Year End Payroll Information

December 2007

To help you through your year end Payroll close and the running of W-2's, NEMRC has put together this information sheet with some of the more frequently asked questions.

Tax Tables

Once again we are sure the tax tables will change! This year we will send out updates to only those clients that ask for a disk. Most of you should be able to download the updates from our server through the "Live NEMRC Update" option on each module's Main Menu.

Frequently asked Questions

Hopefully by now many of you have used our web site, www.nemrc.com, to check out frequently asked questions for our modules. We are continuing to add to and improve our web site based on your feedback. If you haven't checked it out yet, please do! Besides the frequently asked questions the data dictionaries and custom report descriptions are available.

Most Frequently asked Questions:

Should I file my 941 before I print my W-2's?

NO, do not file your 4th quarter 941 until you have reconciled the figures to your W-2's. If any adjustments need to be made, those adjustments can be done on your 4th quarter 941.

How to add dependent care and/or EIC to the W-2?

This can be done through the Employee Maintenance screen, in the "History" tab.

I am trying to reconcile my W-2's to my 941's, where do I find the right numbers?

Print the W-2 summary form. Add up the figures on your 941's for the four quarters and compare.

What do I put in Box 12?

Box 12 is for deductions with a plan letter attached. These are IRS qualified plans. The information that goes into Box 12 can be viewed through Employee Maintenance screen, in the "History" tab; in the "Plans" field.

<u>There is one exception:</u> Life Insurance that is paid for by the employer and the face value is over $50,000.00. Box 12 should report the cost of the policy paid for by the employer in excess of the face value of $50,000.00.

What do I put in Box 14?

Box 14 is a non-required box; it is informational only, not required by the government to be reported on W-2's. Box 14 has room for up to three deductions. VMERS, VSTRS and other non-qualified tax deferred deductions commonly are printed in this box.

How soon can I close the Payroll year?

You may close the payroll year as soon as you have finished your last payroll for December. Make sure all time sheets and other pay are in and processed before you close the year. Also, review your outstanding check list and check for older checks. You may want to void these out before the close.

Running a January Payroll before I have printed W-2's?

It is very likely you will have to run a payroll for the next calendar year before you have run the W-2's. Not a problem! Just make sure you have closed the year in payroll and you have updated your NEMRC software with the latest payroll release. Your W-2's can be run any time.

A W-2 did not print for an Employee

Check the W4 tab in Employee Maintenance and make sure the employee is not marked exempt for taxes! It is an unusual situation that an employee would be exempt from federal taxes. They may be exempt from taxes being withheld but not the taxes being reported.

When Printing W-2's, The system asks for a Fringe Number, I do not use Fringes

Check the W4 tab in Employee Maintenance and make sure you do not have any employees with life insurance over $50,000.00. If the system sees a value more than $50,000.00 in that field then there should be a fringe benefit set up for that employee for the cost of the policy over the base amount of $50,000.00.

I have to print checks in January for days worked in December, do I print those in December?

No, the IRS bases reporting on check dates only. The IRS wants to know what you paid on actual checks dated 01/01/2007 – 12/31/2007 only!

I want to print a proof sheet for my W-2's, How do I do that?

Go to the Reports Menu ("R" from the Main Menu) and choose "O. Process W-2s." A notice will appear, read it. Choose "Yes" and the Process W-2's screen will appear. Choose "Proof sheet" from the options at the top of the screen. If you only want the grand totals for a W-3, then choose to have this report be a "Summary." If you want to see all of the information that will be printed on a W-2, choose "Detail."