Closing your 2009 Calendar Year Information

Only two modules require that year end information be printed and given to individuals and the government.

Accounts payable require that 1099's be printed, and a cover page (1096) be computed and distributed.

Payroll requires that a W-2 be printed for each employee and a W-3 prepared and a copy of each sent to Social Security Administration.

Important Reminders before we get started.

1. Make a complete backup of your software data files before proceeding.
   If you have the "Copy Live to Practice" selection on your menu or an icon, run the program as an additional backup. This is not adequate as your primary backup.

2. Have you made all necessary adjustments for 2009 Payroll? Have you completed all 2009 Payroll transactions (bonuses, etc.)?

3. This manual contains instructions on how to remove detail on a permanent basis in some modules. Our recommendation – as stated in Item #1 – is that you have a good backup of all your data as well as verifying with your CPA or accountant prior to removing detail.

All Modules should be balanced/closed as normally done at month end.

Accounts Payable Checklist

ACCOUNTS PAYABLE

It is not necessary to prepare the 1099's before processing checks and invoices in the new year.

1. Be sure invoices and checks are posted and balanced to the General Ledger.

2. Print the Open Invoice Report for year end audits.

3. In ACCOUNTS ***PAYABLE*** Select ***REPORTS***

3. Select ***PRINT 1099s***

4. Select ***Print 1099 Report***. Be sure to select the year 2009. This report will print in a one line per vendor format reflecting the 1099 information. You will see a prompt labeled "Vendor Type:" **ALL** will show all Vendors and their YTD Purchases & Payments or you may select by vendor type of subcontractor, supplier or Other. This report is separated by those who you paid over $600 to, and need a 1099, and those that are not selected to print a 1099.

Note that the vendors who will receive a 1099 are at the top. Verify each 1099 vendor has an EIN or social security number displayed. Verify the accuracy of this report. If no adjustments need to be made, skip step 5.

To verify correct 1099 amounts, print a Paid Invoice Report, for each Vendor that may require a 1099, with Check Date selections from **01/01/2009 to 12/31/2009**. This report, along with a Check Register (if available) with the same check date selection for the Vendor can produce correct totals.

5. Select ***Edit 1099s***. Select Vendor to edit and simply go to the desired field(s) that needs editing and enter the necessary changes. The 1099 Program function is similar to the W-2 program. 1099's are kept in a separate report file to allow you to print later while allowing 2009 voucher & check processing. For new users, this is where you will enter any beginning numbers that were not loaded into ComputerEase as part of your loading balances program. You want the total amount paid to the vendor to show here.

You may edit almost any field within the 1099. Your company's Federal ID # is not displayed but will print on the 1099 document. Edit any fields necessary. NOTE: At the top of the screen of the screen there is a field entitled "Print 1099" with a "Yes", "No" or "Default" response field. This field will default to "No" if the amount paid is under $600.00, or if the vendor is set to not require 1099s.

As you view the edit screen, you will notice that ComputerEase, by default, puts all of the 1099 dollar amounts into the "Nonemployee compensation" box. If you have a Vendor that you wish to report the compensation differently (such as Rent or Royalties, etc.) you can simply use this EDIT screen to ad the amounts into the boxes you want them in and deduct them from the Nonemployee compensation box.

6) ***Print 1099s***:

Be sure to choose the year 2009.
You can select a Vendor Range, From Vendor_____ to Vendor _______
Leave the fields blank to print 1099s for ALL Vendors with Print 1099 set to YES
or you may select vendors one at a time or in alpha/numeric ranges. ComputerEase will also display your EIN number here so it is a good idea to give it one last look before you print out the actual 1099 forms.

Payroll Check list

Make sure all payroll checks have been run. This would include regular pay, bonus checks (see below), etc.

Due to potential changes to the W-2s that can be caused by updating tax tables (specifically the Social Security cap), it is recommended that ***Prepare W-2s*** be done before the tax tables are updated. This precaution is not mandatory, but it can help save some editing to correct high-wage earner W-2s social security gross pay.

