



**THOROUGHBRED SOLUTION-IV  
ACCOUNTING  
YEAR-END INFORMATION GUIDE**

DECEMBER 2007



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## ***UPGRADE REQUIREMENTS & INFORMATION***

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### ***Introduction:***

In December 2007, the following Payroll releases of Solution-IV were issued:

| Payroll version | Other Module Version | Description     |
|-----------------|----------------------|-----------------|
| 8.521Z          | 8.521                | General Product |
| 8.53PY          | 8.53P                | Reprographics   |
| 8.60            | 8.60                 | Both            |

These releases incorporate all technical bulletins issued since the previous versions were released as follows:

| Version | Date Released     | Description     |
|---------|-------------------|-----------------|
| 8.521   | December 15, 2004 | General Product |
| 8.53P   | July 14, 2006     | Reprographics   |
| 8.60    | December 15, 2007 | New / Both      |

These releases contain the following:

- A full new release of Payroll only, including any fixes and enhancements since the last release;
- Updates for W-2 printing and magnetic media file generation for 2007;
- Laser printer support for W-2's and 1099's;
- Updated 2008 tax tables.

### ***Important:***

Read these instructions and make a backup of your entire Solution-IV Accounting system **BEFORE** installing this new version on your machine!

Installation of this version is the same as installing any other new version of Solution-IV Accounting. **It will overwrite** any modifications you have made to the scripts, reports, formats and other Dictionary elements for the module(s) you install, unless care is taken to identify and archive your custom modifications. Please contact your Thoroughbred reseller or Thoroughbred consulting services representative if you have any questions or concerns.

If you did not do the upgrade in December 2006, the 8.521 and 8.53P versions require that you download the OPENworkshop/IDOL-IV/TS DataServer 8.5.2 Update #1 from the Thoroughbred website at:

<http://www.tbred.com/downloads/downloadspg.html#OWIDS8521>

***Please use extreme caution when loading the CD on an existing system. If you have made any custom modifications, be sure to note them as they will need to be re-implemented (or those modules skipped).***

Consulting Services customers should coordinate the upgrade with their Services representative.

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## ***PREPARATION FOR YEAR-END PROCESSING***

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### ***Step 1:***

Verify that you have run your final Payroll for 2007, then, ***make a backup!***

### ***Step 2:***

Verify that you have the appropriate version of Solution-IV Accounting installed on your system by typing **VERS** from any Solution-IV menu.

| Basic | IDOL-IV or<br>OPENworkshop | Solution-IV<br>Payroll           | Solution-IV<br>Other Apps |
|-------|----------------------------|----------------------------------|---------------------------|
| 8.5.2 | 8.5.2 plus<br>Update #1    | 8.521Y<br>8.53PW (Reprographics) | 8.521<br>8.53P            |
| 8.60  | 8.601                      | 8.60                             | 8.60                      |

If you do not have the appropriate version of Solution-IV, or if the new CD does not have the appropriate version number for the version of Solution-IV you are running, please contact your Thoroughbred Sales Representative at (800) 524-0430 or (732) 560-1377 before continuing.

For the December 2007 release, we have only provided new media for the current versions of Solution-IV which are 8.521, 8.53P and 8.60. If you are running an earlier version and are not able to upgrade at this time, dealers should contact Thoroughbred Customer Support; end-users should contact their Thoroughbred reseller or Services Representative.

The employee social security number was moved on the W-2 form in 2007. Additionally, the EFW2 (formerly called MMREF-1) magnetic media files also have changes for 2007. Therefore it will be necessary to upgrade this year.

The 1099-MISC forms have not changed since 2002 so unless you are upgrading all modules to a new version, it is not necessary to upgrade Accounts Payable only for this form.

Please also refer to the Technical Bulletin Index at the end of this guide for information on other technical bulletins that may be required on your system.

**VERY IMPORTANT:** You cannot take the current Dictionary elements, Reports or Scripts and move them to an earlier version! In addition to upgrade/licensing issues, there are possible date and/or data type changes in IDOL-IV and OPENworkshop (depending on your version). If you need to do this, please contact your Thoroughbred Sales Representative and we can provide advice or arrange to do this as a consulting services project.

**Step 3:**

Load the media and install Payroll according to the Solution-IV Installation Guide. This guide may be found on your product CD in the Documents folder.

**Step 4:**

After you run your final 2007 Payroll and before running Payroll Year-End Processing, use the Copy Company function and copy your Payroll and General Ledger data to another company, such as P07. You will use the P07 company for steps 5 through 9 below. You can do the same thing for Accounts Payable after doing your final check run in 2007.

After verifying that you have a backup of your 2007 Payroll data and that your final payrolls for 2007 have been run, run Payroll Year-End Processing on your regular company. You may now process 2008 payrolls on your regular company.

In the same manner for Accounts Payable, verify that you have a backup and that final checks for 2007 have been printed. Run Accounts Payable Year-End Processing, answering 'Y' only to the 'Clear 1099 payments?' question. Follow the instructions as shown in the Accounts Payable manual for printing the actual 1099's in the P07 company. You may continue processing Accounts Payable in your regular company, including printing any 2008 checks.

**Steps 5 through 9 will be used for the P07 company only.**

**Step 5:**

Maintain the format of the W-2's using option **18** or **W-2 Contents Maintenance** on the Payroll Reports Menu. Use the sample found in company DEM or last year's setup to help you define the contents of the boxes on the W-2's for your company. The format for 2007 has not changed significantly, so will be very similar to past years. Each company may have a different setup since it is likely that the earnings codes will be different across different companies.

