message also includes deduction year-to-date amounts, not just taxes.	Client Audit report	<p>An employee's marital status is marked as "A" (automatic payment) for the indicated year-to-date bucket. A marital status of "A" is only valid for an automatic payment check. If this is a paid employee, enter the correct marital status for this employee; it should not be "A." Any affected quarters may require amendments. Enter this as a case in Clarify.</p> <p>-OR-</p> <p>If this employee is actually an automatic payment check, confirm whether there should be a year-to-date (YTD) value; the answer must be "no." This may require a payroll adjustment. Any affected quarters may require amendments. Call SBS Payroll Support in Moorestown if you need assistance.</p> <p>Enter this as a case in Clarify.</p>
All values are negative	W-2 Error report	<p>Records show all negative values for wages and taxes. Research to determine why they are all negative. Run an adjustment payroll, if necessary, to correct them. Any affected quarters may require amendments.</p> <p>✓ This error suppresses the W-2. A Service associate must contact the client to correct the problem.</p> <p>Enter this as a case in Clarify.</p>
xx City code missing with YTD tax	Both reports	<p>The employee has a city tax year-to-date amount, but the employee is not coded for a city jurisdiction.</p> <p>Call the client and confirm that the employee should be set up for the tax. If so, make sure the employee is coded for the correct jurisdiction. Do so by running adjustment payrolls to terminate and rehire the employee, adding the correct city jurisdiction. Any affected quarters may require amendments/exceptions.</p> <p>If the employee should not be set up for the tax, run an adjustment payroll to remove the city YTD. Any affected quarters may require amendments.</p> <p>Enter this as a case in Clarify.</p>

Error Message	Report	Error Description and Proposed Action
City Tax w/o Wage*	W-2 Error report	<p>City tax was withheld, but no subject wages. Run an adjustment payroll.</p> <p>✓ This error suppresses the W-2. A Service associate must contact the client to correct the problem.</p>
Contact name missing and is required	W-2 Error report	<p>The client contact name, which is required to create the individual federal magnetic media, is missing. Add the contact name to the Year End Client Information Update screen from the Magnetic Media Menu. See page 8-10 for more information.</p>
EI positive amount	Client Audit report	<p>The earned income credit (EIC) is stored as a positive YTD amount, but it should be negative.</p> <p>Print the Earnings Record, Payroll Register, and/or Master List to determine where the error occurred. Work with the client to obtain the correct EIC YTD. You may need to rerun the payroll or run an adjustment payroll to correct it. Any affected quarters may require amendments.</p> <p>Enter this as a case in Clarify.</p>
Fed Tax w/o Wage*	W-2 Error report	<p>Federal tax was withheld, but no subject wages. Run an adjustment payroll.</p> <p>✓ This error suppresses the W-2. A Service associate must contact the client to correct the problem.</p>
GR Negative wages YTD	Client Audit report	<p>The accumulated year-to-date amount for all earnings with a codeword of GROS is negative.</p> <p>Print the Earnings Records, Payroll Register, and Master List to determine where the error occurred. Work with the client to obtain the correct pay information. You may need to rerun the payroll and/or run an adjustment payroll. Any affected quarters may require amendments.</p> <p>Enter this as a case in Clarify.</p>