Before Preparing W-2's

Select ***Configure*** from your System Menu **.** ***Select Company Name.*** **V**erify that your Company Name and current address is correct.

Check your ID Numbers first for all payroll tax reporting entities (Federal, State(s) and local). **YOU WANT TO BE SURE THE W2'S PRINT WITH THE CORRECT ID NUMBERS.**

1) Select ***Maintenance Programs*** off your Payroll Menu

2) Select ***A. Tax Rate Maintenance***

3) Select ***A. Federal Tax Rate Maintenance***

Verify that you have the correct Federal ID# input.

4) Select ***B. State Tax Table Maintenance***

Verify that you have the correct State ID# input under State Tax ID. This should be your State ID # for State Withholding in each appropriate state.   This must be done for all States that you will be printing W-2s for.

5) Select ***C. Local Tax Maintenance***

Check that each Local Tax that needs an actual W-2 printed has the *W-2s Required?* field set to **YES.** Also, check which locals will accept transmittal sheets. If you be sending the Local tax entity a transmittal sheet instead of an actual W2 be sure that the *W-2s Required?* Field is set to **NO**.

Make sure your descriptions begin with the city name. The W-2s will print the beginning of the description. Make sure they do not begin with word like "City of ...", or the Locality will print "City of" in the box on the W-2 .

Year End reports   WHAT ABOUT YTD

Print all Month End Reports & Quarter End Reports as normal.

1) Select ***Reports*** from your Payroll Menu:
2) Select ***Tax Reporting*** - Print: - Month to Date Report
   - Quarter to Date Report
   - State & Local Taxes Withheld
   - Federal **&** State Unemployment
   - Workers' Comp Worksheet
   - 941 Worksheet, and Schedule B if needed

   Under normal Reports Menu:
   - Deduction **&** Fringe Reports
   - Union **&** EEOC (if applicable)

3) You may also Print: ***Employee Master Report***
   Verify all employee information is correct: names, addresses, social security numbers, Year to Date Totals (taxable amounts)

Optional : Print ***Ledger Cards*** for desired check date ranges

***Ledger Cards cannot always be used for accurate payroll figures. If any payrolls did not post through the system posting, or if any amounts have been manually edited/updated, ledger cards may not reflect complete or accurate figures. Use the YTD payroll register see below.**

Preparing W-2's

1) Select ***Reports*** from your Payroll Menu:
2) Select ***Tax Reporting***
3) Select ***Work on W-2s***

4) Select ***Prepare W-2s***
   Set the tax year to 2009.
   The system will prompt: **From Employee: ___ To Employee:___**
   - leave both fields blank to prepare for ALL Employees.
   - or, enter Employee Name(s) for specified range to prepare

   The "Prepare W-2s" Program copies all Year to Date information and totals from the payroll master files and puts the information into a temporary file so that you may work on them (Edit, Print, etc.) at any time.

Editing W-2's

Edit W-2s

You may ***Edit W-2s*** if necessary.

Select the Tax year and Employee to edit and simply go to the desired field(s) that needs editing and enter the necessary changes.

Printing W-2's

We suggest that you print W-2s on Plain Paper before printing on actual preprinted documents for review and printer alignments.

1. Select ***Print W-2s***

2. Select ***Count W-2s*** This displays the number of W-2s needed. For a basic count, look at the last line that starts out "Otherwise, (blank) W-2s will be needed" That number will give you the best idea of how many W-2s will be needed in most cases.

3. Select ***Print Employee Copies.*** Select Tax Year 2009, then select the form Type (2-to-a-page or 4-to-a-page) You can select to print all employees's or selected employee's W-2s. Make sure W-2s are loaded into the printer correctly and click OK. If using 2-to-a-page (2up) laser forms, repeat for 2nd and 3rd employee copy. (If you are using 4-to-a-page (4up) forms for the employee copies, you may only need to print this form once.) The employee copy will print a maximum or two localities on each W-2.

