

lines up correctly. (Remember, with *PayMaster* 7.27-.30 you can adjust the laser W-2s up or down.)

13. Verify the figures with your quarterly 941s. A copy of our **941 and W-2 worksheet** was included with each W-2 order. Call or email us (703-281-7486 or support@computeraid-llc.com) if you'd like another copy emailed or faxed to you.
14. When printing the alignment copy/copies on the actual dot-matrix W-2 forms, make sure they are aligned both vertically **and** horizontally.

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).

Important W-2 information for Additional Income and other items

| Additional Income W-2 Income Type | 2004 W-2 Box | Use for this type of income: (Make sure when printing on plain paper to double check that the letter codes in Box 12 are the correct ones for the deductions noted below.) |
|--------------------------------------|------------------|--|
| e | 12 (L) | The substantiated, i.e. non-taxable, portion of the amount you reimbursed employees using a per diem or mileage allowance. You must use another Additional Income to record the portion of the reimbursement that is more than the amount treated as substantiated. This |
| f | 1 | Fringe benefits included in Box 1 and, if applicable, Boxes 3 and 5. If an employee has a company-provided vehicle, call Computer Aid at 703-281-7486. |
| i | 12 (C) | Taxable amount of cost of employer-provided group term life insurance coverage over \$50,000 (also included in Box 1 and, if applicable, Boxes 3 and 5). |
| n | none | No dollar amount included on W-2. |
| o | 1 | "Other compensation" in Box 1 and, if applicable, Boxes 3 and 5, e.g., annual bonus. |
| p | 12 (P) | Moving expenses. |
| s | 12 (J) | Nontaxable sick pay. |
| Other items | Box | Description |
| Uncollected FICA | 12 (A) 12 (B) | Prints uncollected OASDI/Social Security tax. Prints uncollected Medicare tax. |
| Dependent Care | 10 | First \$5,000 of pre-tax dependent care deduction goes in Box 10. Use Miscellaneous Deduction 1 field. The deduction name in the Division file (INT/DIV) must read DEP CARE . (All caps.) |
| State SDI | 14 | State SDI. [NJ is split into SUI and SDI.] |
| 401(k) employee amount | 12 (D) | Amount of elective deferrals to a §401(k) cash or deferred arrangement. Make sure 401 is the beginning of the deduction name in your Division file (i.e. 401(k) , 401K). Also puts an X in the "Retirement plan" box on the W-2. |
| 403(b) | 12 (E) | Amount of elective deferrals to a §403(b) salary reduction agreement. Make sure 403 is the beginning of the deduction name in your Division file. Also puts an X in the "Retirement plan" box on the W-2. |
| 408(k) | 12 (F) | Amount of elective deferrals to a §408(k)(6) salary reduction SEP. Make sure that the deduction name in your Division file reads 408(k) . This is a different requirement from earlier years because now there's an additional 408 plan. Also puts an X in the "Retirement plan" box on the W-2. |
| 408(p) | 12 (S) | Amount of employee salary reduction contributions to a §408(p) SIMPLE retirement plan. Make sure that the deduction name in your Division file reads 408(p) . Also puts an X in the "Retirement plan" box on the W-2. |

Any Questions? Call Computer Aid at 703-281-7486

Mag Media Preparation

There **have been changes** to mag media and paper format. You must have *PayMaster* Version 7.30 with a PYW2.EXE dated 12/15/04 or later to prepare the current format for mag media and paper filing of W-2s. If you're not on AutoUpdate, call us for a *PayMaster* 7.30 order form and prices.

PayMaster will prepare the correct format state mag media for all states where mandatory. 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. Then, to prepare the mag media file, put a newly formatted diskette in drive A: or B:.
3. The key is to print the W-2s again, printing to **[D]isplay** instead of **[P]rinter** this time. **It is important to choose One Wide** for the W-2 Format. Use the Print Screen key to print the last W-2 that appears on the screen – these are your W-3 totals (if using Windows, it copies this, so paste it into your word processor). **Do not remove the diskette before it's done. It's not completely done until you see the W-3 totals, and you've returned to the main PayMaster menu.**

If preparing mag media for more than one company, the SSA prefers you do them all, one right after the other, **adding** each new company to the existing file and inserting another diskette when prompted. (Call for detailed instructions.)

