THOROUGHBRED SOLUTION-IV ACCOUNTING

YEAR-END INFORMATION GUIDE

FOR PAYROLL & ACCOUNTS PAYABLE

DECEMBER 2016

Document Number: 2016 Year End Information Guide

THOROUGHBRED SOLUTION-IV ACCOUNTING
YEAR-END INFORMATION GUIDE
FOR PAYROLL & ACCOUNTS PAYABLE
DECEMBER 2016

TABLE OF CONTENTS

UPGRADE REQUIREMENTS & INFORMATION

Introduction:

In December 2016, the following Payroll release of Solution-IV will be issued:

Payroll version	Other Module Version	Description
8.82W	8.82	General & Repro

This release contains all Payroll technical bulletins issued since the previous version was released including:

- All enhancements since the last release;
- Updates for W-2 printing and electronic file (EFW2) generation for 2016;
- Updated 2017 tax tables.

Important:

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

Installation of this version is the same as installing any other new version of Solution-IV Accounting. **<u>It will overwrite</u>** 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.

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.

PREPARATION FOR YEAR-END PROCESSING

Step 1:

Verify that you have run your final Payroll and Accounts Payable check runs for 2016, 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	OPENworkshop	Solution-IV Payroll	Solution-IV Accounts Payable and other modules
8.8.1	8.8.1	8.82W	8.82

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 2016 release, we have provided media for Solution-IV version 8.82 only. 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.

No changes were made to the W-2 form and minor changes were made to the electronic submission files (EFW2) for 2016. ***Thoroughbred <u>always</u> recommends upgrading so you have the latest tax tables and to ensure your forms line up correctly and your EFW2 files are correct.***

The 1099-MISC forms do not appear to have 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 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 2016 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 P16. You will use the P16 company for steps 5 through 9 below. You can do the same thing for Accounts Payable after doing your final check run in 2016.

After verifying that you have a backup of your 2016 Payroll data and that your final payrolls for 2016 have been run, run Payroll Year-End Processing on your regular company. You may now process 2017 payrolls on your regular company.

In the same manner for Accounts Payable, verify that you have a backup and that final checks for 2016 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 P16 company. You may continue processing Accounts Payable in your regular company, including printing any 2017 checks.

Steps 5 through 9 will be used for the P16 company only.

Step 5:

Maintain the format of the W-2's using the **W-2 Contents Maintenance** option 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 2016 has not changed, 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 electronic submission (EFW2) files, maintain the format of the electronic submission files using the **Magnetic Media Contents Maintenance** option on the Payroll Reports Menu. This function works in a manner similar to W-2 Form Maintenance.

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

Step 7:

Maintain the format of the state electronic submission records using the **State Mag Media Maintenance** option 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 electronic submission (EFW2) files using the **W-2 Form Printing** option on 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:

- **W2REPT16** 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 electronic submission files 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 and/or 1099's from the P16 company, you may make a backup of the P16 company and then delete it.

Step 11:

In your regular company, verify that each employee's exemptions are defined properly using their 2017 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 2017, but we occasionally do not receive the new state tables in time for the December Payroll release.

For 2016, we updated Federal and state tax tables that were posted to the various state websites by December 16, 2016.

Please note that Thoroughbred maintains only state and Federal tax tables. Customers are responsible for maintaining any local tax tables as well as disability and unemployment taxes and/or contributions.

W-2 FORM MAINTENANCE

Purpose:

This function is used to maintain the contents of each of the boxes found on the W-2 form. We cannot emphasize enough that it is your responsibility to make sure that the correct amounts print in the appropriate boxes on the W-2 form!

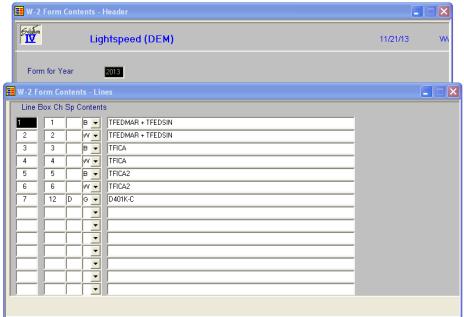The format for the 2016 W-2 form was taken from IRS Publication "2016 Instructions for Forms W-2 and W-3" as found on the IRS website:

www.irs.gov/pub/irs-pdf/iw2w3.pdf

How to Execute:

From the Payroll Reports Menu, select the **W-2 Form Contents** option.

Sample Screen:

Header Screen Fields:

Form for Year
Enter the year this form contents will be used for.

Example: 2016

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.

MAGNETIC MEDIA CONTENTS MAINTENANCE

Purpose:

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

The record formats used to create the magnetic media file were taken from SSA publication #42-007 – Specifications for Filing Forms W-2 Electronically (EFW2) for Tax Year 2016.

For further information regarding submitting electronically, please refer to the Social Security Administration website at 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 2016 is available on the Internet at:

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

This year you have the opportunity to do the testing on-line or download the software and complete it on your own system. Read the materials and choose the method that works best for you.