See the section titled *W-2 Form Maintenance* for further instructions.

**Step 6:**

If you will be generating the magnetic media files, maintain the format of the magnetic media file using option **19** or **Magnetic Media Contents Maintenance** on the Payroll Reports Menu. This function works in a manner similar to W-2 Form Maintenance.

The following fields were changed in 2007:

Vendor Code (will be blank) (New field)

Civil Status (Field removed)

See the section titled *Magnetic Media Contents Maintenance* for further instructions.

**Step 7:**

Maintain the format of the state magnetic media records using option **20** or **State Mag Media Maintenance** on the Payroll Reports Menu. This function works in a manner similar to the Magnetic Media Contents Maintenance.

See the section titled *State Magnetic Media Contents Maintenance* for further instructions.

**Step 8:**

Be sure that all of the flags in the Employee Masterfile are set to the appropriate response. Verify that the State and Local ID numbers have been entered in Tax Accrual Maintenance and the correct Federal ID number is on the Company Masterfile record.

**Step 9:**

Print W-2's and create the magnetic media files using option **17** or **W-2 Form Printing** from the Payroll Reports Menu. If you need totals for state and local tax codes, print the W-2 Edit Report and retrieve the totals there.

The following two magnetic media files are created:

- **W2REPT07** is an indexed file which may be backed up and kept as a permanent record of the W-2 information printed.
- **W2REPORT** is the file that you submit to the SSA. See the section titled *Magnetic Media Contents Maintenance* for further information on submitting W-2 Wage information.

**Important:** If you are copying the file from UNIX, be sure to use the command  
`doscp -r`

**Step 10:**

If you printed W-2's and generated the magnetic media file from your regular company, make another backup then run Year-End Processing.

If you already ran Year-End Processing in your regular company and printed W-2's from the P07 company, make a backup of the P07 company, then delete it.

**Step 11:**

In your regular company, verify that each employee's exemptions are defined properly using their 2008 W-4 form (or state equivalent) and the section titled *Payroll Exemptions Table*.

**Step 12:**

Verify that the appropriate tax tables are installed for your state.

Thoroughbred makes every attempt to update all states with new tables for 2008, but we occasionally do not receive the new state tables in time for the December Payroll release. This year we were able to update all tables updated to the Commerce Clearing House CCH Internet Research NetWork by December 14, 2007 plus the “IRS Notice 1036: Early Release Copies of 2008 Income Tax Withholding and Advance Earning Income Credit Payment Tables” found on the IRS website at: <http://www.irs.gov/pub/irs-pdf/n1036.pdf> .

Please call Thoroughbred Customer Support or your Client Project Services Representative at (800) 524-0430 or (732) 560-1377 if you need assistance updating tables that were changed after the above cutoff date.



### ***Lines Screen Fields:***

This section of the screen is used to define the contents of the numeric fields on the W-2 form. Use the example shown in the DEM company or from your company's information from last year. Your fields may be different than the DEM company based on the earnings, deduction, contribution and tax codes defined for your company.

#### **Line**

Press **Enter, Line #, Up Arrow, Down Arrow, Page Up, Page Down, Line Insert, or Line Delete** as used in other lines maintenance programs such as Time Sheet Entry.

#### **Box**

Enter the W-2 box number in which you wish to print the total of the amounts entered in the contents field.

**Note:** If a box contains multiple amounts (such as boxes 12 and 14), you will enter the same box number on multiple lines.

#### **Ch**

Enter the special characters required to precede the amount in this box. These characters are used in boxes 11, 12 and 14.

If you need to enter a description in front of the amount in box 14, enter an "\*" (asterisk) here.

#### **Sp**

Enter the line specification from the following list:

- G** Prints the "Gross" amount as found in the employee record
- B** Prints the "Basis" amount as found in the employee record
- W** Prints the "Withholding" amount as found in the employee record

#### **Contents**

Enter up to 240 characters (this is a scrolling field) defining the amount this box will actually contain. Each element must be separated by spaces. This field may contain the types of elements found on the following page:

- + - \* / Defines whether to add, subtract, multiply or divide the elements this is separating.
- #### An actual literal number. This will most likely be used with box 12.
- Cx Where  $x$  is the contribution code whose amount will be printed in this box.
- Dx Where  $x$  is the deduction code whose amount will be printed in this box.
- Ex Where  $x$  is the earnings code whose amount will be printed in this box.
- Tx Where  $x$  is the tax code whose amount will be printed in this box.
- $x$  Where  $x$  is the literal text. This literal is only allowed in box 14. The literal is then followed by a space and the accompanying formula. For example:  
**CA-SDI TCASDI1 + TCASDI2**  
would result in  
**CA-SDI 1023.44**  
being printed in box 14 of the W-2.

### ***State and Local Boxes:***

The amounts in the state and local boxes (boxes 15 – 20) on the W-2 form are filled in automatically. You do not need to define lines for these boxes.

In order to ensure that the information in these boxes is correct, please verify that the state and local tax ID numbers are entered in the appropriate tax accrual record(s) and that the 'Jurisdiction Type' in the tax table header is set to an 'S' for state tax codes and an 'L' for local tax codes.

