



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

DECEMBER 2019



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**TABLE OF CONTENTS**

<i>UPGRADE REQUIREMENTS &amp; INFORMATION</i> .....	1
<i>PREPARATION FOR YEAR-END PROCESSING</i> .....	2
<i>W-2 FORM MAINTENANCE</i> .....	5
<i>MAGNETIC MEDIA CONTENTS MAINTENANCE</i> .....	8
<i>STATE MAGNETIC MEDIA CONTENTS MAINTENANCE</i> .....	20
<i>PAYROLL EXEMPTIONS TABLE</i> .....	23
<i>NEW FEDERAL 2020 W-4 FORM</i> .....	25
<i>DECEMBER 2019 PAYROLL RELEASE</i> .....	28

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## UPGRADE REQUIREMENTS & INFORMATION

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### ***Introduction:***

In December 2019, a Dictionary and Source backup file will be made available that will work on most versions of Solution-IV prior to 8.83.

This file will contain:

- Updates for W-2 printing and electronic file (EFW2) generation for 2019;
- Updated 2020 tax tables.

In addition, we will be releasing Payroll version 8.83W for those already running Solution-IV Payroll version 8.83.

### ***Important:***

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

Installation of this backup 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.

***Please use extreme caution when loading the upgrade 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 and Accounts Payable check runs for 2019, then, ***make a backup!***

### **Step 2:**

Verify that you have the appropriate version of Solution-IV Accounting installed on your system by going to the Solution-IV Utilities menu and selecting the **Display Solution-IV Versions** option. If you have any questions, please contact your Thoroughbred Sales or Consulting Services Representative at (800) 524-0430 or (732) 560-1377 before continuing.

No changes were made to the W-2 form or the electronic submission files (EFW2) for 2019.

***Please Note: The new 2020 Federal W-4 form allows for additional income and additional deductions to be taken into account when calculating Federal Withholding. As a result, two new fields were added to the Employee / Tax file to accommodate those amounts. Therefore, it is CRITICAL that you upgrade Solution-IV Payroll at this time.***

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.

**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 other potential issues. 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:**

After you run your final 2019 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 P19. You will use the P19 company for steps 5 through 9 below. You can do the same thing for Accounts Payable after doing your final check run in 2019.

After verifying that you have a backup of your 2019 Payroll data and that your final payrolls for 2019 have been run, run Payroll Year-End Processing on your regular company. You may now process 2020 payrolls on your regular company.

In the same manner for Accounts Payable, verify that you have a backup and that final checks for 2019 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 P19 company. You may continue processing Accounts Payable in your regular company, including printing any 2020 checks.

**Step 4:**

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 2019 has not changed. 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.

**Steps 5 through 9 will be used for the P19 company only.**

**Step 5:**

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 6:**

Maintain the format of the state electronic submission records using the **State Magnetic 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 7:**

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 8:**

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:

- **W2REPT19** 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 9:**

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 P19 company, the P19 company will serve as your backup in the event that you need to reprint any 2019 W-2 forms or make any adjustments to the EFW2 file.

**Step 10:**

In your regular company, verify that each employee's exemptions are defined properly using their 2019 W-4 form (or state equivalent) OR the new Federal 2020 W-4 form and the section titled *Payroll Exemptions Table* as well as the new section discussing the *New Federal 2020 W-4 form*.

**Step 11:**

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

Thoroughbred makes every attempt to update all states with new tables for 2020, but we occasionally do not receive the new state tables in time for the December Payroll release.

For 2019, we updated Federal and state tax tables that were posted to the various state websites by December 18, 2019.

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.