4. 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 1-25-05 4:19p
```

Second, you can open the file in your word processor. Change the font to Courier or another proportionally-spaced font in order to read it easily. (Be sure to **not** save this over the original file.)

Last, you can 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>. Computer Aid has this software here and **we can test** your Mag Media as well.

End-of-Year Processing

This is probably the **most important** part of payroll (other than actually paying your employees, of course). See *PayMaster* manual page 5-31 (Version 7.2 manual) for easy end-of-year processing instructions.

Just as you process end-of-month/quarter to clear out MTD and QTD files, you **must** process end-of-year so YTD totals for each employee are reset to zero. At end-of-year, you do **not** have to process end-of-month/ quarter. Processing end-of-year (EOY) takes care of that and deletes unneeded employee records.

ONLY after you have printed (and double-checked!) your reports (including W-2s) and backed up your data and program should you process end-of-year to clear the data files to zero. (Please see the box below and the Q&A of the December BLUE PAGES for information on archiving your data to print the W-2s later.)

Before you process end-of-year, you must print your reports: (You can print your payroll and employee reports to the printer or to a file.)

These are the reports you should print:

- OASDI, Medicare and SDI reconciliation reports
- Payroll report summary (detail optional)
- 941, 940, wage (QTD and YTD)

An important note: "Last Quarter" reports are **not** available after you process end-of-year. That data is zeroed out during the end-of-year processing.

- Employee report (optional, but suggested)
- 8027 annual tip allocation report (If allocating tips on an annual basis, do so **before** printing the 8027 or the W-2s. Refer to your manual for annual allocation instructions.)
- FICA tip credit report
- Any other reports your state requires
- The W-2s (please see the important information on page 1 of this insert about what to do *before* printing the W-2s)

And, turn the page to read on for information on making sure you have enough space on the hard disk before processing end of year.

No Time To Print W-2s Before First Payroll of 2005?

No time to double check everything and print the W-2s before processing your first 2005 payroll? No problem. Before processing end-of-year, create a 2004 W-2 data company. Then you can enter the code for the W-2 company and print the reports, including W-2s, later. Please refer to page 5-35 in the *PayMaster* 7.2 manual for instructions or to the Q&A of the December 2004 BLUE PAGES.

Space Crunch

It's good to check that you've got enough hard disk space before creating a 2004 W-2 archived company. In MS-DOS, type *dir*. The very last line tells you how many bytes are left on the disk. Windows users can double click the My Computer Icon. Right click the drive (C: or the drive where your payroll data is stored). Select Properties.

Also, before processing end-of-year, make sure you have enough space on your hard disk for the PYPAY#.DAT and PYEMPL.DAT files.

ALERT: Do **not** use DOS/Windows to delete the files in your old (2002, 2003 etc.) directories. That will not remove them from your *PayMaster* path. Use *PayMaster* instead to delete companies. From INIT/COMPANY just press ALT + D and follow the prompts. This will permanently delete all files associated with this company.

AutoUpdate subscribers also – please send in the Tax Table order form. Thank you!

End of year for *Xtra* users

Xtra version users have a check history file that can grow forever if you never delete old checks. Now might be the time to tell *PayMaster* to delete checks more than a year old.

Before you begin, **back up your data** using UTILITY/BACKUP from *PayMaster*'s menu. Then, from the main menu, choose PROCESS/BANK REC/DELETE CHECKS. If you have the divisions version, choose the division you're in or all divisions. Then follow these prompts:

1. **Delete <1>all, <2>cancelled and voided checks, or <3> selected checks:** 1, 2, or 3 (<2> means checks cancelled and voided through *PayMaster*.)
2. **Cut off date (m/d/y):** 12-31-03 (for example, if you want to keep checks from 2004 on .)
3. **All check information through 12/31/03 will be deleted. Warning. Press a key. Press a key.**
4. **Check deletion in progress. Do not disturb computer.** You might want to get a cup of coffee at this point. It may take a while, depending on how many checks are in the file.

Order Form for Federal & Three State Tax Tables on Diskette

AutoUpdate subscribers receive tax tables on diskette as part of their subscription, but must return this form to us so we can verify the state numbers. Please send to Computer Aid LLC, 501 Church St NE, Suite 306, Vienna, VA 22180 or fax it to us at 703-281-3461

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|--|---|----|
| Diskette :[] Email: [] | \$85.00 for tax tables — up to 3 states (if not on AutoUpdate) | |
| | # of additional states [] (list on separate sheet) \$25 per state | |
| All orders must be prepaid, COD, or charged to a credit card. | VA residents add 4.5% sales tax on above two amounts. | \$ |
| [] check [] COD [] credit card | Shipping: CA, AK, HI \$15 for UPS 2nd day air; all others \$10 for UPS ground (save shipping by having it sent email) | \$ |
| Names of states: | COD charge \$10 | \$ |
| Tax code 1: | If on AutoUpdate, check here [] and enter zero for TOTAL | \$ |
| Tax code 2: | TOTAL | \$ |
| Tax code 3: | Credit card #: _____ Exp date: _____ | |
| If credit card payment, circle type: Visa MC AmEx Discover | Signature: _____ Billing name & address of card: _____ | |
| Ship to: Name (or enter email address to receive as an email attachment) | | |
| Company | | |
| Street Address | | |
| City/State/Zip | | |
| Area code/telephone | | |