### ***Example:***

A sample W-2 Form Definition has been defined in the DEM company. Use this as a guide when defining your own W-2 form. If you used Solution-IV Payroll last year, you may find that last year's W-2 form is essentially correct for this year. ***However, please review your setup carefully!***

### ***Important:***

You are solely responsible for entering the correct elements into the appropriate boxes on the W-2 form. Each payroll and each company is different, with different needs and different codes. The examples given here are not meant to have a one-to-one correspondence with your company and are useful only as a guide!

### ***Exit the Screen:***

When you are finished maintaining the W-2 form, press **F4** from the year field to return to the Payroll Reports Menu.

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## ***MAGNETIC MEDIA CONTENTS MAINTENANCE***

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### ***Purpose:***

This function is used to maintain each of the fields found in the W-2 Magnetic Media file.

We are providing the magnetic media **only** in the new EFW2 (formerly called MMREF-1) format. ***This format is required for submissions.*** The record formats used to create the magnetic media file were taken from SSA publication #42-007 – EFW2 Tax Year 2007 (v.1) – Specifications for Filing Forms W2 Electronically (EFW2).

For further information regarding submitting on magnetic media or the EFW2 format, please refer to the Social Security Administration website at [www.ssa.gov/employer/pub.htm](http://www.ssa.gov/employer/pub.htm) .

### ***AccuWage:***

If you would like to test your EFW2 file prior to submitting it to the SSA (strongly recommended), AccuWage 2007 is available on the Internet. The self-extracting file may be downloaded as follows:

Goto: <http://www.ssa.gov/employer/accuwage/>

Read the Software Policy

Select Download Option: AccuWage Software – 2007 Tax Year

and follow the installation instructions as they appear on the screen.

This software identifies many, but not all, wage submission errors. The likelihood of submission rejection, though not eliminated, is greatly reduced when utilizing this software. If you have questions regarding this tool, please refer to the AccuWage website for information on how to receive assistance.

Thoroughbred carefully reviews the magnetic media creation process and has used a live sample set of data and passed the AccuWage test. However, AccuWage issues the following disclaimer:

*“The AccuWage application identifies most of the common format errors in wage submission. Using this application greatly reduces submission rejections. Please be aware that even if no errors are identified by AccuWage, your submission could be returned because of other errors.”*

As such, Thoroughbred cannot guarantee that your submissions will be without error, although we will work with you to correct any that are found after you test your data using AccuWage.

***Therefore, Thoroughbred strongly recommends you take advantage of this offer from the SSA.***

### ***Electronically Submitting W-2's (EFW2):***

Starting with the 2006 tax year, if you have 250 employees or more, it is necessary to electronically transmit your W-2 information to the SSA.

Information on this new function is found on the SSA website at:

<http://www.ssa.gov/bsowelcome.htm>

Business Services Online (BSO) is a suite of applications enabling organizations and authorized individuals to conduct business with, and submit confidential information to, the Social Security Administration.

You must be registered to use any services included in BSO. In order to submit electronic W-2's, you will want to begin by selecting the Wage Reporting application.

Thoroughbred recommends that you do not wait until the last minute to complete your registration.

Please note that Thoroughbred cannot submit the electronic files for you. The Magnetic Media function in Solution-IV creates the W2REPORT file in the EFW2 format. But you are responsible for submitting this file to the SSA.

Also, please note that you will be "Submitting W-2 wage files to Social Security". You will not be utilizing the "Forms W-2 online" function.

Further information on electronically filing your W-2 information may be found in the Business Services Online – Electronic W-2 Filing Handbook – Tax Year 2007 at:

<http://ssa.gov/employer/bsohbnew.htm>

***How to Execute:***

From the Payroll Reports Menu, select option **19** or **Magnetic Media Specs.**

***Screen 1:***

The screenshot shows a software window titled "Magnetic Media - A-B-E Records" with a sub-header "Lightspeed Reprographics (DEM)". The window contains a form with the following fields and values:

|                       |                         |                  |                      |
|-----------------------|-------------------------|------------------|----------------------|
| Payment Year          | 2006                    | Agent            | Jones                |
| Employer ID           | 331234567               | PIN              | 81382-12             |
| Company Name          | LIGHTSPEED DISTRIBUTORS | Contact          | Frank Smith          |
| Address               | 19 SCHOOLHOUSE ROAD     | Phone            | 800 555-2222 Ext 100 |
| City                  | SOMERSET                | E-Mail           | frankj@tbred.com     |
| State                 | NJ                      | Fax              | 8005552222           |
| ZIP Code              | 08876                   | Notify           | 1                    |
| ZIP Ext               | -6712                   | Tax jurisdiction | E                    |
| Foreign Addr          |                         | Preparer         | P                    |
| Computer Manufacturer | I-Tech                  | Vendor Code      |                      |
| Type of Employment    | R                       |                  |                      |
| Establishment Number  | 9912                    |                  |                      |
| Other EIN             | 123818181               |                  |                      |
| Employee Name Format  | F                       |                  |                      |
| Third Party Withheld  | 400.00                  |                  |                      |

***Description of Fields:***

**Payment Year**

Enter the year for which you are submitting W-2's on magnetic media.

*Example:* 2007

The following fields default to the information found in the company record and are used on the A, B and E magnetic media records.

**Employer ID**

Enter the 9-character employer identification number used for Federal reporting. Do not enter the dash or any spaces.

*Example:* 331234567

**Company Name**

Enter up to 44 alphanumeric upper-case characters for your company name.

**Address**

Enter up to 35 alphanumeric upper-case characters for your street address. Do not put city and state information on this line.