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## W-2 FORM MAINTENANCE

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### ***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!***

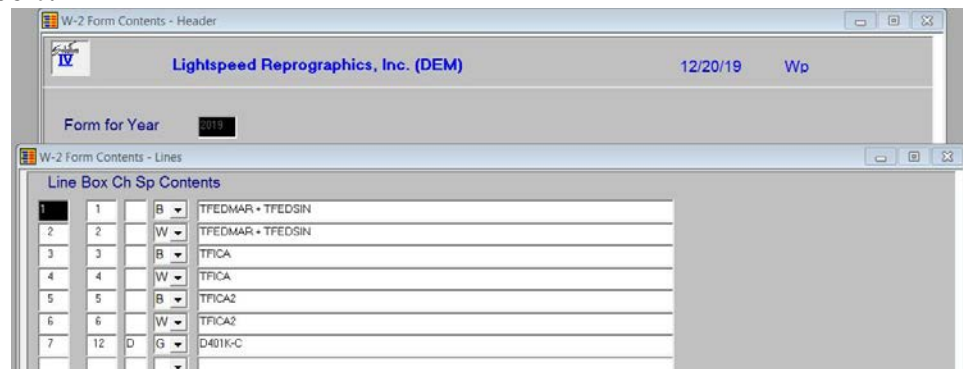
The format for the 2019 W-2 form was taken from IRS Publication "2019 Instructions for Forms W-2 and W-3" as found on the IRS website:

[www.irs.gov/pub/irs-pdf/iw2w3.pdf](http://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:* 2019



### ***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 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.

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 2019.

For further information regarding submitting electronically, 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 2019 is available on the Internet at:

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

As stated in the AccuWage Online introduction, “AccuWage Online is a free application from Social Security Administration that enables you to check W-2 (Wage and Tax Statement) and W-2c (Correct Wage and Tax Statement) Wage reports for correctness before uploading them to Business Services Online.”

If you have questions regarding this tool, please refer to the AccuWage website for information on how to receive assistance.

### **IMPORTANT**

The SSA’s BSO no longer accepts incorrectly formatted W-2 / EFW2 files.

***Thoroughbred strongly recommends you test your wage file through AccuWage Online (within BSO) before uploading your wage file.***

For additional information, please visit the SSA’s Accuwage website:

<https://www.ssa.gov/employer/accuwage>

***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/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/>

**Please note:** January 31<sup>st</sup> 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:* 2019

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 (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.

**Kind of Employer**

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

<b>F</b>	Federal Government <i>Federal government entity or instrumentality</i>
<b>S</b>	State/local non-501c <i>State or local government or instrumentality (this includes cities, townships, counties, special-purpose districts or other publicly-owned entities with governmental authority)</i>
<b>T</b>	501c non-government <i>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)</i>
<b>Y</b>	State/local 501c <i>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)</i>
<b>N</b>	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

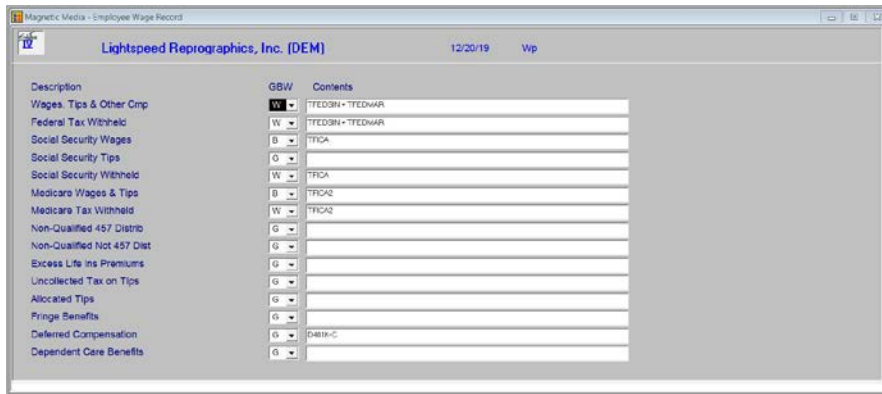
**Preparer**

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.
- 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

### **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.

**Cost of Health Coverage**

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.

**Permitted Benefits**

Enter up to 255 characters representing all of the codes which make up distributions from any Permitted Benefits Under a Qualified Small Employer Health Reimbursement Arrangement (Code FF).

**Section 83(i) Income (GG)**

Enter up to 255 characters representing all of the codes which make up distributions from any Income from Qualified Equity Grants under Section 83(i) (Code GG).

**Section 83(i) Defer (HH)**

Enter up to 255 characters representing all of the codes which make up distributions from any Aggregate Deferrals under Section 83(i) Elections as of the Close of the Calendar Year (Code HH).