4. Select ***Print Federal Copies.*** You only need one federal copy per employee. (This needs to be a 2-to-a-page (2up) form).

5. Select ***Print State/Local Copies.*** A separate W-2 will print for each state and locality. (This needs to be a 2-to-a-page (2up) form).

6. You can reprint W-2s as many times as necessary.

7. If you want to print a copy for the Employees file, the ***Employee Copy*** works well for this so you can reprint it.

Transmittal sheets

Transmittal sheets are basically reconciliation's for Local Taxes.

The system allows you the option to ***Print By: Locality*** **or** ***Employee***

They are designed to furnish tax reporting information for localities in lieu of actual W-2 forms.

W-3 totals

The W-3 Total report will furnish you with all W-2 total information necessary for you to complete your W-3 Transmittal Sheet

You must transfer all totals onto the actual W-3 form. The system does <u>not</u> print on the actual W-3 document.

Magnetic Media

Magnetic Media can be created for Federal, State and Local tax information

The Create Magnetic Media option is for exporting your W-2 files. If you have 250 W-2s you may be required to submit Magnetic Media. Check with your accountant. The IRS has been known to levy large penalties to companies who don't submit Magnetic Media when required.

Start by choosing Federal info, State info or Local info.

Next, Fill in the ***Output file*** box to tell ComputerEase where to create the magnetic media file. The name her should include the drive, path and file name. An example might be : C:\CONST\W2REPORT.

Be sure to choose the appropriate tax year (2009).

If this is your first time filing Federal magnetic media, you may not be familiar with some of the terms. We have been asked what some of the new codes on the Federal magnetic media mean.

WFID=Wage File Identifier

PIN=Personal Identification Number.

The WFID does not appear to be required for the initial filing. It
is required if you are filing a resubmission online.

When creating Magnetic Media for multiple states and/or multiple localities, You will need to create a separate file for each state and Locality that you need to report to.

The PIN is a required field, and is the personal identification number for the person submitting the magnetic media. If you do not have one, you must apply for this PIN by either calling 1-800-772-6270 from 7am to 7pm Monday to Friday EASTERN standard time, or registering online at http://www.ssa.gov/employer and select Employer Services Online, select Registration. You need to update the information yearly to get a new PIN each year.

You have to provide this information to get a PIN.

1. The EIN of the company that you work for. If you are a third party submitter, you need the EIN of your own company, not the EIN of the company(s) for which the wage report(s) is/are being submitted.

2. Your Social Security Number (SSN).

3. Your name (first name, middle initial or name and last name) as shown on your social security card.

4. Date of birth

5. Your telephone number and E-mail address to contact you if we have a problem processing your file.

Also, you will be asked to provide the following optional information:

1. Your mailing address

2. Company name, Company phone number and Company address.

This information was obtained from the http://www.ssa.gov/employer website.

Clearing W-2 information

W-2's no longer need to be cleared each year. Versions 5.0 and later store the data in a date sensitive format, and it is allowable to process your 2009 payroll before you print your 2009 W-2's. We do recommend that you prepare the W-2's before you load the 2009 tax tables. You can run one or more payrolls before you update tax tables if needed.

Deleting Employees

To delete employees, you must set the employee to delete in employee maintenance. Then you must have all information related to that employee removed from the system. That includes clearing any outstanding checks in the bank reconciliation. After you have done that, then go to maintenance, delete old data, and tell the system how long you want to keep data. You must clear all data related to that employee to delete employees. Please make sure that you have a good backup before you do this. Be aware that you will be deleting all information relating to all employees thru the date selected.

Closing the Fiscal Year

Closing the fiscal year involves making sure that all subsidiary modules are balanced back to the General Ledger.