**City**

Enter up to 20 alphanumeric upper-case letters for your city.

**State**

Enter your 2-character state abbreviation using upper-case characters only.

**ZIP Code**

Enter the first 5 characters of your ZIP code.

**ZIP Extension**

Enter a dash followed by the last 4 characters of your ZIP code.

**Foreign Address Indicator**

If the address entered on this screen is outside of the United States or its possessions and is not an APO or FPO, enter an 'X' in this field. Otherwise, leave it blank.

**Computer Manufacturer**

Enter up to 8 alphanumeric upper-case characters representing the name of the manufacturer of your computer system.

**Type of Employment**

Enter the appropriate code from the following list:

- A**     Agriculture
- H**     Household
- M**     Military
- Q**     Medicare Qualified Government Employment
- X**     Railroad
- R**     Regular (all others)

**Establishment Number**

Enter up to 4 upper-case characters for either the Establishment Number or the Coverage Group/Payroll Record Unit Number, whichever is applicable. Otherwise, leave this field blank.

**Other EIN**

If a form 941, 942 or 943 was submitted to the IRS for the same tax year as this report and the form used an EIN other than the one entered at the top of this screen, enter the other 9-character EIN. Otherwise leave this field blank.

**Employee Name Format**

The IRS allows you to specify whether you want to report the employee names first-name first or surname (last-name) first.

Solution-IV will capitalize and use the first 27 characters (22 if deceased) of the Employee Name (PRLEMP1.EMPL-NAME) when writing to the magnetic media file. It is your responsibility to ensure that the name is correct (matches the individual's social security card) and that spacing, hyphens and apostrophes are properly placed.

Please specify how the employee name is displayed in the Employee Name (EMPL-NAME) field in the Employee Masterfile as follows:

|          |                           |             |
|----------|---------------------------|-------------|
| <b>F</b> | First-name first          | John M Doe  |
| <b>S</b> | Surname (last-name) first | Doe, John M |

**Note:** Solution-IV defaults to first-name first when entering new employees.

**Third Party Withheld**

Enter the amount of any taxes withheld by a third party.

***EFW2:***

The following fields are required for creating the magnetic media files in EFW2 format.

**Agent**

Enter up to 9 characters for the Agent Indicator Code, if applicable.

|          |                   |
|----------|-------------------|
| <b>1</b> | 2678 Agent        |
| <b>2</b> | Common Pay Master |

**PIN**

Enter up to 8 characters for the Personal Identification Number assigned to the employee who is authorized to submit this file.

**Contact**

Enter up to 27 characters with the name of the person the SSA can contact if there are questions regarding the magnetic media files.

**Phone**

Enter up to 15 characters for the contact's telephone number.

*Example:* 8005551234

**Ext**

Enter up to 5 characters for the extension where the contact can be reached.

**E-Mail**

Enter up to 40 characters for the contact's e-mail address.

**Fax**

Enter up to 10 characters for the contact's fax number, without formatting.

**Notify**

Enter the appropriate code from the following list representing the way you would prefer the SSA contact you with questions:

|          |                |
|----------|----------------|
| <b>1</b> | E-mail         |
| <b>2</b> | Postal service |

**Tax Jurisdiction**

\*\*\*\*\* *Field removed from header record in 2005* \*\*\*\*\*

**Preparer**

Enter the appropriate code from the following list:

- A** Accounting Firm
- L** Self Prepared
- S** Service Bureau
- P** Parent Company
- O** Other

**Screen 2:**

| Description                | GBW | Contents          |
|----------------------------|-----|-------------------|
| Wages, Tips & Other Cmp    | B   | TFEDSIN + TFEDMAR |
| Federal Tax Withheld       | W   | TFEDSIN + TFEDMAR |
| Social Security Wages      | B   | TFICA             |
| Social Security Tips       | G   |                   |
| Social Security Withheld   | W   | TFICA             |
| Medicare Wages & Tips      | B   | TFICA2            |
| Medicare Tax Withheld      | W   | TFICA2            |
| Advance EIC                | W   | TEIC-S + TEIC-M   |
| Non-Qualified 457 Distrib  | G   |                   |
| Non-Qualified Not 457 Dist | G   |                   |
| Excess Life Ins Premiums   | G   |                   |
| Uncollected Tax on Tips    | G   |                   |
| Allocated Tips             | G   |                   |
| Fringe Benefits            | G   |                   |
| Deferred Compensation      | G   | D401K-C           |
| Dependent Care Benefits    | G   |                   |

***Description of Fields:***

The remainder of this screen works in a manner similar to W-2 Form Contents Maintenance. Beside each field description, you will indicate which amount from the employee record is to be used and what that amount is made up of as follows:

**GBW**

This field indicates which amount to use from the employee records when accessing the contents in the next field.

Enter one of the following:

- G** Uses the “Gross” amounts as found in the employee record
- B** Uses the “Taxable” or “Basis” amounts as found in the employee record
- W** Uses the “Withholding” amounts as found in the employee record

### **Contents**

Enter up to 240 characters (this is a scrolling field) defining the amount this box will actually contain. Each element must be separated by spaces. This field may contain the following types of elements:

- + - \* /** Defines whether to add, subtract, multiply or divide the elements this is separating.
- #####** An actual literal number.
- Cx** Where *x* is the contribution code whose amount will be printed in this box.
- Dx** Where *x* is the deduction code whose amount will be printed in this box.
- Ex** Where *x* is the earnings code whose amount will be printed in this box.
- Tx** Where *x* is the tax code whose amount will be printed in this box.

