



A Division of Harris Computer Systems

PAYROLL: W-2 PROCESS

This document will cover the Calendar End of Year process in Payroll – including the set up and printing of W-2 forms, including third party reportable wages, Box 12 and 14 set up, and electronic filing.

W-2 Process without Additional Information

- 1. Employee File Updates
- 2. 1. Clear EIC Codes
- 3. 2. W-2 Additional Information
- 4. 3. Save W-2 Information
- 5. 4. Update W-2 Information
- 6. 5. Edit W-2 Contact Info
- 7. 6. Merge Additional W-2 Info
- 8. 7. Print W-2 Edit Report
- 9. 8. Print W-2s
- 10. 9. Create Electronic W-2
- 11. A. Update Adjustment Records
- 12. B. Adjustment Report
- 13. C. W-2C
- 14. X. Return to Main

These steps will cover the typical W-2 Process – if Additional Wage Information from outside of the TRIO Payroll system needs to be reported, skip to the section for W-2 Processing with Additional Information. An example of this would be third party sick pay from an insurance company.

1. Clear EIC Codes

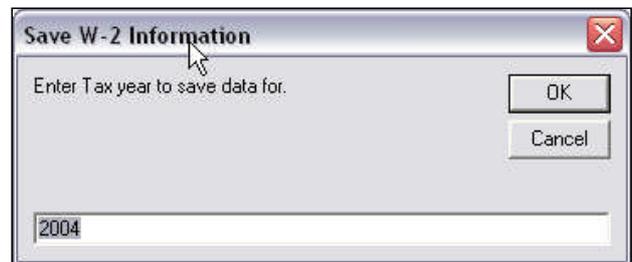
After the last payroll of the calendar year, and before the first payroll of the next year, all Earned Income Credit (EIC) Codes should be cleared for employees. The EIC Codes on the Employee Master screen should be set up on a yearly basis – selecting this option will automatically reset all employees’ EIC Status Codes to *No*.

To run this step:

1. Select **3. Calendar End of Year > 1. Clear EIC Codes** from the Payroll main menu.
2. Select *Yes* at the prompt – a summary report showing all employees who had their status changed will then print.
3. These settings should then be set back up before the next payroll for each employee, if needed.

2. Save W-2 Information

This step can be run anytime after the last payroll of the calendar year even if the first payroll of the next year has been run. To run this step select **3. Calendar End of Year > 3. Save W-2 Information**. This will display a small screen that shows *Load Data From* at the top of the screen, with at least an option to select *Live data from pay totals*. There may be other options listed on this screen, depending on how many years worth of W-2 data are archived in the database. To process W-2s for the current year, select the *Live*



data from pay totals option and press **F12**. On the following screen type in the year to save information for and click *OK*. If data has already been saved for this year, a message will display saying this and asking if that data should be overwritten with new data. Click *Yes* to overwrite the data or *No* to stop the process. If this message did not display, or if *Yes* was selected, the system will then extract the data for the W-2s. After the information has been saved, it is then possible to update the saved information through the *Update W-2 Information* process. Typically though, unless there are known issues, it is usually best to wait until after running the *W-2 Edit Report* before running through the update process.

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3. Edit W-2 Contact Information

In order for the W-2s to print with the correct employer information, the *Edit W-2 Contact Info* screen needs to be filled out completely. The screen is accessed by selecting **3. Calendar End of Year > 5. Edit W-2 Contact Info**. Fill out the Employer ID codes, town address, and contact information. The *Employee PIN* is an 8-digit number provided by the government for electronic filing – if this does not apply, this field does not need to be filled out. For *Contact Preference*, **1** is E-mail, **2** is Fax, and **3** is for Postal Service.

This screen is also where Box 10, 12 and 14 codes are entered. To add a new code, select *File > Add Box 10/12/14 Code* and to delete a code, select *File > Delete Box 10/12/14 Code*. The code that is entered is a letter code as defined by the IRS. From the *Deduction* drop down list, select the appropriate deduction that matches the entered code. If multiple deductions are entered with the same code, on the W-2 itself it will combine all of those codes together. If an employee does not have that deduction, it will not print anything on the W-2 for that box or code. The order that codes are entered on this screen is the order that they will print on the W-2, so the first code will go into Box 12A, and so on. Since W-2 forms only have room for 4 Box 12 entries, it is important that the order of priority on this screen is set up the way it needs to be – if an employee has over four qualifying codes, only the first four will print.

