

BRADSHAWCompany * P.O. Box 6361 * Norfolk, Virginia 23508

REVISED

DATE: December 28, 2011

SUBJECT: W-2's/1099's for 2011, **REVISED** Tax Changes for 2012 for Visual ContrAcct customers

The end of 2011 is only a few weeks away. Now is the best time to review your payroll records and make sure everything is in order so that you can prepare your Federal information returns with a minimum of effort.

1) LOOK OVER LAST YEAR'S W-2 and 1099 FILES TO REFRESH YOUR MEMORY

Since it's been almost a year, you should review last year's file for any unusual items that required special reporting (group-term life insurance, sick pay, automobile usage, etc.). If you had to report them last year, you'll most likely have them this year as well.

Note: If you file W-2's by Electronic Filing, a Visual ContrAcct software update is required to handle changes to the 2011 Electronic file. This update is free to customers with a Support Contract.

2) REVIEW YOUR 2011 RECORDS FOR ANY UNUSUAL ITEMS

If you are not sure whether or not something requires special reporting, please check with your accountant first. After your accountant tells you what it is and how to report it, we can show you how to put it into your payroll system.

Note: New for 2012, employers are required to report the Cost of Employer-Sponsored Health Coverage. Instructions on how to track this in Visual ContrAcct are attached. Please contact your accountant to determine if your company is required to report the Cost of Employer-Sponsored Health Coverage and HOW to determine the amount of Cost of Employer-Sponsored Health Coverage to be reported.

3) ENTER TIMECARDS FOR SPECIAL ITEMS **BEFORE** THE LAST PAYROLL OF 2011

If you have group-term life, auto usage and/or TAXABLE third party sick pay for 2011 and you have NOT been including these items in gross wages throughout the year, you need to do so now by entering timecards. Employees generally need to have payroll taxes withheld from these special items, and if you leave it to the last minute, you (the employer) may find yourself paying the employees' portion of the taxes as well as your own. If you are new to this procedure, please call the support department for complete instructions (this call is free to those customers with support contracts).

4) COMPLETE YOUR LAST PAYROLL OF THE CALENDAR YEAR

Since the government requires that you report earnings based on the **check date**, your last payroll for 2011 is the one with the final **pay date** in 2011. For example, if your payroll ends on Saturday and you normally date your checks the following Thursday, your last payroll for 2011 would be week ending December 24, 2011, paid on December 29, 2011.

5) COMPLETE THE ATTACHED CALENDAR YEAR END CHECKLIST – PAYROLL

Follow the checklist steps for Payroll. You will print quarterly reports, miscellaneous year-end reports, W-2 Totals report, create magnetic media (if required), backup and zero the employee Y-T-D amounts and change the Payroll tax tables. The early release copy of the 2012 Federal tax table changes follow the checklists.

If your **FISCAL** year also ends on December 31st, you must complete the attached Fiscal Year-End Checklist for Payroll.

The checklists include procedures for closing the year for other modules. These steps should be completed after you have closed December and before closing January for each module.

6) PROCEED WITH YOUR FIRST PAYROLL FOR THE NEW YEAR

VISUAL CONTRACCT - Calendar Year End Checklist

COMPANY NAME

MONTH / YEAR

PAYROLL -

1. **Print 4th Quarter Reports** > Reports > Payroll > Quarterly

2. **Print Year End Reports**

Reports > Payroll > Employee List

Reports > Payroll > Year End > 941

Reports > Payroll > Year End > SWT, Local & SDI (State Withholding Tax)

Reports > Payroll > Year End > Federal Unemployment (FUT)

Reports > Payroll > Year End > State Unemployment (SUT)

Reports > Payroll > Year End > W2 Totals

Reports > Payroll > Year End > W2 Forms

Note: W2 forms may be printed later by using the backup employee file.

Reports > Payroll > Year End > W2 Electronic Filing (EFW2)

3. **Print Calendar YTD Reports**

Reports > Payroll > Calendar YTD > Hours & Wages

Reports > Payroll > Calendar YTD > Wages

Reports > Payroll > Calendar YTD > Hours

Reports > Payroll > Calendar YTD > Total Wages-Taxes-Deductions=Net

4. **Print Monthly Report** > Reports > Payroll > Monthly > 401K Deduction Report

Note: Use beginning and ending dates for pay periods in your calendar year.

5. **Print Miscellaneous Reports** > Reports > Payroll > Miscellaneous > Deduction

Note: Use beginning and ending dates for pay periods in your calendar year.

6. **Back up Year End Employees and Zero Calendar YTD Employee Totals**

Admin > Payroll > Year End > Backup Year End Employees and Zero YTD Totals

7. **Make Changes to Federal and State Tax Tables**

Admin > Payroll > Tax Tables > Federal

Admin > Payroll > Tax Tables > State/Local

Note: Check exemption amount, unemployment rate, FICA rates and limits plus single and married rate tables.

ACCOUNTS PAYABLE

1. **Print Vendor Calendar Trial Balance Report** > Reports>Accounts Payable>Vendor List

Note: Select "include balances" and select beginning and ending months of calendar year.