Error Message	Report	Error Description and Proposed Action
Invalid Fed ID #	Both reports	<p>The client's federal identification number is invalid, for example:</p> <ul style="list-style-type: none"> • A federal number has non-numeric character(s). • A federal number is composed of the same digit (for example, "77777777"). • A federal number has the first two digits "00." • A federal number has consecutive digits - for example, "123456789." <p>Check the number and call the client to obtain a correct one. You may need to ask the client to provide proof from the federal government, such as a blank 940, 941, or 8109 deposit coupon. Then, enter the correct ID in the Client Options module of Profile.</p> <p>If the client has the Insurance Pay-by-Pay feature, you cannot change the ID number. Contact SBS Insurance Services to let them know the ID number must be changed. Then contact SBS Payroll Support in Moorestown via a Clarify subcase. Request that the client's ID number be changed in the master file and/or QT. file.</p> <p>△ If the client has already run their first payroll of the year, the ID # number must be changed in both the first-quarter master file (M.) and the fourth-quarter QT. file.</p> <p>For Tax Filing clients, an amended return may need to be filed. Use TOPS CH01 to research.</p> <p>Enter this as a case in Clarify.</p>
Invalid Fed Mag Media default is paper	W-2 Error report	<p>The client's master file and QT. file have "A" in the Mag Media W-2 field. ADP no longer produces a group tape. Paper will be produced. Change the Mag Media W-2 indicator to "P."</p>
Invalid name comma in 1st position	Both reports	<p>A comma is in the first position of the employee's Name field.</p> <ul style="list-style-type: none"> ✓ This error results in halts during quarterly processing and must be corrected before the next quarter end. <p>Type the employee name in the correct format with the next payroll or in the Employee Data module of Profile. Edit the M. and QT. files. For instructions, refer to chapter 2 of this guide.</p> <ul style="list-style-type: none"> ✓ This error suppresses the W-2. A Service associate must contact the client to correct the problem. <p>Enter this as a case in Clarify.</p>
Invalid Soc. Sec. #	Both reports	<p>The employee's record contains an invalid Social Security number.</p> <p>Obtain the correct number from the client and enter it with the next payroll or in the Employee Data module of Profile. If this is a year-end error, correct the number in the fourth quarter master file, cut the quarter, and then rerun year end. Any affected quarters may require amendments.</p> <p>Enter this as a case in Clarify.</p>

Error Message	Report	Error Description and Proposed Action
Missing Fed ID #	Both reports	<p>The client's records show a missing federal identification number.</p> <p>You may need to ask the client to provide proof from the federal government, such as a blank 940, 941, or 8109 deposit coupon. Then enter the correct ID in the Client Options module of Profile.</p> <p>Enter this as a case in Clarify.</p>
Missing mag media data – MM suppressed	W-2 Error Report	<p>Magnetic media was suppressed because data that is required to create the client's individual federal media is missing. For the procedure for updating this information, refer to the <i>Updating Clients' Year-End Magnetic Media Information</i> section in chapter 8 of this guide.</p>
Missing Soc. Sec. #	Both reports	<p>The employee's records show a missing Social Security number.</p> <p>Obtain the number from the client and enter it with the next payroll or in the Employee Data module of Profile. If this is a year-end error, correct the number in the 4Q master file, cut the quarter, and then rerun year end. Any affected quarters may require amendments.</p> <p>Enter this as a case in Clarify.</p>
Must set up Client for Federal Tape	W-2 Error report	<p>Clients with over 250 W-2 employees must file electronically. Refer to chapter 8 of this guide for procedures.</p>
Negative 3rd Party Sick	W-2 Error report	<p>Employee has a negative 3PSP amount.</p> <p>Print the earnings records to determine when this error occurred. Call the client to discuss what the correct 3PSP should be. Based on that determination, run an adjustment payroll. Any affected quarters may require amendments. After you correct this error, rerun W-2s.</p> <p>✓ This error suppresses the W-2. A Service associate must contact the client to correct the problem.</p>
Negative wage or tax* (for example, Negative St Tax, Negative SS Wage)	W-2 Error report	<p>Refers to any negative wage or tax. This error may occur when the client incorrectly reports a voided check for an employee. This error will also appear if a box 12 value is negative. The box 12 code is also printed. Refer to the W-2 box descriptions chart in the <i>Annual Tax Forms</i> section in chapter 5 of this guide.</p> <p>Print the Earnings Record to determine when this error occurred. Call the client to discuss what the correct wage or tax should be. Based on that determination, run adjustment payrolls as necessary. Any affected quarters may require amendments.</p> <p>✓ This error suppresses the W-2. A Service associate must contact the client to correct the problem.</p> <p>Enter this as a case in Clarify.</p>