4. Print W-2 Edit Report

Once all employee data has been edited as necessary, and the W-2 Contact Information has been set up, the W-2 Edit Report can be run. This report will list all employees with their data as it will be printed on the W-2s, and can be accessed by selecting **3. Calendar End of Year > 7. Print W-2 Edit Report**. What is on this report is what will print on the W-2s, so it is important to verify this information. This step can be run as many times as necessary. If changes are made through *Update W-2 Information* this report can then be run again. A sample of part of this report is shown below.

Employee -----	TTL Wages	Wage Breakdown	Fed Tax	SS Tax	Med Tax	State Tax	Local Tax
1001 - Homer J. Simpson	39,052.36	FTX Gross 36,180.78	4,608.88	2,401.77	561.69	2,331.67	0.00
731 Evergreen Terrace		SS Gross 38,740.19					
Springfield, ME 04401		MED Gross 38,740.19					
SSN=006-12-4567	PEN=YES DEF=NO	STX Gross 38,740.19					
Statutory Employee=NO		LTX Gross 0.00					
		Box 12: A 158.79					

5. Update W-2 Information

If issues are discovered in the edit report, it will be necessary to correct those errors through the *Update W-2 Information* process. To do so, select **3. Calendar End of Year > 4. Update W-2 Information**. This will load all of the extracted information onto a grid that can be expanded to show all of the totals for each employee. From this screen, the data can be edited by double-clicking on an employee's name. This will open a new window that includes all of that employee's information, including his or her name, address, Social Security Number, reported wages and taxes, and statuses for Retirement, Deferred, or Statutory Employee. Additionally, totals for regular and Employer's Match deductions can be adjusted, or added/deleted through *File > Add/Delete Deduction Code* and/or *File > Add/Delete Employer's Match Code*. The statuses for Retirement, etc. can be selected as either *True* or *False* from the drop down menu. If an employee is missing from this section, they can be added by

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The screenshot shows a window titled "W-2 Employee Information" with the following data:

Employee Number	01
Employee First	Homer
Employee Middle	J
Employee Last	Simpson
Employee Desig	
Address	742 Evergreen Terrace
City	Springfield
State	ME
Zip	00001
SSN	000-03-6557
Total Gross	4,312.50
Federal Wage	8,673.41
FICA Wage	8,673.41
Medicare Wage	8,673.41
State Wage	8,673.41
Local Wage	6,555.41
Federal Tax	474.01
FICA Tax	537.76
Medicare Tax	125.75
State Tax	201.90
Local Tax	0.00

Employee Deductions

Ded	Description	CYTD Amt
1	Health	175.00
2	Dental	35.00
3	Life	86.26
8	Dependant Care	500.00

Employer's Matches

Ded	Description	CYTD Amt
3	Life	86.26

Payroll: W-2 Process *CONTINUED*

selecting *File > Add Missing Employee* from the screen listing all of the employees. This will load a blank version of the same employee screen that loads when editing an existing employee. Information entered on this screen, whether for an existing or missing employee, has no bearing on the employee's pay totals or settings anywhere outside of the W-2 process.

It is possible to edit an employee as many times as needed to get the totals correct. However, if employees have been edited, and the prior step to Save W-2 Information is done again, **all changes will be lost**. The save routine simply recreates the file for editing, so any changes will be overwritten. Once all information has been updated for an employee, select *File > Process* or press the **F12** key, and the initial screen listing all employees will reload with the updated data. Make note that any changes made here to the employee's Name, Address or SSN should also be made on the Employee Add Update screen so that they will not have to be made again the following year.

6. Print W-2s

Once all totals have been verified through the W-2 Edit Report, it is time to actually print the W-2 forms.