2. **Print 1099 - Misc Forms** > Reports > Accounts Payable > 1099 Forms

ACCOUNTS RECEIVABLE

1. **Print Customer Calendar Trial Balance Report** > Reports > Accounts Receivable > Customer List

Note: Select "include balances" and select beginning and ending months of calendar year.

JOB COST

1. **Print Job Calendar Year End Reports**

Reports > Job Cost > Balance

Note: Select "totals only" and select beginning and ending months of calendar year.

Reports > Job Cost > Detail Ledger

Note: Select beginning and ending months of calendar year.

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GENERAL LEDGER

1. Print Calendar Year End Detail Ledger > Reports > General Ledger > Detail Ledger

Note: Select beginning and ending months of calendar year.

VISUAL CONTRACCT - Fiscal Year End Checklist

COMPANY NAME

MONTH / YEAR

PAYROLL

1. Print Fiscal YTD Reports

Reports > Payroll > Fiscal YTD > Hours
Reports > Payroll > Fiscal YTD > Wages

2. Zero Employee Fiscal YTD Totals

Admin > Payroll > Year End > Zero Employee Fiscal Year Totals

ACCOUNTS PAYABLE

1. Print Vendor Fiscal Trial Balance Report

Reports > Accounts Payable > Vendor List

NOTE: Select "include balances" and select beginning and ending months of fiscal year.

ACCOUNTS RECEIVABLE

1. Print Customer Fiscal Trial Balance Report

Reports > Accounts Receivable > Customer List

NOTE: Select "include balances" and select beginning and ending months of fiscal year.

JOB COST

1. Print Job Fiscal Year End Reports

Reports > Job Cost > Balance

NOTE: Select beginning and ending months of fiscal year.

Reports > Job Cost > Detail Ledger

NOTE: Select beginning and ending months of fiscal year.

GENERAL LEDGER

1. Print Fiscal Year End Detail Ledger

Reports > General Ledger > Detail Ledger

NOTE: Select beginning and ending months of fiscal year.

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REVISED - Tax Changes for 2012

Revised - 2012 TAX TABLE (For Wages Paid After December 31, 2011)

**Revised: Friday, December 23rd Congress approved a 2 month renewal of payroll tax cuts.
The Employee's Social Security tax withholding rate will be kept at
4.2 percent of wages paid through February 29, 2012.**

FEDERAL INFORMATION & WITHHOLDING TAX TABLE

Admin > Payroll > Tax Tables > Federal

[-----INFORMATION-----]

Standard Exemption	\$3,800.00		
Employer Soc Sec	% 6.20	Employer Medicare	% 1.45
Employee Soc Sec	% 4.20	Employee Medicare	% 1.45
Soc Sec Limit	\$110,100.00		
Fed Unemployment	% ***	Federal Unemployment Max	\$ 7,000.00
401K Limit	\$17,000.00 ****		
Over 50 401K Limit	\$22,500.00 ****		

******* Federal Unemployment % has become too complicated for Job Cost Inc to assume a suggested rate.
Please check with your accountant to determine the Federal Unemployment % for your company.

******** If you have some other pension plan, please check with your accountant for limits.

[-----SINGLE-----]

<u>LOWER LIMIT\$</u>	<u>TAX \$</u>	<u>PLUS %</u>
2,150.00	0.00	10.00
10,850.00	870.00	15.00
37,500.00	4,867.50	25.00
87,800.00	17,442.50	28.00
180,800.00	43,482.50	33.00
390,500.00	112,683.50	35.00

[-----MARRIED-----]

<u>LOWER LIMIT\$</u>	<u>TAX\$</u>	<u>PLUS %</u>
8,100.00	0.00	10.00
25,500.00	1,740.00	15.00
78,800.00	9,735.00	25.00
150,800.00	27,735.00	28.00
225,550.00	48,665.00	33.00
396,450.00	105,062.00	35.00

As of the date of this letter, no published changes exist for **2012** Illinois State Withholding Tax tables. **2012** Illinois State Unemployment Tax taxable wage base amount (employee gross limit) increases to **\$13,560.00**. As always, you are responsible for changes to all state tax tables.

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STATE & LOCAL INFORMATION & WITHHOLDING TAX TABLE

From the Admin Menu, Select Payroll > Tax Tables > State

Click the binoculars icon or (type Ctrl + L) for a list

Highlight the state you need to change and hit Enter or (double click on it).

Make the needed changes and type Ctrl + S to save.

Job Cost Inc.

PRINTING W-2 FORMS

A W-2 Totals Report should have been run when you closed your calendar year for Payroll. The W-2 Totals Report should be reviewed before you print your W-2's.

Reports > Payroll > Year End > W2 Totals > **2011** (if you need to reprint the report)

To print your W-2's, Go to Reports > Payroll > Year End > W2 Forms

Using the drop down menu, select the year and type in last years Social Security limit of \$106,800.00, Select the range of employees for whom you want to print W-2's.

We highly recommend you print your W-2's on paper first. You probably have a limited supply of W-2 forms and you do not want to print on the forms incorrectly. After you print the W-2's on paper set the forms next to the paper to check for alignment accuracy.