Error Message	Report	Error Description and Proposed Action
xx Negative taxes YTD	Both reports	<p>The amount of year-to-date taxes for the indicated tax (xx) is negative.</p> <p>Print the Earnings Record, Payroll Register, and Master List to determine where the error occurred. Work with the client to obtain the correct pay information. You may need to rerun the payroll and/or run an adjustment payroll. Any affected quarters may require amendments.</p> <p>Enter this as a case in Clarify.</p>
No info to report on W-2	W-2 Error report	<p>The employee has no taxable year-to-date information so the W-2 is suppressed.</p> <p>Call the client and confirm that this is truly the case for this employee. If so, action is not required. If not, you may need to run adjustment payrolls. Any affected quarters may require amendments.</p> <p>✓ This error suppresses the W-2. A Service associate must contact the client to correct the problem.</p>
xx Non-numeric value in Tax Override amount field	Client Audit report	<p>A non-numeric value in the Tax Override amount field was detected for the indicated deduction (xx). Only numeric values are allowed.</p> <p>Correct the amount and rerun the payroll, if necessary.</p> <p>Enter this as a case in Clarify.</p>
Over FI limit with 3PSP	W-2 Error report	<p>3PSP and regular wages exceeded the Social Security limit. For instructions on how to correct this error, refer to the <i>Creating a Second W-2 for Employees over the Social Security Limit with 3PSP</i> section in chapter 4 of this guide.</p>
Phone # missing and is required	W-2 Error report	<p>The phone number for the client contact, which is required to create the individual federal magnetic media, is missing. Add the client contact's phone number.</p>
PIN # missing and is required	W-2 Error report	<p>The personal identification number (PIN), which is required to create the individual federal magnetic media, is missing. Add the PIN.</p>
State Tax w/o Wage*	W-2 Error report	<p>State tax was withheld, but no subject wages. Run an adjustment payroll.</p> <p>✓ This error suppresses the W-2. A Service associate must contact the client to correct the problem.</p>

Error Message	Report	Error Description and Proposed Action
MNSUI with CQ 07 & no QTD hrs ORSUI with CQGE & no QTD hrs, <i>or</i> RISUI with CQ 07 & no QTD hrs, <i>or</i> VTSUI with CQGE & no QTD hrs, <i>or</i> WASUI with CQ 07 & no QTD hrs	Client Audit report	<p>The employee is taxable for Minnesota, Oregon, Rhode Island, Vermont, or Washington SUI, has current quarter salary earnings (earnings code 07 in MN, RI and WA, GE in OR and VT), but has no current quarter hours (codeword STDH). These states require hours to be reported for all employees, even for salaried employees.</p> <p>Call the client to confirm the number of hours worked by the employee in the current quarter. Record these hours under codeword STDH with the next payroll in the current quarter. If there are no more current quarter payrolls to be processed, run an adjustment payroll to record the missing hours and recut the quarter. Any affected quarters may require amendments.</p>
xx YTD taxes for tax exempt employee	Client Audit report	<p>The tax type indicated (xx) has been withheld for an employee who is set up as tax exempt.</p> <p>Call the client and confirm the employee's correct tax status. You will need to terminate and rehire the employee with the correct status and/or taxes. You may need to rerun the payroll. Any affected quarters may require amendments to collect any overpayments.</p> <p>Enter this as a case in Clarify.</p>
YTD taxes with no gross	Client Audit report	<p>Taxes have been withheld for an employee who has had no gross wages recorded.</p> <p>Call the client and confirm whether earnings for this employee should have been gross or whether reported taxes were invalid. You may need to rerun this payroll. Any affected quarters may require amendments.</p> <p>Enter this as a case in Clarify.</p>

* Refer to the *Additional Information for Certain Errors* section in chapter 6 of this guide for further information on what causes these types of errors and how to research them.