***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.

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## 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 electronic filing format.

The records have been defined as found in the SSA EFW2 publication on the web for Tax Year 2019. 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:***

The screenshot shows a software window titled "Magnetic Media - State Specifications" for "Lightspeed Reprographics, Inc. (DEM)". The window displays a form with the following fields and values:

- State Code: NJ
- Employer Account Number: 13124867
- Taxing Entity Code: [Empty]
- State Optional Code: [Empty]
- Control Number: [Empty]
- Supplemental Data 1: [Empty]
- Supplemental Data 2: [Empty]
- GBWL Contents section with dropdown menus:
  - Unemp Insur Total Wages: G
  - Unemp Insur Taxable Wages: G
  - State Taxable Wages: W
  - State Income Tax Withheld: W
  - Other State Data: L

### ***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

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 if using 2019 W-4 1 if using 2020 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	0	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	0	0
MS **	1 if Head of Household, Single, or Married only 1 works; If Married and both work, enter amount claimed divided by 500 – ie enter 8 if claiming \$4,000	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 !!	See page 25 for instructions	0	0

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

- This exemptions table was designed for the December 2019 Solution-IV Payroll release.
- States with no personal income tax or where all exemptions should be zero are not listed.
- W-4 indicates the number of exemptions claimed on the W-4 form or state equivalent.
- The states marked with an "\*" have changed since the December 2018 Payroll release.
- States marked with a "#" need special coding. Please call Thoroughbred for assistance.
- States marked with an "\*\*\*" have exemptions changed or new tax codes defined since the December 2018 release. Please verify that you are using the proper tax code and have the exemptions set properly on all employees using these tax codes.
  - **Mississippi** – *If married and both work, the percentage being claimed by each worker is now divisible in \$500 increments.*
- **IMPORTANT:**  
***Federal and states marked with “!!” have new tables for use with the Federal 2020 W-4 form.***
  - **Colorado**
    - *If still using a W-4 form prior to 2020, use the following tax codes and enter the number of exemptions in the primary exemption field:*
      - **COMAR** – Married
      - **COSIN** – Single
    - *If using the 2020 Colorado Worksheet, enter 1 in the primary exemption field and use the appropriate tax code below:*
      - **COM20** – Married filing joint return
      - **COS20** – Single / All others
  - **North Dakota**
    - *If still using a W-4 form prior to 2020, use the following tax codes and enter the number of exemptions in the primary exemption field:*
      - **NDMAR** – Married
      - **NDSIN** – Single / Head of Household
    - *If using the 2020 W-4 form, use the following tax codes and enter the amounts as documented in the new section titled “New Federal 2020 W-4 Form”:*
      - **NDH20** – Head of Household
      - **NDM20** – Married
      - **NDS20** – Single
  - **Federal**
    - *If using a W-4 form from 2019 or prior, enter the number of exemptions from that form to the employee’s primary exemption field.*
    - *If using the new 2020 W-4 form, enter 1 to the employee’s primary exemption field and see the next section titled “New Federal 2020 W-4 Form” for further details.*

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## NEW FEDERAL 2020 W-4 FORM

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### ***New Form:***

The IRS significantly modified the W-4 form (and accompanying tax calculations) for 2020.

It may be helpful for you to have a copy of the new 2020 W-4 Form handy as you review this section. You can download a copy from the IRS website at:

<https://www.irs.gov/pub/irs-pdf/fw4.pdf>

Fortunately the IRS is, for the time being, allowing employees who have a 2019 or prior W-4 form on file, to continue using it in 2020. However, all employees hired after January 1, 2020 are required to use the new form.

For calculating Federal withholding in 2020, the IRS has issued different tables based on whether the employee is using a 2020 W-4 form or a 2019 (or prior) W-4 form.

### ***2019 or Prior:***

If you or your employee(s) decide to continue to use the W-4 form from 2019 or prior, you will continue to use the prior Solution-IV Tax Codes as follows:

**FEDSIN:** Single or Married filing separately

**FEDMAR:** Married filing jointly (or qualifying widow(er))

Enter the number of exemptions indicated on the W-4 form into the primary exemption field in the Employee Tax record.