*Note:* These will be similar to boxes you have defined in W-2 Form Contents Maintenance.

*Important:* Lines left blank will be filled with zeros.

## ***Contents:***

### **Wages, Tips & Other Compensation**

The elements entered here correspond to box 1 on the W-2 which contains taxable earnings.

*Example:* GBW = B; Contents = TFEDMAR + TFEDSIN

### **Federal Tax Withheld**

The elements entered here correspond to box 2 on the W-2.

*Example:* GBW = W; Contents = TFEDMAR + TFEDSIN

### **Social Security Wages**

The elements entered here correspond to box 3 on the W-2.

*Example:* GBW = B; Contents = TFICA

### **Social Security Tips**

The elements entered here correspond to box 7 on the W-2.

*Example:* GBW = G; Contents = ETIPS

**Social Security Withheld**

The elements entered here correspond to box 4 on the W-2.

*Example:* GBW = W; Contents = TFICA

**Medicare Wages & Tips**

The elements entered here correspond to box 5 on the W-2.

*Example:* GBW = B; Contents = TFICA2

**Medicare Tax Withheld**

The elements entered here correspond to box 6 on the W-2.

*Example:* GBW = W; Contents = TFICA2

**Advance EIC**

The elements entered here correspond to box 9 on the W-2.

*Example:* GBW = W; Contents = TEIC-M + TEIC-S

**Non-Qualified 457 Distribution**

The elements entered here correspond to box 11 on the W-2 and contain the amount of distributions from a Section 457 plan.

**Non-Qualified Not 457 Distribution**

The elements entered here correspond to box 11 on the W-2 and contain the amount of distributions from any non-qualified compensation plans that are not Section 457 plans.

**Excess Life Insurance Premiums**

The elements entered here correspond to box 12 on the W-2 and contain the employer's cost of premiums for group term life insurance in excess of \$50,000.

**Uncollected Tax on Tips**

Combine the uncollected social security tax with the uncollected Medicare tax and report as one amount in this field.

**Allocated Tips**

The elements entered here correspond to box 8 on the W-2 and contain the tips allocated to the employee.

**Fringe Benefits**

The elements entered here correspond to box 12 on the W-2 and contain the total taxable fringe benefits included in box 1.

**Deferred Compensation**

The elements entered here correspond to box 12 on the W-2. This amount should equal the total of all deferred compensation contributions to the following plans: 401k, 403b, 408k6, 457b and 501c18D.

**Dependent Care Benefits**

The elements entered here correspond to box 10 on the W-2. It contains the total amount of Section 129 dependent care benefits paid or incurred by the employer for the employee, including the fair market value of employer-provided or employer-sponsored day care facilities and amounts paid or incurred in a Section 125 cafeteria plan. The total should include any amount in excess of the \$5,000 exclusion.

**Screen 3 – Contents:**

This screen contains additional fields that are required on the EFW2 Magnetic Media files.

**401k Deferred**

The elements entered here represent deferred compensation contributions to Section 401(k).

*Example:* GBW = B; Contents = D401K-C

**403b Deferred**

The elements entered here represent deferred compensation contributions to Section 403(b).

**408k Deferred**

The elements entered here represent deferred compensation contributions to Section 408(k)(6).

**457b Deferred**

The elements entered here represent deferred compensation contributions to Section 457(b).

**501c Deferred**

The elements entered here represent deferred compensation contributions to Section 501(c)(18)(D)

**Uncollected tips**

The elements entered here represent uncollected employee tax on tips. Combine the uncollected Social Security tax and the uncollected Medicare tax in this field.

**Medical Savings**

The elements entered here represent the medical savings account amount.

**Simple Retirement**

The elements entered here represent the simple retirement account amount.

**Adoption Expense**

The elements entered here represent qualified adoption expenses.

**PR Wages**

The elements entered here represent wages subject to Puerto Rico Tax.

**PR Commission**

The elements entered here represent commissions subject to Puerto Rico tax.

**PR Allowances**

The elements entered here represent allowances subject to Puerto Rico tax.

**PR Tips**

The elements entered here represent tips subject to Puerto Rico tax.

**PR Tax Withheld**

The elements entered here represent Puerto Rico Tax withheld.

**Retirement**

The elements entered here represent retirement fund subject to tax.

**Other Wages**

The elements entered here represent total wages, tips and other compensation subject to Virgin Islands, or Guam, or American Samoa, or Northern Mariana Islands tax.

**Other Taxes Withheld**

The elements entered here represent tax withheld by Virgin Islands, Guam, American Samoa or Northern Mariana Islands.

***Screen 4 – Contents:***

This screen contains additional fields that are required on the EFW2 Magnetic Media files.

**Uncollected FICA**

The elements entered here represent uncollected social security or RRTA tax on cost of group life insurance.

**Uncollected FICA2**

The elements entered here represent uncollected medicare tax on cost of group life insurance.

**Non-statutory Stock**

The elements entered here represent income from the exercise of non-statutory stock options.

**Health Contribution**

The elements entered here represent contributions made by the employer to the employee's health plan.

**Non-taxable Combat Pay**

The elements entered here represent non-taxable combat pay.

**409A Income**

The elements entered here represent income under Section 409A compensation plans.

**409A Deferred**

The elements entered here represent deferrals under Section 409A compensation plans.