Index

1

1099 Reruns Not Billed report, 7-18
1099-MISC
 box descriptions, 5-40
 codeword taxability, 4-72
 magnetic media, 8-3, 8-25
 sample, 5-39
1099-R
 box descriptions, 5-42
 sample, 5-41
1099-R earnings, 4-54

3

3PSP
 creating a second W-2, 4-49
 taxability, 4-47

9

940 Data Verification letter, B-3
940 Tentative Credit Worksheet report, 5-37
941
 responsibility for filing, 5-19
 sample, 5-20
941A, 5-23
941B, 5-22

A

additional controls
 adding, 7-20
 identifying, 7-21
adjustments, 2-19, 2-22
allocated tips, 4-4
amendments, 2-30
 autotape amendments, 2-32
 entering ascertained date and reason code(s), 2-33
 San Dimas fee structure, 2-32
 special handling instructions, 2-32
 types of amendments, 2-30
Annual Filing Reconciliation report, 8-13
annual output, 5-1
ascertained date, 2-33
Ask MIS report, 7-21

B

Balance Listing errors, 2-5, 2-22
billing
 additional controls, 7-20
 for year-end, 7-1
 overrides, 7-8
 promotions, 7-12
 revenue analysis, 6-11
 statistics, 6-13
 W-2s, 5-5, 7-3
Billing Audit file, 7-13
bonus payrolls, 3-1
 calculating FICA, 3-16
 client communications, 3-3
 million-dollar, 3-20
 million-dollar in Callin, 3-20
 net-to-gross checks, 3-12
 scheduling a separate payroll, 3-2
 setting up, 3-4
 state taxation, 3-21
 stopping deductions, taxes, and direct deposit, 3-10
 taking as a separate payroll, 3-7
 taking with a regular payroll, 3-10
box 14 of W-2, 4-5

C

Cafeteria 125 plans
 setting up, 4-13
 taxability, 4-12
city taxes, 4-62
clearing the master file, 2-13
Client Audit report, 6-2, C-1
client letters, B-1
 940 Data Verification, B-3
 Client with Less Than 250 Forms, B-7
 Individual Federal CD-ROM, B-10
 Non-Mag Media Filer W-2, B-6
 Request for Transmitter ID for 1099 Mag Tape Cartridge, B-11
 Tax End-of Quarter, B-2
 Tax Filing Client - Full Year, B-5
 Tax Filing Client - Midyear Start, B-4
 Tax Filing Client - Midyear Term, B-9
Client Processing History, 2-27
Client Requested 1099 Mag Tape Cartridge letter, B-8
codes. *See* deduction codes, *See* earnings codes
codewords
 B14A, B14B, and B14C, 4-5
 ERMS and Illinois employers, 4-9
 taxability table, 4-64, 4-72
correcting payrolls processed in the wrong quarter, 2-14
CSTOOLS, 4-59
cutting the fourth quarter, 2-8

D

DATECD RUN# WRONG error, 2-5, 2-22
DDF invoices, 7-3
deduction codes
 Cafeteria 125 plans, 4-13
 dependent care benefits, 4-24
 GTL, 4-32
 pension plans, 4-18
deferred compensation, 4-16
dependent care benefits, 4-23

E

earnings codes
 Cafeteria 125 plan, 4-13
 dependent care benefits, 4-24
 employer health care benefits, 4-15
 expense reimbursements, 4-52
 pension plans, 4-18
Earnings Record report, 5-17
earnings records, processing, 5-10
EasyPay Year End Revenue Analysis report, 6-11
EasyPayNet
 interim details files, 2-34
Electronic Reports, W-2s, 5-7
employer health care on W-2, 4-14
End-of-Quarter Year-to-Date report, 5-15
error messages (W-2), 6-9
expense reimbursements, 4-52