As stated in the AccuWage Online introduction, "AccuWage Online enables submitters to test the accuracy of their wage reports prior to sending them to the Social Security Administration (SSA) for processing. AccuWage Online checks both W-2 and W-2C wage reports to ensure they comply with Publication 42-007: Specifications for Filing Forms W-2 Electronically (EFW2) or Publication 42-014: Specifications for Filing Forms W-2C Electronically (EFW2C). AccuWage Online generates a Test Report listing all issues found in the wage report. Wage reports cannot be edited using AccuWage Online. The submitter can create a new EFW2/EFW2C file or correct the existing EFW2/EFW2C file that generated the errors. The wage report can be repeatedly retested until all issues are corrected."

"IMPORTANT: AccuWage Online identifies many, but not all, wage report errors. For example, AccuWage Online does not verify names and Social Security Numbers (SSNs). The likelihood of submission rejection, though not eliminated, is greatly reduced when utilizing this application."

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. 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 tool 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. Employers with fewer than 250 employees are also encouraged to file electronically.

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

https://www.ssa.gov/bso/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.

If you have not already done so, 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 at the Business Services Online at:
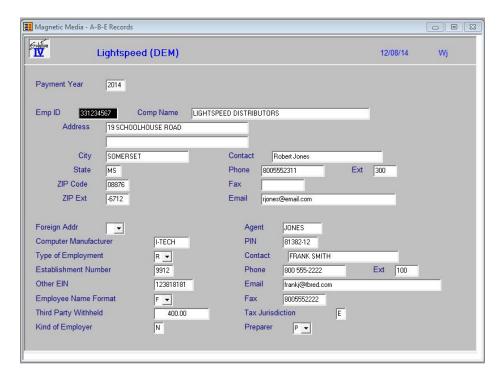
http://ssa.gov/employer/

NEW FOR 2016: January 31st is the filing deadline for BOTH electronic and paper forms W-2. If this date falls on a Saturday, Sunday, or legal holiday, the deadline will be the next business day.

How to Execute:

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

Screen 1:

Description of Fields:

Payment Year

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

Example: 2016

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 22 alphanumeric upper-case characters for your street address. Enter up to 22 alphanumeric upper-case characters on the second line for your location address. Do not put city and state information on these lines.

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.

Contact
Enter up to 20 characters for the main contact of the employer.

Phone
Enter up to 10 characters (without punctuation) for the employer's main phone number.

Ext
Enter up to 5 characters for the extension of the employer

Fax
Enter up to 10 characters (without punctuation) for the FAX number of the employer.

Email
Enter up to 60 characters for the employer's e-mail address.

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
F	Regular (Form 944)
R	Regular (all others) (Form 941)

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 (PRLEMPL1.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:

F	First-name first	John M Doe
S	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.

Kind of Employer

Enter the proper code for the type of employer. Leave blank of the Tax Jurisdiction Code (below) is P (Puerto Rico).

F Federal Government
Federal government entity or instrumentality

S State/local non-501c
State or local government or instrumentality (this includes cities, townships, counties, special-purpose districts or other publicly-owned entities with governmental authority)

T 501c non-government
Non-governmental tax-exempt section 501(c) organization (types of 501(c) non-governmental organizations include private foundations, public charities, social and recreation clubs and veterans organizations)

Y State/local 501c
State or local government or instrumentality where the employer received a determination letter from the IRS indication that they are also a tax-exempt organization under section 501(c)(3)

N None Apply

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.

1   2678 Agent
2   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.

Email

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.

Tax Jurisdiction

Enter a single character representing the tax jurisdiction, if applicable.
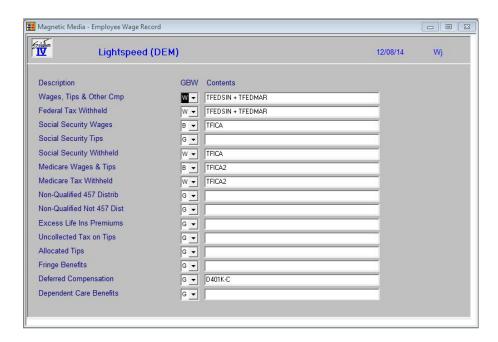
V   Virgin Islands
G   Guam
S   American Samoa
N   Northern Mariana Islands
P   Puerto Rico

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 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.

C*x*   Where *x* is the contribution code whose amount will be printed in this box.

D*x*   Where *x* is the deduction code whose amount will be printed in this box.

E*x*   Where *x* is the earnings code whose amount will be printed in this box.

T*x*   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

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.

ROTH 403 Contribution

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

Health Costs

Enter up to 255 characters representing all of the codes which make up distributions from any employer contributions for the cost of employer sponsored health coverage.

ROTH 457B Contribution

Enter up to 255 characters representing all of the codes which make up distributions from any employer contributions for the Governmental Section 457b Plan.

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

Purpose:

This function is used to maintain each of the fields found in the state record (RS) of the EFW2 electronic filing format.