**ROTH 401 Contribution**

The elements entered here represent all the codes which make up distributions from any employer contributions to ROTH 401 plans.

\*\*\*\*\* *Option added for 2006* \*\*\*\*\*

**ROTH 403 Contribution**

The elements entered here represent all the codes which make up distributions from any employer contributions to ROTH 403 plans.

\*\*\*\*\* *Option added for 2006* \*\*\*\*\*

***Example:***

A sample Magnetic Media Specification has been defined in the DEM company. Use this and your W-2 specification as a guide.

***Important:***

You are solely responsible for entering the correct elements into each of these fields. Each payroll and each company is different, with different needs and different codes. The examples given here are not meant to have a one-to-one correspondence with your company and are useful only as a guide!

Use of the AccuWage software, available from the SSA web page, is highly recommended prior to electronically submitting your magnetic media files.

***Exit the Screen:***

When you are finished maintaining the magnetic media file, you will be returned automatically to the Payroll Reports Menu.

---

## ***STATE MAGNETIC MEDIA CONTENTS MAINTENANCE***

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### ***Purpose:***

This function is used to maintain each of the fields found in the state record (RS) of the EFW2 (formerly called MMREF-1) magnetic media format.

The records have been defined as found in the SSA EFW2 publication on the web for Tax Year 2007. Since these records are considered optional by the SSA, additional information may be required by individual states. Please contact the appropriate agency within your state for further information.

### ***How to Execute:***

From the Payroll Reports Menu, select option **20** or **State Magnetic Media Specs.**

### ***Sample Screen:***

Magnetic Media - State Specifications

Lightspeed Reprographics (DEM) 12/11/07 TA

State Code

Employer Account Number

Taxing Entity Code

State Optional Code

Control Number

Supplemental Data 1

Supplemental Data 2

Description GBWL Contents

Unemp Insur Total Wages

Unemp Insur Taxable Wages

State Taxable Wages

State Income Tax Withheld

Other State Data

### ***Description of Fields:***

#### **State Code**

Enter the 2-character state abbreviation for the state to which this record applies.

*Example:* NJ - New Jersey

#### **Employer Account Number**

Enter up to 12 alphanumeric characters representing the State Employer Account Number. The Employer Account Number is assigned by the state. Punctuation for this field is defined by the individual states.

**Taxing Entity Code**

Enter up to 5 characters for the Taxing Entity Code. The contents of this code will be defined by the individual states.

**State Optional Code**

Enter up to 2 characters representing the optional code, as defined by the individual states.

**Control Number**

Enter up to 7 characters representing the optional state control number.

**Supplemental Data 1**

Enter up to 75 characters representing information that you want to attach to your state magnetic media records.

**Supplemental Data 2**

Enter up to 75 characters representing information that you want to attach to your state magnetic media records.

**GBWL**

This field indicates which amount to use from the employee records when accessing the contents in the next field.

Enter one of the following:

- G** Uses the “Gross” amounts as found in the employee record
- B** Uses the “Taxable” or “Basis” amounts as found in the employee record
- W** Uses the “Withholding” amounts as found in the employee record
- L** Uses the actual literal data entered in the contents

**Unemployment Insurance Total Wages**

Enter up to 255 characters representing all of the codes which make up the Unemployment Insurance wages for this state.

*Example:* GBWL = G; Contents = CNJSUI1 + CNJSUI2

**Unemployment Insurance Taxable Wages**

Enter up to 255 characters representing all of the codes which make up the Unemployment Insurance taxable wages for this state.

*Example:* GBWL = B; Contents = CNJSUI1 + CNJSUI2

**State Taxable Wages**

Enter up to 255 characters representing the state tax taxable wages for this state.

*Example:* GBWL = B; Contents = TNJA + TNJB + TNJC + TNJD + TNJE

**State Income Tax Withheld**

Enter up to 255 characters representing the state tax withheld for this state.

*Example:* GBWL = W; Contents = TNJA + TNJB + TNJC + TNJD + TNJE

**Other State Data**

Enter up to 255 characters representing the other state data to be defined by this state. If this field is to be a literal, enter "L" in the GBWL field and enter up to 10 characters that are to appear in this field.

***Example:***

A sample State Magnetic Media Specification has been defined in the DEM company. Use this and your W-2 specification as a guide.

***Important:***

You are solely responsible for entering the correct elements into each of these fields. Each payroll and each company is different, with different needs and different codes. The examples given here are not meant to have a one-to-one correspondence with your company and are useful only as a guide!

***Exit the Screen:***

When you are finished maintaining the state magnetic media file, you will be returned automatically to the Payroll Reports Menu.