F

federal direct reporting W-2 tape, 8-18
FICA
 calculating for bonus checks, 3-16
 uncollected for GTL, 4-50
first payroll of year, 2-3, 2-13
fixing payrolls processed in the wrong quarter, 2-14
Forms. *See* the form number
fourth quarter, 2-8
 manual processing, 2-11
 regular processing, 2-10
frequently-asked questions, A-1
 bonus payrolls, A-6
 Form 1099, A-5
 Form W-2, A-2
 special taxation, A-8
 tax filing, A-11
 third party sick pay, A-10
fringe benefits, 4-26

G

golden parachute, 4-28
Group Term Life, 4-30
GTL (Group Term Life insurance)
 IRS fair market cost, 4-32
 setting up, 4-32
 taxability, 4-30
 uncollected FICA, 4-50

H

Health Savings Accounts, 4-34
household clients, 4-37
HSA, 4-34

I

Illinois
 codeword ERMS, 4-9
 employer contributions to medical savings plans, 4-9
indicators
 magnetic media, 8-6
 quarter-cut, 2-9
interface tapes, 5-32
interim details files, 2-34

L

last payroll of year, 2-3, *See also* fourth quarter
local taxes. *See* city taxes
LTD (long term disability)
 taxability, 4-39

M

Mag Media Reruns Not Billed report, 7-18
magnetic media, 8-1
 1099-MISC, 8-3, 8-25
 Annual Filing Reconciliation report, 8-13
 correcting errors on the Annual Filing Reconciliation
 report, 8-16
 correcting W-2s after SSA submission, 2-28
 description, 8-3
 federal types, 8-3
 indicators, 8-6
 menu, 8-9
 process flow, 8-4
 rejected tapes, 8-22
 updating clients' magnetic media information, 8-10
 using queries for proper output, 8-11
manually cutting a quarter, 2-11
menus
 Client Service Year-End, 7-2
 CSTOOLS, 4-59
million-dollar payrolls, 3-20
 entering in Callin, 3-20
miscellaneous income
 golden parachute, 4-28
 stock options, 4-45
miscellaneous reporting, 4-1
moving expenses, 4-40

N

net-to-gross checks, 3-12
Non-Mag Media Filer W-2 letter, B-6

O

out-of-balances, resolving, 5-23
output differences (W-2s), 5-32
output, quarterly and annual, 5-1
override codes and types, 7-8

P

- parent-child relationship, 7-20
- payroll procedures, 2-1
- payrolls
 - bonus, 3-1
 - million-dollar, 3-20
 - scheduling separate, 3-2
- payrolls processed in the wrong quarter, 2-14
- pension plans
 - setting up, 4-18
 - taxability, 4-17
 - types, 4-16
- pricing
 - overriding standard prices, 7-8
 - standard, 7-4
- processing adjustment payrolls, 2-19
- processing fourth-quarter adjustments after first payroll of year, 2-22
- promotions, 7-12

Q

- qualified pension plans, 4-16
- Quarterly Control system, 5-4
- Quarterly Earnings Record report, 5-17
- quarterly output, 5-1
- Quarterly Recap report, 5-14
- Quarterly Tax Summary report, 5-16
- Quarterly Taxable Wage report, 5-13
- queries
 - Ask MIS, 7-21

