

Year End Checklist – USPR

1) Order forms and guides required for year- end filing (W2's, 1099 Misc., etc...)

Jonas does not provide the year-end forms they must be ordered through a forms supplier. For W2's Jonas will line up with the standard laser format that is 2 per page. Jonas also lines up with a 4 per page format, unlike the 2 per page there are various types of 4 per page formats so it is advised you print one off from Jonas before ordering the forms to ensure it matches (it is option # 4 under Forms dropdown in W2 screen).

For 1099 forms, 1099 MISC, 1099-INT, 1099-B and 1099-R can be printed from Jonas. These forms are in a standard laser format.

Jonas also handles electronic submission of W2's for Social Security Administration and 1099 MISC and 1099 INT for submission to IRS.

2) Identify your last payrolls (current year) and first payrolls of the new year.

Important: If you have a pay ending date in December but your check/payment date will be in January then this pay must be considered part of 2010 not 2009 and the tax year should be set to '10' in the Payroll Profile and when you setup the pay period. If you leave it as part of 2008 then your quarterly 941 reports will not tie out to your W2 totals.

Does your pay date (check date) fall on a Friday?

If so, January 01 (New Years Day) falls on a Friday this year. If you will be paying your employees on the 31st instead then ensure you process this payroll as a 2009 payroll and **not** a 2010 payroll ('Tax Year' field when you setup the Pay Period should be "09", you can also confirm payroll is set to the correct year by checking the YTD details on the pay stub).

If you will be paying employees on the Monday instead (January 04th) or if your check date will fall on any other day in January then the payroll should be processed as a 2010 payroll with 'Tax Year' set to "10". The Tax Year can be defaulted to "10" by going into your Payroll Profile and setting it under 'Current Tax Year'. Again to verify payroll is being processed as a 2010 payroll, double check the YTD on the pay stubs (should be same as the pay period amounts).

3) Download Product Update from the Jonas website.

Payroll changes are normally available by the 3rd week of December. You may download either the regular product update or the payroll only update. You will need to be on at least version **11.6** in Jonas.

You do not need to wait till the end of the year to do the update, as it is date sensitive.

4) Attempt to make any year end adjustments prior to the last payroll to ensure proper taxation.

5) Notify all employees to review their W-4 status, reminding those claiming exempt to file a new Form W-4 in order to maintain exempt status. This notice should be provided by December 1 of each year.

6) Notify employees receiving advanced earned income credit that their Form W-5 presently on file expires after December 31 and a new Form W-5 must be filed if they want to continue receiving the credit on an advance basis.

7) Ensure employee info (social security numbers, address etc) is correct. You may run F9 reports under Maintain Employee Records to assist with checking these details.

8) Prepare an Annual Reconciliation Worksheet – Print a W2 summary and compare the amounts for Federal income tax withheld, Social Security wages, Social Security tips, Medicare wages and tips and Social Security taxes and Medicare taxes. The amounts should agree with the totals from your four quarterly 941 tax reports. Other items to note when verifying the numbers include:

Social Security wage base limit is correct for the tax year. The 2009 wage base is \$106,800. For 2010 the wage base will remain the same. (Note the wage base is hard coded into the program)

Ensure that each employee's Medicare wages are equal to Social Security wages and tips. Investigate and correct any discrepancies. These wages should always match unless employee has reached the maximum for Social Security in which case the Medicare wages will be higher.

9) Prior to printing W2's ensure the W2 screen is updated with any new deductions that may have been added during the year. **Note: There is a 'Help' button in the W2 screen where you can print out what each field represents and what is required for that field**

10) Print some W2's and 1099's on the actual forms prior to year-end to ensure they line up correctly. (You can print W2's and 1099's as many times as required, if desired you can also print them on blank paper initially).

11) Download the current tax year ACCUWAGE software from Social Security Administration (www.ssa.gov).

This software will assist in validating the electronic W2 file created by Jonas. It is suggested that you still perform this step even if you are not submitting W2's electronically as it will still assist in checking for possible errors on the W2's.

With regards to submitting W2's to Social Security, the due date is Feb 28 and a month after that if submitting them electronically. It is strongly recommended therefore that you do not submit your W2's to Social Security right after distributing them to your employees but wait at least two weeks in case any errors are found. If errors are found then you will only be required to redo the employee's W2 as opposed to having to do correcting W2 (W2-C's) to submit to Social Security.

New Year Preparation

1) **Prior** to setting up the first pay period of the new tax year ensure Payroll Profile is set to the correct tax year (i.e. 09). Note that a pay period ending in 2009 but with a check date in 2010 must be considered 2010 wages (see item # 2 above under Year End Checklist)

2) If necessary update your SWH/SUI table in your payroll profile with any 2010 changes. (i.e. If your State Unemployment Wage Maximum or rate changes)

3) Update any W4 changes to the 'Taxes' button in Maintain Employee Records.

4) If using CAP for any of your formulas in the employee deduction fields you will need to reset the CAP amounts. Jonas tracks CAP amounts based on calendar year, for those that met the CAP for the prior year the rate needs to be set to 0.00 before processing the first payroll of the new year. For those that have not met the CAP yet the CAP amount must be reset to what is left to pay, for example if you have a deduction set to a CAP of \$2,000 and \$1,500 has been already deducted as of Dec 31, then the CAP should be reset to \$500 for your first payroll of the new year, otherwise it will continue to deduct until it reaches \$2,000.

USPR - FEDERAL CHANGES

TAX YEAR 2010

Social Security Wage Base	\$ 106,800
Maximum Social Security Tax	\$ 6,621.60
Withholding Allowance	\$ 3,650.00
401K Maximum	\$ 16,500

TAX YEAR 2009

Social Security Wage Base	\$ 106,800
Maximum Social Security Tax	\$ 6,621.60
Withholding Allowance	\$ 3,650.00
401K Maximum	\$ 16,500

State Withholding Changes (as of Dec 11, 2009)

The following states have announced state withholding changes (Note: Only step required is to do product update from the website to get these changes)

California, Maine, Minnesota, North Dakota, New York (including City of Yonkers), Rhode Island and Vermont.

State Disability Changes

California

Wage Base - \$ 93,316 (formerly \$ 90,669)

Contribution Rate - 1.1% (includes cost of paid family leave)

New Jersey

Wage Base – \$ 29,700 (formerly \$ 28,900)

The Family Leave Insurance (FLI) portion of Employee State Disability has increased from .09% to .12%.

State Unemployment Wage Base Changes

State/Territory	2010	2009
Alaska	34100	32700
Arkansas	12000	10000
Florida	8500	7000
Indiana	9500	7000
Iowa	24500	23700
Minnesota	27000	26000
Missouri	13000	12500
Montana	26000	25100
New Hampshire	10000	6000
New Jersey	29700	28900
New Mexico	20800	20900
Nevada	27000	26600
North Carolina	19700	19400
Oklahoma	14900	14200
Oregon	32100	31300
South Dakota	10000	9500
Vermont	10000	8000
Washington	36800	35700
Wyoming	22800	21500

Hawaii, Idaho, Illinois, Louisiana, North Dakota, Rhode Island and Utah have not announced 2010 wage base yet. All other states wage bases remain the same as 2009.