## ***PAYROLL EXEMPTIONS TABLE***

| <b>State</b> | <b>Primary Exemption</b>                                | <b>Second Exemption</b>   | <b>Third Exemption</b>   |
|--------------|---|---|--|
| AL           | 1   | If "O" then 0; other codes then 1   | # of dependents other than spouse                                    |
| AR           | W-4   | 1   | 0  |
| CA *         | DE-4 est. deductions OR<br>0 if using W-4               | 1   | W-4 OR<br>DE-4 personal exemptions                                   |
| CO *         | W-4   | 0   | 0  |
| CT *         | 0   | 0   | 0  |
| DC *         | W-4   | 0   | 0  |
| DE           | 1   | W-4   | 0  |
| GA           | 1   | # of personal exemptions<br>from form G-4                                     | 0  |
| HI           | W-4   | 0   | 0  |
| IA           | 1   | 0 if 0 exemptions<br>1 if 1 exemptions<br>2 if 2 or more exemptions           | # of exemptions over 2   |
| ID           | W-4   | 0   | 0  |
| IL           | IL-W4 – Line 1  | IL-W4 – Line 2  | 0  |
| IN           | WH-4 – Personal Exemptions                              | WH-4 – Dependent Exemptions   | 0  |
| KS           | W-4   | 0   | 0  |
| KY *         | 1   | W-4   | 0  |
| LA           | 0, 1, or 2 from W-4                                     | 0 or W-4 minus 2  | 0  |
| MA *         | 1   | If > 1 exemption, then W-4  | # of blindness exemptions and/or<br>1 if filing as Head of Household |
| MD *         | 1   | W-4   | 0  |
| ME *         | W-4   | 0   | 0  |
| MI *         | W-4 or 1 if claimed as a<br>dependent on another return | # of special exemptions   | 0  |
| MN *         | W-4   | 0   | 0  |
| MO *         | 1 or<br>2 if married and only one works                 | 1 if single or head of house;<br>2 if married                                 | # additional exemptions  |
| MS           | 1   | Exemptions claimed on form 62-<br>420 divided by 1000<br>(i.e.: 8 for \$8000) | 0  |
| MT           | W-4   | 0   | 0  |
| NC *         | 1   | W-4   | 0  |
| ND *         | W-4   | 0   | 0  |
| NE *         | W-4   | 0   | 0  |
| NJ           | W-4   | 0   | 0  |
| NM *         | W-4   | 0   | 0  |
| NY           | 1   | W-4   | 0  |
| OH           | W-4   | 0   | 0  |
| OK           | W-4   | 1 ( <i>New in 2005</i> )  | 0  |
| OR *         | W-4   | 0   | 0  |
| PR           | 0 if claiming none of the personal<br>exemption, else 1 | # of dependents   | # of allowances for deductions                                       |
| RI           | W-4   | 0   | 0  |
| SC           | W-4   | 0 if 0 exemptions<br>1 if 1 or more exemptions                                | 0  |
| UT *         | W-4   | 0   | 0  |
| VA *         | 1   | W-4   | # of 65 & over OR blind<br>exemptions ( <i>New in 2005</i> )         |
| VT *         | W-4   | 0   | 0  |
| WI           | W-4   | 0   | 0  |
| WV **        | W-4   | 0   | 0  |
| FED *        | W-4   | 0   | 0  |

***Notes for Payroll Exemptions Table:***

- W-4 indicates the number of exemptions claimed on the W-4 form or state equivalent.
- This exemptions table was designed for the December 2007 Solution-IV Payroll releases.
- The states marked with an “\*” have changed since the December 2006 Payroll releases.
- States marked with an “\*\*” have exemptions changed or new tax codes defined since the December 2006 releases. Please verify that you are using the proper tax code and have the exemptions set properly on all employees using these tax codes.
- States with no personal income tax or where all exemptions should be zero are not listed.

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## ***2007 TAX FORMS***

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### ***Introduction:***

Thoroughbred selected a new forms supplier in 2003. If you order tax forms from Universal Datatech, you can be assured that the W-2's you order will line up with the December 2007 releases of Solution-IV Payroll. To order these forms, please contact Universal Datatech at (800) 310-6288. You may access a flyer with pricing and more information on Thoroughbred's website at:

[http://www.solution-iv-accounting-software.com/2007\\_Tax\\_Forms.pdf](http://www.solution-iv-accounting-software.com/2007_Tax_Forms.pdf)

### ***Caution:***

W-2 and 1099 forms are available from other suppliers that are not compatible with Solution-IV. ***Please be sure to only order the forms listed below!***

### ***W-2 Forms:***

Solution-IV Payroll utilizes the following forms:

#### Laser Forms

|        |   |
|--------|---|
| N/A    | 6-part 4-up Set (Red Copy A, Copy D/1, 4-up)<br>(Order part #'s 5201, 5204, 5205) |
| 9999-1 | Envelope for 4-up Set   |
| 5645   | 4-part Traditional Set (Red Copy A plus B, C, D)                                  |
| 5650   | 6-part Traditional Set (Red Copy A, plus B, C, D, 1, 2)                           |
| 6666-1 | Envelope for Traditional Set  |

#### Continuous Forms (Carbonless)

|        |  |
|--------|--|
| 9811-4 | 1-wide 4-part (Red Copy A, plus B, C, D)       |
| 9811-6 | 1-wide 6-part (Red Copy A, plus B, C, D, 1, 2) |
| 6666-1 | Envelope for W-2 Continuous                    |

#### Continuous Forms (Carbonless – Twin Sets)

|        |  |
|--------|--|
| 7600-3 | 3-part Employer Set (Red Copy A, 1/D, 1/D)   |
| 7640-3 | 3-part Employee Set (Copy B, C, 2)<br>(Can be used stand-alone for magnetic media filers)    |
| 7600-4 | 4-part Employer Set (Red Copy A, 1/D, 1/D, 1/D)  |
| 7640-4 | 4-part Employee Set (Copy B, C, 2, 2)<br>(Can be used stand-alone for magnetic media filers) |
| 6666-1 | Envelope for W-2 Continuous  |

***Note:*** Solution-IV **does not support** the 2-wide W-2!

### ***1099-MISC Forms:***

The 1099-MISC form did not change for 2007. The form numbers are as follows:

#### Laser Forms

6102 3-part 1099-MISC (Red Copy A, plus B, C)  
6103 4-part 1099-MISC (Red Copy A, plus B, C, C)

#### Continuous Forms (Carbonless)

7194-3 3-part 1099-MISC (Red Copy A, plus B, C)  
7194-4 4-part 1099-MISC (Red Copy A, plus B, C, C)

#### Envelopes

7777-1 Envelope for 1099-MISC Laser & Continuous

### ***1099-R Forms:***

The 1099-R form also did not change for 2007. *This form is available for Fund Accounting versions of Solution-IV only.*

#### Laser Forms

5644 4-part 1099-R (Red Copy A, plus B, C, D/1)  
5646 6-part 1099-R (Red Copy A, plus B, C, 2, D/1, D/1)

#### Continuous Forms (Carbonless)

7159-4 4-part 1099-R (Red Copy A, plus B, C, D/1)  
7159-6 6-part 1099-R (Red Copy A, plus B, C, 2, D/1, D/1)

#### Envelopes

7777-1 Envelope for 1099-R Laser & Continuous

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## ***ELECTRONIC FEDERAL TAX PAYMENT SYSTEM (EFTPS)***

### ***Introduction:***

For information regarding EFTPS, please refer to their website at:

<http://www.eftps.gov>

or call them directly at: 1-800-555-4477  
1-877-555-8778 (EFTPS Online)  
1-800-244-4829 (Español)  
1-800-733-4829 (TDD Hearing-Impaired)

Additionally, the IRS has posted information regarding EFTPS on their website at:

<http://www.irs.gov>

Select **efile**  
Select **Electronic Payment Options**  
Select **Electronic Federal Tax Payment System®**

### ***Solution-IV and EFTPS:***

There are no changes required to the standard Solution-IV software in order to use EFTPS. The end of the Check Register contains a summary showing the total amounts withheld by tax code. This should be all the information needed to make the required tax deposits.

### ***Further Information:***

The Thoroughbred Customer Support and Client Project Services groups are not versed in EFTPS. Any questions should be addressed to EFTPS Customer Service or the IRS.

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## ***DECEMBER 2007 PAYROLL RELEASE***

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### ***Purpose:***

Each December, Thoroughbred releases a new version Payroll in order to incorporate any changes made to the W-2 printing or W-2 magnetic media files. We also incorporate any new tax tables received in time for the release as well as any technical bulletins issued in Payroll since the last release.

We use the Payroll Management Guide service of Commerce Clearing House for all of our tax tables. All new 2007 tables have been updated that were updated on the CCH Internet Research Network as of December 14, 2007 plus the “IRS Notice 1036: Early Release Copies of 2008 Income Tax Withholding and Advance Earning Income Credit Payment Tables” found on the IRS website at: <http://www.irs.gov/pub/irs-pdf/n1036.pdf> .

There are no changes to the 1099-MISC forms so Accounts Payable will not be re-released in December 2007.

### ***Changes to Payroll Tax Tables:***

The following tax tables have been updated as indicated above.

Unless otherwise stated, the tax tables are effective January 1, 2008:

|                               |                        |
|-------------------------------|------------------------|
| FICA (limit changed only)     | Michigan               |
| Federal                       | Minnesota              |
| Earned Income Credit          | Missouri (1/2007)      |
|                               | North Carolina         |
| California                    | North Dakota           |
| Colorado (1/2007)             | Nebraska               |
| Connecticut (1/2007)          | New Mexico             |
| District of Columbia (1/2007) | Oregon                 |
| Kentucky (1/2007)             | Utah                   |
| Massachusetts (1/2007)        | Virginia               |
| Maryland                      | Vermont                |
| Maine                         | West Virginia (1/2007) |

### ***Changes to W-2 Reporting:***

In 2007, the employee social security number was moved to a new position on the W-2 form, to better protect the employee from possibly having the social security number appear in the window envelope.

Several years ago we added the ability to print W-2's on a laser printer in both the standard format as well as the 2x2 format for distribution to employees. We have continued this support for 2007.

***Changes to Magnetic Media Reporting:***

The EFW2 (formerly called MMREF-1) format had field changes between 2006 and 2007.

The EFW2 format is required for Magnetic Media Reporting / Electronic Submission of W-2 information to the Social Security Administration.

See the Social Security Administration website for more information:

<http://www.ssa.gov/employer>

***Changes to 1099 Reporting:***

The 1099-MISC and 1099-R forms have not changed.

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## ***PAYROLL TECHNICAL BULLETIN INDEX***

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### ***Introduction:***

This section shows the technical bulletins that are included in 8.521Z and 8.53PY. These indexes are being provided since new Technical Bulletin files are not included with the December release.

It is not necessary to enter any of these bulletins into Payroll versions 8.521Z or 8.53PY – they are included in the release.

### ***Technical Bulletins:***

Not counting tax table updates, 3 Technical Bulletins were issued for Payroll versions 8.521 and 8.53P since the December 2006 releases. All of these have also been incorporated into the current release.

#### **Enhancements (All versions)**

W2/Magnetic Media/Tables      December 2007 Release

#### **Software Changes**

|                             |  |
|-----------------------------|--|
| Check Printing              | Print real description for 11 <sup>th</sup> line |
| Historical Payroll Register | Not showing hours, only lines                    |
| Pay Period Initialization   | Fixed type earnings and 0 hours now picked up    |