To print W-2s:

1. Set up the W-2 format to use for printing by going to **M. File Maintenance > 1. Customize**. From the *W-2 Type* drop down menu, select the appropriate format – options of Laser, Laser 4 Up, Narrow Regular, Narrow 2 Up, and Wide 2 Up are all available. To view samples of those formats, select *File > View W-2 Types*. This will display a preview of those formats on the screen.
 - If the alignment of the Laser forms needs to be adjusted, select *File > Edit Printing Options* – enter the W-2 adjustment in the appropriate field.
2. Select **3. Calendar End of Year > 8. Print W-2s**.
3. A message box will display asking if all W-2s should be printed. The first time through this process, **Yes** should be selected. Select **No** if printing a W-2 for one employee. The system will then ask that an employee number be entered.
4. Whether **Yes** or **No** is selected, a print preview of the W-2s will display. Scroll through the pages and verify the W-2s before they are actually printed out.
5. To print, select the *Print* button at the top and select the printer that has the forms loaded in. Once the forms are printed, close the print preview screen.
6. A Setup screen for the W-3 will then display. Fill in all of the fields and press **F12** to continue. Another print preview will display – this is the W-3 form that summarizes the totals for all of the employee W-2s. Print the W-3 out the same way as the regular W-2s and close the print preview screen.
7. Once this is done, the system will attempt to archive the printed W-2 information so that it can be retrieved at some point in the future. If the system finds that there is already archived data for the current year, it will ask if it should be overwritten. Click **Yes** if it should be overwritten or **No** if it should not. Once a selection has been made, the W-2 process is complete.
 - If it is found that a W-2 is wrong and needs to be printed again, it can be easily corrected – simply make any corrections and rerun the Edit Report, Print W-2 and Create Electronic W-2 Process steps, as needed.

Payroll: W-2 Process *CONTINUED*

7. Create the Electronic W-2 File

If filing W-2s electronically, select **3. Calendar End of Year > 9. Create Electronic W-2 File**. This will save a file named *W2report* to the TRIO data directory – this is the file that should be submitted to the Social Security Administration. More information about electronic filing can be found online at www.ssa.gov. Once the file is created, a summary report will display what was reported in the file. It is recommended that this report be printed out and saved for record keeping purposes. Once that has been done, close the print preview. The system will then display the W-3ME Setup screen. Most of the information should already be filled in, based on what was entered in the prior steps in the W-2 Process. Check this screen for accuracy and press **F12**. This will create the electronic W-3ME file, which can be uploaded to the state if needed.

Correcting a W-2

If an employee brings a W-2 back because of incorrect information, it is possible to create a W-2C record that can be printed to a W-2C form.

To correct a W-2:

1. Select **3. Calendar End of Year > C. W-2C**.
2. This will display a screen listing all of the employees in the database. Double-click on the employee to correct to open that employee's correction screen.
3. Fill in the fields on this screen in the same way that the paper W-2C form would be completed, making sure to enter the appropriate values on each of the four tabs of the screen.
4. Once all of the information has been entered press **F12** to save and exit this screen. The program will return to the *Employee Listing* screen.
5. Repeat steps 2 through 4 as many times as needed for all incorrect W-2's.
6. Once all of the necessary employees have been corrected through this process, select which form is being corrected at the top of the screen and check off all of the employees that data was just entered for.
7. Press **F12** to generate a print preview of the W-2C forms.
8. Load the forms into the printer and click *Print* at the top of this screen to complete the process.

The screenshot shows a software window titled "W-2C" with a menu bar containing "File" and "Employee | Federal | State | Local". The main area is split into two sections. The top section, "Correct Information", contains the following fields: SSN (123-45-6789), a checkbox for "Corrected SSN and/or name", First (Homer), MI (J), Last (Simpson), and Desig. Below these are fields for Address (742 Evergreen Terrace), City (Springfield), ST (ME), and Zip (00001). The bottom section, "Incorrect Information", has a header and empty fields for SSN, First, MI, Last, and Desig.

Payroll: W-2 Process *CONTINUED*

W-2 Process with Additional Information

The following steps will cover the W-2 process when using additional information on W-2s. This includes outside, third party benefits that need to be included. If there are any wages or deductions that are not kept track of in the TRIO Payroll system, this is how that information gets reported on an employee's W-2.

1. Clear EIC Codes

This step serves the same purpose for both the regular and Additional Information W-2 processes.