Accounts Receivable Checklist

ACCOUNTS RECEIVABLE

1. Establish your accounts receivable cutoff and balance to the General Ledger.

2. Print a year end detailed aged trial balance.

3. Options:

There are various "reorganization" programs in Accounts Receivable. These programs are used to delete unused data. Before you reorganize any data, be sure that you have a Printed Report of the information to retain as permanent record.

Reorganize Programs:

-Delete Paid Invoices – this will remove paid invoices from the invoice file.
-Reorganize Sales Register - this will remove the detailed invoices from the sales register.
-Reorganize Cash Summary Register - this will clear the Cash Summary Register detail.
-Reorganize Retention File - this will remove retention invoices that have been paid.
-Reorganize Freeform Invoice File - this will remove paid invoices from the system.

Inventory and Purchase Orders Checklist

INVENTORY

1. Print Inventory Valuation and Gross Margin Reports.

2. Balance Physical count to General Ledger. If Bin numbers are not being used, you must make sure to correctly select that option.

3. Make adjustments to Inventory Items and General Ledger as needed. (Make sure you adjust for Uninvoiced PO Receipts.

Note: Items 4 through 5 will delete data from the program. Do not do these steps if you did not want the data removed!

4. If balancing is complete, Reorganize Inventory Transaction File (optional).*

5. Reorganize Purchase Order Balance Report (optional).*

6. Reorganize Purchase Order File (optional).*

*Reorganization programs Delete Transactions and History as of the specified date.

Job Cost Checklist

JOB COSTING

1. Balance your job cost summary report or Balance Screen to the General Ledger for year end purposes by job type.

2. Run job cost reports on completed jobs that are to be deleted.

3. After printing a Job Cost Detail Report, you may delete any jobs that are not to be carried forward to the new year.

General Ledger Checklist

GENERAL LEDGER

1. Make adjusting entries as needed. Be sure all modules are balanced to GL.
   ***DO NOT MAKE ANY ENTRIES DIRECTLY TO CURRENT RETAINED EARNINGS.**

2. Close the month. The system knows your final month of your fiscal year and will close the Year accordingly. The System will zero out all balances with P&L account types and bring balances forward for all Balance Sheet account types.

3. The system will automatically move the balance for Current Retained Earnings to Prior Year Retained Earnings in January. IT IS NO LONGER NECESSARY FOR YOU TO MAKE A MANUAL JOURNAL ENTRY.

You may close the month/year even if you do not have all adjusting entries from your accountant. The system allows prior period postings and will automatically make any adjusting entries to Current and Prior Year Retained Earnings accounts. The system uses the Current GL Period as the default posting period within most modules. By closing the year, there is less of a risk of postings to the wrong month or year. You might need to go into configure, system parameters, general ledger parameters to open enough periods to post the adjusting entries to. When you are finished posting, make sure to set the post to previous periods back to your original number of periods.

Year End Helpful Guidelines

In addition to normal payroll responsibilities, December is often the month for Bonuses and Tax Adjustments. Below, are some tips for common year-end payroll functions. If you have a unique problem or question that is not addressed in the following information, Microvision's support staff will make every effort to assist you.

Because payroll tax calculations are posted and retained in complex file structures, we strongly suggest that all adjustments be made through normal payroll processing to avoid the need for any manual manipulation of Year to Date figures.

Bonus Checks

Bonus Checks: Bonus Payrolls are often processed as a separate payroll. The easiest way to process bonus checks is as follows:

1. Enter bonus amounts through the ***Enter Non-Job Hours*** selection. Either run the ***Clear Labor Distribution*** program before entering bonus amounts or enter the bonus amounts through a different payroll type than your regular payroll.

2. Enter ***Pay Period 6*** (Or whatever you have called your "Federal and State only Period" in ***Print Payroll Register*** as described below if you want only taxes to be calculated without deductions and fringes.

4. If you wish to select various deductions and fringes in calculating the bonus, go to ***Work on Payroll Periods*** to choose which deductions and fringes are calculated.

4. Select the appropriate federal and state withholdings before processing the bonus check.

Tax calculations for "Bonus" pay types will default from the ***Tax Maintenance*** setup.