The records have been defined as found in the SSA EFW2 publication on the web for Tax Year 2016. 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 the **State Magnetic Media Specs** option.

Sample Screen:

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.

20

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

State	Primary Exemption	Second Exemption	Third Exemption
AL	1	If "O" then 0; other codes then 1	# of dependents other than spouse
AR	W-4	1	0
AZ	N/A		
CA *	DE-4 est. deductions OR 0 if using W-4	1	W-4 OR 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 (standard deduction)	1 (personal allowance)	# of dependent allowances
HI	W-4	0	0
IA	1	0 if 0 exemptions 1 if 1 exemptions 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 1 if filing as Head of Household
MD *	1	W-4	0
ME **#	W-4	1	0
MI	W-4 or 1 if claimed as a dependent on another return	# of special exemptions	0
MN *	W-4	0	0
MO *	1 or 2 if married and only one works	1 if single or head of house; 2 if married	# additional exemptions
MS	1 if Head of Household, Single, or Married only 1 works; If Married and both work, personal exemptions claimed divided by 1000 – ie 6 for $6,000	Number of dependents claimed (including first HofH dependent) plus 1 for each "over 65" or "blindness" exemptions claimed	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	0
OR	W-4	1	0
PR *	0 if claiming none of the personal exemption, else 1	# of dependents	# of allowances for deductions
RI *	W-4	0	0
SC *	W-4	0 if 0 exemptions 1 if 1 or more exemptions	0
UT #	W-4	0	0
VA	1	W-4	# of 65 & over OR blind exemptions
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 2016 Solution-IV Payroll release.

- The states marked with an "*" have changed since the December 2015 Payroll release.

- States marked with an "**" have exemptions changed or new tax codes defined since the December 2015 release. Please verify that you are using the proper tax code and have the exemptions set properly on all employees using these tax codes.

- States marked with a "#" need special coding. Please call Thoroughbred for assistance.

- States with no personal income tax or where all exemptions should be zero are not listed.

2016 TAX FORMS

Introduction:

Thoroughbred has contracted with Universal Datatech for all your forms needs since 2003. To order these forms, please contact Universal Datatech at (209) 536-4268.

W-2 and 1099 forms are also available from a variety of retailers. If you purchase W-2 forms on your own, be sure to order only the 4-up set with 4 W-2 forms on one sheet of 8-1/2x11 paper OR the "traditional" forms which have 2 W-2 forms on one sheet paper with one on top of the other.

Note: Solution-IV does not support the 2-wide W-2 form available from some suppliers.

1099-MISC forms should only be ordered in the format where there are 2 1099-MISC forms per page, with one on top of the other. No other formats are supported.

Solution-IV supports both laser fed forms as well as continuous feed forms.

If you have any questions regarding whether Solution-IV supports a particular form, please contact Thoroughbred Support at (800) 524-0430 or (732) 560-1377 before ordering.

DECEMBER 2016 PAYROLL RELEASE

Purpose:

Each December, Thoroughbred releases a new version of 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 posted in time for the release as well as any technical bulletins issued in Payroll since the last release.

Thoroughbred makes every attempt to update all states with new tables for 2017, but we occasionally do not receive the new state tables in time for the December Payroll release.

For 2016, we updated Federal and state tax tables that were posted to the various state websites by December 16, 2016.

Please note that Thoroughbred maintains only state and Federal tax tables. Customers are responsible for maintaining any local tax tables as well as disability and unemployment taxes and/or contributions.

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 released after the above cutoff date.

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, 2017:

California	Minnesota
Connecticut (1/2016)	Missouri (1/2016)
District of Columbia (1/2016)	North Carolina
Federal	North Dakota (1/2016)
Social Security (limit change only)	Nebraska
Idaho (6/2016)	New Mexico
Illinois	New York
Indiana	Oklahoma
Kentucky	Puerto Rico
Massachusetts (1/2016)	Rhode Island
Maryland	South Carolina
Maine	Vermont

Enhancements in this Release:

Deduction Earn Overrides: We have enhanced deductions to allow the inclusion or exclusion of specific earnings when calculating the amount.

Technical Bulletins

None.

Changes to W-2 Reporting:

None.

Changes to Magnetic Media Reporting:

For Tax Year 2016, two versions of AccuWage are available to test your EFW2 Wage Reports: AccuWage Online and AccuWage Downloadable. Thoroughbred strongly recommends you submit your EFW2 file through this test system prior to uploading a final copy to the SSA.

Reminder: **Both electronic and paper filers must file wage reports by January 31, 2017.**

The RE Employer Record (position 174) "Kind of Employer" field descriptions have been modified. The value set remains the same (see page 12 for information).

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 and the Specifications for Filing Forms W-2 Electronically (EFW2) booklet for more information:

http://www.ssa.gov/employer

http://www.ssa.gov/employer/efw/16efw2.pdf

Changes to 1099 Reporting:

There were no changes to the 1099-MISC between 2015 and 2016. As such Accounts Payable is not being re-issued at this time.