### ***2020 W-4 Step 1:***

#### **Filing Status**

The 2020 W-4 form has three filing status options that correlate to the following Solution-IV Tax Codes:

**FEDS20:** Single or Married filing separately

**FEDM20:** Married filing jointly (or qualifying widow(er))

**FEDH20:** Head of household

### ***2020 W-4 Step 2:***

#### **Multiple Jobs or Spouse Works**

In Step 2(c), the employee has the option of checking a box indicating that either (1) the employee holds more than one job at a time or (2) is married filing jointly and the spouse also works.

If the box is checked, the employee should use the appropriate Solution-IV Tax Code below:

- FEDS2C:** Single or Married filing separately
- FEDM2C:** Married filing jointly (or qualifying widow(er))
- FEDH2C:** Head of household

**2020 W-4 Step 3:**

**Number of Qualifying Children under age 17**

If the employee has entered a number in this field, enter that number divided by 2000 to the employee's 2<sup>nd</sup> exemption.

*For example:* If the employee put \$4,000 in this field on the W-2, enter 2 to their 2<sup>nd</sup> exemption field.

**Number of Other Dependents**

If the employee has entered a number in this field, enter that number divided by 500 to the employee's 3<sup>rd</sup> exemption.

*For example:* If the employee put \$1,500 in this field on the W-2, enter 3 to their 3<sup>rd</sup> exemption field.

**2020 W-4 Step 4:**

In order to accommodate the new calculations required in Step 4 of the W-4 form, Thoroughbred added two new fields to the Employee Tax File shown on the following screen:

**Other Income**

This field may be found as Step 4(a) on the 2020 W-4 form.

If the employee wants tax withheld for other income he expects this year that won't have withholding, enter the amount of **other income** here. This may include interest, dividends, and retirement income.

**Other Deduct**

This field may be found as Step 4(b) on the 2020 W-4 form.

If the employee expects to claim deductions other than the standard deduction and wants to reduce withholding, enter the **other deduction** amount here.

**Override Type – Percent/Amount – Override Amount**

These fields take on new meaning with the 2020 W-4 form as they are associated with Step 4(c).

If the employee has indicated he wants **extra withholding**, enter these fields as follows:

**Override Type:** A

**Percent/Amount:** A

**Override Amount:** Amount entered on the W-4 form box 4(c)

Please note that the override amount should be entered as a “per pay period” amount, not an annualized amount.

**Number of Exemptions – Primary**

When using the new 2020 W-4 form, the Primary exemption field should always be “1”.

When using a W-4 form from 2019 or prior, the Primary exemption field should have the number of exemptions being claimed on that form. The Second and Third exemption fields are not used with the 2019 and prior W-4 forms.

***Example:***

Using the example shown on the screen above, if the employee were to make \$2,000 bi-weekly, the initial tax after taking the standard deduction would be calculated using annualized earnings of \$52,000 plus \$10,000 other income minus \$2,700 other deductions or \$59,300. Once the annualized tax amount was calculated using the tax tables it would subtract \$4,000 for dependents under 17 and \$1,500 in other dependents then divide by 26 to get the tax amount per pay period then an additional \$25 would be added to his bi-weekly withholding amount.

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## DECEMBER 2019 PAYROLL RELEASE

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### ***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 the Federal tables and all states with new tables for 2020, but sometimes new tables are not made available on the tax authority websites in time for the December Payroll release.

For 2019, we updated Federal and state tax tables that were posted to the various tax entity websites by December 18, 2019.

***Reminder:*** *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, 2020:

Alabama (1/2019)	Maine
California	Michigan
Colorado	Missouri
Delaware	Mississippi (1/2019)
Federal	North Carolina
FICA (Social Security) (limit only)	North Dakota
Iowa	New York
Idaho (6/2019)	Ohio
Illinois	Oregon
Indiana (local only)	Rhode Island (1/2019)
Kentucky	South Carolina
Massachusetts	Virginia
Maryland	Vermont (1/2019)

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

None.

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

None.