The ***Federal Tax Rate Maintenance*** screen includes a ***Tax Rate for Bonus Pay*** field for a flat percentage to withhold Federal Tax on "bonus" pay. If this tax rate is set to zero, the system will use the applicable tax rate as set in the employee record to calculate amounts for Federal Tax. If you desire a flat percentage for all employees to calculate for the Federal Withholding, just set this percentage in the ***Federal Tax Maintenance*** screen under ***Tax Rate for Bonus Pay.*** (Please refer to Circular E for current Bonus pay tax rate information).

For some states, the ***State Tax Table Maintenance*** screen also includes fields for setting state withholding tax on "bonus pay". You can specify the tax calculation for State(s) Tax Withholding by toggling (use the space bar) to the desired setting and/or percentage. Again, you may set this percentage to zero and the system will use the applicable tax rate as set in the employee record to calculate amounts for State(s) Tax Withholding.

Remember that there is also the override function available when you are entering time in the labor distribution screens where you can change the deductions, including federal and state tax to the amount that you desire for this one check.

Taxable Fringes

Taxable Fringes: Many companies provide fringe benefits that are considered taxable income to the employee. The most common "taxable fringe benefits" are company provided Automobiles. Employer's are required to withhold and pay FICA and FUTA employment taxes on the value of the fringe benefit. This fringe benefit is also subject to Federal Income Tax. An employer may elect not to withhold income tax on the value of personal use of the automobile if the employer notifies the employee and includes the fringe benefit amount on the employee's W-2.

ComputerEase is designed to accommodate "taxable fringe benefits".

1. Set the fringe you wish to print on the W2 in ***Fringe Maintenance***.
2. Select the correct taxable settings.
3. THE FRINGE MUST BE SET AS ***FEDERAL TAXABLE- YES*** TO REPORT PROPERLY ON THE W-2.

FICA and Federal Taxable fringes will be posted to the Employee's ***Month/ Quarter/Year-to-Date Maintenance*** files as "Taxable Fringes" and will be added to the total Wages and Social Security & Medicare Box numbers on the employee's W-2(s).

4. Go to ***Employee Maintenance*** and select ***Deductions/Fringes*** tab.

Enter the amount of the fringe benefit in the appropriate column under the ***Fringes*** heading.

BE AWARE THAT YOUR W-2s WILL NOW BE CORRECT BUT ALL THE CHANGES THAT YOU HAVE ADDED THROUGH EDITING THE W-2s SHOULD BE BALANCED TO YOUR ANNUAL REPORTS AND YOUR QUARTERLY NUMBERS THAT YOU ARE SUBMITTING TO THE VARIOUS TAXING AGENCIES.

Tax Tables

ComputerEase will not be supplying updates (tax or otherwise) for any version of the program prior to 7.0.

Once you have updated to the release of ComputerEase that has the new tax tables for 2010 (these are usually available in late December), the tax tables will update themselves when you run your first payroll with a check date in 2010. When you run the payroll register, you will see a message that states that "The following tables do not agree with the tax tables shipped with this release of the software". It will list Any tax tables that it is ready to update. All you need to do is click on the "OK" button and it will activate those new tables

Local Tax tables are not updated automatically through the system. Any changes needed on these will need to be done manually. Since this is not an automated function, it recommended that you do not edit the Local tax tables until the new rates are ready to be used.

If you have any problems with the auto update, please call Support.

Ordering Forms

Tax Forms may be purchased through ComputerEase Forms:

http://www.computereaseallsource.com

*Remember when ordering, that each W-2 has only 2- local information lines. Please account for this when selecting order quantity. Additional quantities will be necessary for multiple localities unless you are able to use local transmittal sheets.

*Version 7.0 supports the use of a 4-to-a-page (4up) W-2 form only when printing the Employee copies. All other copies (Federal, State and Local) must be printed on a 2-to-a-page (2up) format.