2. Enter W-2 Additional Information Codes

This is the initial step in entering additional information for W-2s. This step can be completed at any time, even before the last payroll of the year. This can save time in the End of Year process. To run this step, select **3. Calendar End of Year > 2. W-2 Additional Information**. The first part of this process is the set up of the actual Additional Codes. To do this, under the *Additional Information* menu, select **1. Setup Additional W-2 Codes**. This screen will show a grid listing all codes that have been set up and a place for the Code Number, Description and checkboxes for how the code should affect the W-2s. If the code is going to be used in Box 12, the appropriate Box 12 code (as defined by the IRS) should be entered on this screen. If the additional code is to be used in Box 14, the code that should print in that box is what should be entered here – this is not defined by the government and can be up to four characters in length. If checked, the Federal, FICA, Medicare, and State options will cause whatever amounts are entered for that code to be added to an employee's corresponding reportable wages. For example, if the Federal box is checked here for a code, and later on in the *Additional Emp W-2 Values* process, an employee has \$400 entered, their Federal reportable wages on their W-2 will be \$400 higher. The Third Party field should be checked if the code being entered is for Third Party Sick Pay – this will cause the appropriate box to be checked on the W-2s. The W-2s field is checked by default – if for some reason a code should not show in Box 12 or 14, this option can be deselected and the code will not affect those boxes.

3. Enter Additional W-2 Amounts for Employees

Once all of the Additional Information codes have been set up, the amounts for each applicable employee can be entered as well. Select **3. Calendar End of Year > 2. W-2 Additional Information > 2. Additional Emp W-2 Values** to access the screen to enter totals on. It is possible to show up to three different Additional Information codes at once on this screen. At the top, where it lists *Additional W-2 Code 1, 2, and 3*, select the appropriate codes from the drop down. The selected codes will fill in each of the columns below. This screen allows for the data entry of up to three codes simultaneously; if more than three codes need to be entered, save the first group and set up the next codes from the *Additional W-2 Code* drop down boxes. If a code that had totals entered already is selected again from the drop down, the totals that were put in will automatically populate and show for each applicable employee. This screen is sortable by any of the column headings, making it easier to find certain employees in the list. For example, if the column heading *Employee Name* is clicked on, then the employee listing will re-sort by employee name. Click on *Employee Name* again to reverse the order.

Additional W2 Code 1	LIFE OVER 50,000.00			
Additional W2 Code 2	Health Care			
Additional W2 Code 3	408k			
Emp #	Employee Name	LIFE OVER 50,000.00	Health Care	408k
3016	Simpson, Homer	500		350
9010	Simpson, Marge	250		
6002	Simpson, Bart		1000	

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4. Save W-2 Information

The *Save W-2 Information* process works the same for the Additional Information process as it does for the regular W-2 process.

5. Update W-2 Information

The *Update W-2 Information* step works the same for the Additional Information process. Note that the changes done through the Additional Information set up process do not show on the employees yet.

6. Edit W-2 Contact Information

This step is the same as for the regular W-2 process. Note that Box 12 and Box 14 codes that have been added through the Additional Information process will show highlighted in green on the list. If an Additional Information code is deleted from the Box 12 or 14 lists and it needs to be re-added, the only way to do so is by going through step 1 again to set up the code correctly, and then re-saving and re-merging the Additional Information. This will overwrite any changes made through the *Update W-2 Information* process, so it is important to verify any changes before deleting those codes.

7. Merge Additional W-2 Information

This is the step that takes the Additional Information and merges it with the regular pay totals that were extracted in the *Save W-2 Information* process. Once this step has been done, it cannot be undone or redone unless the *Save W-2 Information* step is done again. After this process completes, the totals that show will include any Additional Information codes that affect reportable wages, including what shows on the *Update W-2 Information* screen. After doing the merge, it is still possible to make changes to an employee's totals or other information that is going to show on the W-2.

8. Print W-2 Edit Report

To preview what information will print on the W-2s, run the *Print W-2 Edit Report*. Note that any Additional Information that was entered will show on the report now.

9. Print W-2s

This step is the same as for the regular W-2 process. The W-2s will show the merged Additional Information. If filing electronically, skip this step.

10. Create the Electronic W-2 File

This step is also the same for the Additional Information process.

11. Update Adjustment Records

This step is used in conjunction with the Additional Information section of the Calendar EOY process. Since it is important that the W-3 and the 941 reports match, an option was built in that will take what was entered in the *Additional Emp W-2 Values* section and apply those adjustments to each affected employee's wages so that these values will reflect appropriately on the Quarter 4 941 form. This option does not need to be run, but it is the easiest way to get these adjustments on the 941 form.

12. Adjustment Report

Once the adjustments have been made, the adjustment report can be run. This is a report showing what adjustments have been made to the system. It is recommended that this report be printed and saved for record keeping purposes.