

Printing W-2s and Processing EOY in *PayMaster Windows*TM

Before you print your 2011 W-2s:

W-2 FORMS

Only W-2 forms ordered from Computer Aid LLC are guaranteed to work with *PayMaster*. Not all printing companies print W-2s with boxes the same size and in the same place. Call immediately if you haven't yet ordered your W-2s. **Availability is not guaranteed after Dec. 15.**

AUTO UPDATE NECESSARY!

All Auto-Update users are entitled to the Year-end Paymaster Update that will include a new W2 Mag-Media program and a new W2 printing module. Please call for installation instructions.

No Need to Run End of Year

The Windows version of PayMaster does not require you to run End of Quarter or End of Year or archive your company. All reports are based on check date so you can run your January payrolls without having to worry about your year end information.

1. Verify your federal tax ID via SETUP/COMPANY/CO.
2. Your W-2s must show the state *withholding* ID. This is often different from your state unemployment ID.
Make sure your correct state ID for *withholding* is entered in each state tax table via SETUP/COMPANY/FUTASUTA.
3. Verify that each additional income/deduction type has the correct BOX 12 code (*e, f, i, etc.*). Please see the box on page 2 of this insert for definitions.
4. Make sure that only employees who actually are *statutory* employees have an *x* in the W-2 *Statutory employee* box.
Check this by printing your W-2s on **plain** paper and looking for *x*'s in the appropriate space. You can also check via SETUP/EMPLOYEE/SETUP.
5. Make sure only those employees with a pension plan have an *x* in the pension box. Responding *y* in the **pension? y/n** field on the employee screen puts an *x* in the pension box on the W-2. [With an *x* in the W-2 pension plan box, special limits may apply to the amount of IRA contributions the employee may deduct.] You can check this as in step #4.
6. If you have an employee who died during 2011, change his/her status on the employee screen to "D". If the employee has wages in the year-to-date payroll file, the employee will be noted as deceased on your mag media file, and a W-2 will print.
8. If allocating tips on an annual basis, do so prior to printing your W-2s. Go to Calculate/Allocation to run this year end report. The total of all division receipts should equal company receipts.
9. Print your reconciliation reports and make any necessary corrections:
 - OASDI (Social Security)
 - Medicare
 - SDI
 - Taxes Paid/Owed
 - State/local tax reconciliation
11. For companies with tipped employees, print the FICA tax credit report, even if your fiscal year ends other than 12/31. It's a good idea to print it at the end of each quarter, and at the end of your fiscal year.
12. Print your W-2s first on **plain** paper to double check them. You can print them as many times as you want. Hold the paper up to an actual W-2 to ensure it lines up correctly.
13. Verify the figures with your quarterly 941s. A copy of our **941 and W-2 worksheet** can be found on our web site at <http://www.paymaster-pro.com/> Under Support/ Newsletters you will find this reconciliation PDF.

Paymaster for Windows now supports most Box 12 codes. Be sure that each employee has the correct Box 12 code for the required deductions. Please see instructions for Form W2 for a more detailed explanation.

Employees in Multiple Divisions

PayMaster will print **one** W-2 per employee, even if the employee works in more than one division (**unless you print "by division"**).

Exceptions: you will have multiple W-2s for employees with more than four Box 12 items, or if an employee moved from one state to another and you initialized the employee again for the new state (one W-2 for each state).

BOX 12 Codes

* **Code A** Uncollected Social Security or RRTA tax on tips. Include this amount as part of your total tax on Form 1040.

* **Code B** Uncollected Medicare tax on tips. Include this amount as part of your total tax on Form 1040.

* **Code C** Taxable benefit of group term-life insurance over \$50,000. Already included as part of your taxable wages in Boxes 1, 3, and 5.

* **Code D** Non-taxable elective salary deferrals to a 401(k) or SIMPLE 401(k) retirement plan.

* **Code E** Non-taxable elective salary deferrals to a 403(b) retirement plan.

* **Code F** Non-taxable elective salary deferrals to a 408(k) (6) SEP retirement plan.

* **Code G** Non-taxable elective salary deferrals and non-elective employer contributions to a 457(b) retirement plan.

* **Code H** Non-taxable elective salary deferrals to a 501(c)(18)(D) tax-exempt plan.

* **Code J** Non-taxable sick pay. This amount is not included in taxable wages in Boxes 1, 3, or 5.