R

- reason code(s), 2-33
- rejected magnetic media, 8-22
- reports
 - 1099 Reruns Not Billed, 7-18
 - 940 Tentative Credit Worksheet, 5-37
 - Annual Filing Reconciliation report, 8-13
 - Ask MIS, 7-21
 - Client Audit, 6-2, C-1
 - End-of-Quarter Year-to-Date, 5-15
 - Mag Media Reruns Not Billed, 7-18
 - Quarterly Earnings Record, 5-17
 - Quarterly Recap, 5-14
 - Quarterly Tax Summary, 5-16
 - Quarterly Taxable Wage, 5-13
 - service, 6-1
 - Unemployment Wages Paid, 5-23
 - W-2 Error, 6-4, C-1
 - W-2 Reruns Not Billed, 7-18
 - W-2/1099 Manual Bill, 7-18
 - Wage and Tax Statement Totals report, 5-36
 - Year End Edit Tape, 8-18
 - Year End Revenue Analysis, 6-11
 - Year-End Billing Audit, 7-16
 - Year-End Processing Statistics, 6-13
- reprinting entire set of W-2s, 5-6
- reprinting one or more W-2s, 5-7
- rerunning a payroll that should have been processed in a future quarter, 2-14
- rerunning a payroll that should have been processed in a previous quarter, 2-16
- reruns, 2-19
 - selective, 5-7

- researching tax information, 4-59
- responsibilities
 - rejected tapes, 8-22
- Roth pension plans, 4-16

S

- San Dimas
 - year-end audit tape, 8-18
- S-Corporations, 4-42
- selected W-2s, 5-7
- selective reruns, 5-7
- service reports, 6-1
- Siemens printers (W-2s), 5-32
- Social Security limit and 3PSP, 4-49
- special taxation, 4-1
 - 1099-R earnings, 4-54
 - Cafeteria 125 plans, 4-12
 - dependent care benefits, 4-23
 - employer health care on W-2, 4-14
 - fringe benefits, 4-26
 - golden parachute, 4-28
 - Group Term Life, 4-30
 - Health Savings Accounts, 4-34
 - long term disability payments, 4-39
 - moving expenses, 4-40
 - qualified and nonqualified deferred compensation plans, 4-16
 - S-Corporations, 4-42
 - stock options, 4-45
 - third party sick pay, 4-47
 - uncollected FICA on GTL, 4-50
 - unsubstantiated employee expense reimbursements, 4-52
- SSA
 - telephone numbers, 1-3
- state taxes
 - rates for supplemental earnings, 3-21
- state W-2 requirements, 5-31
- statutory employees, 4-44
- stock options, 4-45
- substantiated employee expense reimbursement, 4-52

T

- Tax Filing Client - Full Year letter, B-5
- Tax Filing Client - Midyear Start letter, B-4
- taxability, using CSTOOLS to research, 4-59
- taxable fringe benefits, 4-26
- telephone numbers
 - SSA, 1-3
 - state SSA, 1-3
- third party sick pay. *See* 3PSP
- tools for year-end research
 - Ask MIS, 7-21
 - Client Processing History, 2-27
 - Quarterly Control system, 5-4
 - Year-End Billing Audit file, 7-13

U

- uncollected FICA, 4-50
- Unemployment Wages Paid report, 5-23
- unsubstantiated employee expense reimbursements, 4-52

V

viewing the Client Audit report online, 6-3
viewing W-2 errors online, 6-5

W

W-2 codewords taxability, 4-64
W-2 error messages, 6-9
W-2 Error report, 6-4, C-1
W-2 Reruns Not Billed report, 7-18
W-2/1099 Manual Bills report, 7-18
W-2s
 billing, 5-5, 7-3
 box 14 (Other), 4-5
 box descriptions, 5-27
 copies, 5-25
 correcting W-2s after SSA submission, 2-28
 in Electronic Reports, 5-7
 printing, 5-32
 reprinting entire set, 5-6
 reprinting one or more, 5-7

sample, 5-26
selective reprinting, 5-7
selective rerunning, 5-7

W-3s

box descriptions, 5-35
sample, 5-34

Wage and Tax Statement Totals report, 5-36

Y

Year End Edit Tape report, 8-18
Year End Revenue Analysis report, 6-11
year-end
 billing, 7-1
 output, 5-1
 service reports, 6-1
Year-End Billing Audit file, 7-13
Year-End Billing Audit report, 7-16
Year-End Edit Tape report
 resolving errors, 8-19
year-end process flow, 5-3
Year-End Processing Statistics report, 6-13