If you feel confident with the way your forms printed on the paper you should load your forms to print the W-2's.

NOTE: When printing on a laser printer, you will print the W-2 forms 6 times, once for each copy.

You may reprint the W-2 forms if you have any problems.

Please contact the customer support department if you have any questions.

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VISUAL CONTRACCT SYSTEMS
SPECIAL EARNINGS ON W2 FORMS BEFORE THE LAST PAYROLL
COST OF EMPLOYER-SPONSORED HEALTH COVERAGE
RECORD THE AMOUNT PER PAY PERIOD

New for 2012, employers are required to report the Cost of Employer-Sponsored Health Coverage. Please contact your accountant to determine if your company is required to report the Cost of Employer-Sponsored Health Coverage and HOW to determine the amount of Cost of Employer-Sponsored Health Coverage to be reported.

1. ENTER A CLEARING ACCOUNT – File > GL > Accounts
A clearing account is a general ledger account, usually titled “Clearing” or “Suspense” or “Exchange”. Its function is to be the GL account for several transactions that require entry into one or more subsystems (PR, AP, etc...) but generally net to zero after all parts of the transaction have been entered properly. Ask your accountant for an appropriate Account ID.
2. ADD A DEDUCTION FOR “Cost of Employer –Sponsored Health Coverage” – Admin > Payroll > Deductions/Addons/Fringes . . .
 - a. GL AcctID = clearing account
 - b. W-2 Box = 12
 - c. W-2 Code = DD
3. ADD A DEDUCTION FOR “Cost of Employer –Sponsored Health Coverage **OFFSET**” – Admin > Payroll > Deductions/Addons/Fringes . . .
 - a. GL AcctID = clearing account
 - b. W-2 Box = Should be empty
 - c. W-2 Code = Should be empty
4. CHECK YOUR PAYROLL DEBIT TABLE – Admin > Payroll > Debit Accounts
Make sure that the clearing account appears in your payroll debit table. If you need to add it, you must also put account numbers in the other fields (FICA, FUTA, etc...) - check with your accountant or controller if you are not sure what to use for these other fields
5. ENTER THE DEDUCTION ON THE EMPLOYEE FILE – File > Payroll > Employees > Deductions
Enter a deduction for the Cost of Employer - Sponsored Health Coverage deduction code
 - a. Type = Amount
 - b. Frequency = Every
 - c. Rate = POSITIVE amount of the cost of health coverage per pay period.
 - d. Maximum = 0.00
 - e. Accumulated = 0.00
Enter a deduction for the Cost of Employer - Sponsored Health Coverage **OFFSET** deduction code
 - a. Type = Amount
 - b. Frequency = Every
 - c. Rate = NEGATIVE amount of the cost of health coverage per pay period.
 - d. Maximum = 0.00
 - e. Accumulated = 0.00

VISUAL CONTRACCT SYSTEMS
SPECIAL EARNINGS ON W2 FORMS BEFORE THE LAST PAYROLL
COST OF EMPLOYER-SPONSORED HEALTH COVERAGE
ONE ENTRY TO RECORD THE AMOUNT FOR THE YEAR

New for 2012, employers are required to report the Cost of Employer-Sponsored Health Coverage. Please contact your accountant to determine if your company is required to report the Cost of Employer-Sponsored Health Coverage and HOW to determine the amount of Cost of Employer-Sponsored Health Coverage to be reported.

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2. ADD A DEDUCTION FOR “Cost of Employer –Sponsored Health Coverage” – Admin > Payroll > Deductions/Addons/Fringes . . .
 - a. GL AcctID = clearing account
 - b. W-2 Box = 12
 - c. W-2 Code = DD
3. CHECK YOUR PAYROLL DEBIT TABLE – Admin > Payroll > Debit Accounts
Make sure that the clearing account appears in your payroll debit table. If you need to add it, you must also put account numbers in the other fields (FICA, FUTA, etc...) - check with your accountant or controller if you are not sure what to use for these other fields
4. ENTER THE DEDUCTION ON THE EMPLOYEE FILE – File > Payroll > Employees > Deductions
 - a. Type = Amount
 - b. Frequency = Every
 - c. Rate = amount of the health coverage to show on the W-2 form.
 - d. Maximum = amount of health coverage to show on the W-2 form.
 - e. Accumulated = 0.00
5. ENTER TIME CARD FOR (NON)TAXABLE PAY – File > Payroll > Time Cards > Add
 - a. Union/Payrate ID should be empty
 - b. Day of Week = N (Non Taxable)
 - c. Dates = dates of the Coverage
 - d. Job and Phase should be empty
 - e. Account# = clearing account
 - f. NonTaxable Amount = amount of the cost of health coverage to show on the W-2 form
6. COMPUTE CHECKS – File > Payroll > Calculate Checks
7. EDIT CHECK CALCULATIONS – File > Payroll > Review/Void Checks . . .
If you are not including any taxable wages in this check, zero any deductions, state withholding and federal withholding to make sure the net of this check = \$0.00.
8. PRINT CHECK - File > Payroll > Print Checks