* **Code K** Excise tax (equal to 20%) on excess "golden parachute" payments. Include this amount as part of your total tax on Form 1040.

* **Code L** Non-taxable reimbursements for employee business expenses.

* **Code M** Uncollected Social Security or RRTA tax on taxable group term life insurance over \$50,000 for former employees. Include this amount as part of your total tax on Form 1040.

* **Code N** Uncollected Medicare tax on taxable group term life insurance over \$50,000 for former employees. Include this amount as part of your total tax on Form 1040.

* **Code P** Non-taxable reimbursements for employee moving expenses, if the amounts were paid directly to the employee.

* **Code Q** Non-taxable combat pay. Some individuals may elect to include combat pay when calculating their Earned Income Credit.

* **Code R** Employer contributions to an Archer Medical Savings Account. This amount should be reported on IRS Form 8853.

* **Code S** Non-taxable salary deferral to a 408(p) SIMPLE retirement plan.

* **Code T** Employer paid adoption benefits. This amount is not included in Box 1 wages. You must use IRS Form 8839 to calculate the taxable and non-taxable portion of these adoption benefits.

* **Code V** Income from the exercise of non-statutory stock options. This amount is already included as taxable income in Boxes 1, 3, and 5. See also, how to report stock options.

* **Code W** Employer contributions to your Health Savings Account. Report this amount on IRS Form 8889.

* **Code Y** Salary deferrals under 409A non-qualified deferred compensation plan.

* **Code Z** Income received under 409A non-qualified deferred compensation plan. This amount is already included in taxable wages in Box 1. This amount is subject to an additional tax of 20% plus interest as part of your total tax on Form 1040.

* **Code AA** After-tax contributions to a Roth 401(k) retirement plan.

* **Code BB** After-tax contributions to a Roth 403(b) retirement plan.

NEW 2011

Code DD – Reports the cost of health insurance provided through your employer. (optional in 2011)

Code EE After-tax contributions to a Roth 457(b) retirement plan offered by government employers.

PAYMASTER
Hospitality

It pays to know your business

Mag Media Preparation

There **have been changes** to the 2011 mag media format. You must have the latest *PayMaster* Version to prepare the current format for mag media filing of W-2s.

If your state accepts the mag media federal specifications, you can also use *PayMaster* for your state mag media filing in those states where it is optional.

1. Follow the “**BEFORE YOU PRINT YOUR W-2S**” steps on pages 1-2 **without** preparing the mag media file, to make sure everything's OK.
2. Be sure you have registered for electronic online services with the SSA. Goto <http://www.ssa.gov/onlineservices/> to register.
3. Simply run Reports/W2/MagMedia
4. Fill out your submitter information This is where you will be entering your PIN number.
5. A second dialog is presented to input information for special cases. Most clients can accept the defaults here.

6. Double check your file before sending it to the SSA

First, do a directory listing to make sure your W2REPORT file has greater than zero bytes. From a DOS Prompt Type *Dir A:*

You'll see something like this (84454 is the bytes):
Directory of A:\ W2REPORT 84454 1-25-06 4:19p

Then you should download AccuWage, free 32-bit software from the Social Security Administration (SSA) for use with Mag Media reporting. It allows you to check your W-2 (Wage and Tax Statement) and W-2C (W-2 Correction) reports for over 200 different errors before you send them to SSA. It can be found on the web at <http://www.ssa.gov/employer/accuwage/index.html>. *PayMaster Pro* has this software here and **we can test** your Mag Media as well.

Submitter Info

Submitter Name [] TAX YEAR 2006

Address 1 []

Address 2 []

City State Zip [] [] []

Contact Name []

Contact Phone [] [] Ext []

Contact Fax [] []

Contact Email [] PIN []

Preparer Code: Accounting Firm Self-Prepared Service Bureau Parent Company Other

Employment Code: Agriculture Household Military Medicare QME Railroad Regular (all others) 944 Filer

Preferred Method of Notification: Email/Internet US Postal Service

OK Cancel

USA Form

Have you Terminated your business during this tax year?

Yes No

Do you have a special agent for you company (if unknownd select not applicable)?

2678 Agent (Apporved by the IRS) Common Paymaster 3504 Agent Not Applicable

Please enter in your employer/agent 9 digit EIN

[]

Please enter in the Employer's EIN for which you are an Agent

[]

Are you resubmitting your W2?

Yes No

Did you use a third-party sick pay?

Yes No

Ok