CCH Small Firm Services

Payroll Reporting Guide

Wolters Kluwer

PAYROLL REPORTING

User Guide

© 2015 Universal Tax Systems, Inc. and its affiliates and/or licensors. All rights reserved.

225 Chastain Meadows Court NW

Suite 200

Kennesaw, GA 30144

Audit Shield, MAX, InterviewPLUS, TaxWise, Universal Tax Systems Inc. are registered trademarks and/or registered service marks of Universal Tax Systems, Inc.. ATX, Client Accounting Suite, Fixed Asset Manager, PaperlessPLUS, Protection Plus, and Trial Balance are trademarks and/or service marks of Universal Tax Systems, Inc.. CCH and IntelliConnect are registered trademarks of CCH Incorporated. CCH iFirm is a trademark of CCH Incorporated.

Excel, Internet Explorer, Outlook, Microsoft, and Windows are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.

Other company and product names referenced in this manuscript may be the trademarks or service marks of their respective companies.

No part of this manuscript may be copied, photocopied, reproduced, modified or distributed in any form or by any means without permission in writing from Universal Tax Systems, Inc. d/b/a CCH Small Firm Services. Information in this manuscript is subject to change without notice. Any software or service described in this manuscript is furnished under a license agreement and may be used or copied only in accordance with the terms of the license agreement.

CCH Small Firm Services is not engaged in rendering legal, technical, or other professional services. Use of this manuscript or the information in this publication does not relieve the user of complete responsibility for the operation and functionality of its computers and/or network, for the maintenance and backup of all user data, or for the preparation, content, accuracy, and review of all forms.

Any mention herein of third party products is for informational purposes only and does not constitute an endorsement by CCH Small Firm Services. CCH Small Firm Services assumes not responsibility with regard to the performance or use of third party products.

THIS MANUSCRIPT IS PROVIDED “AS-IS” WITHOUT ANY WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Table of Contents

Payroll Reporting Overview **5**
    Filing Payroll Returns Electronically 5
    Requirements for Electronic Filing 6
    Paper Filing Payroll Returns 6
    Filing Requirements and Resources 6
Preparing Quarterly and Annual Reports **9**
    Form 940 Overview 9
    Forms 941 and 944 Overview 9
        Simplified reporting for smaller employers 9
    Completing Quarterly and Annual Payroll Reports 9
        Preparing 940, 941, or 944 returns 9
    Rolling Over Quarterly and Annual Payroll Reports 10
        Rolling Over Annual 940 or 944 Returns 10
        Rolling Over 941 Returns Each Quarter 10
        Rolling Over Returns to Non-Consecutive Periods 11
    Making Payments 11
    Filing Your Payroll Returns 11
        Paper Filing 11
        Electronic Filing 12
    Amending 940, 941, or 944 Returns 15
    Final Quarterly and Annual Payroll Reports 15
Preparing W-2 Returns **17**
    Form W-2 Overview 17
    Completing W-2 Returns 17
        Preparing W-2 Returns 17
        Entering Data on Form W-2 18
    Rolling Over W-2 Returns 18
    Correcting W-2 Returns 18
        Correcting Returns Before Filing 19
    Filing Your W-2 Returns 19
        Paper Filing 19
        Where to File 20
        Electronic Filing 20
Preparing 1099 Returns **25**
    Forms 1099 Overview 25
    Completing 1099 Returns 25
        Preparing 1099 Returns 25
        Data Entry for Form 1099, 1098, and W-2G 26
    Rolling Over 1099 Returns 26
    Correcting 1099 Returns 26

Filing Your 1099 Returns 27
Paper Filing 27
Filing Returns with the IRS 27
State Employment Taxes 31
Rolling Over State Payroll Returns 31
Rolling Over Annual State Returns 31
Rolling Over State Returns Each Quarter 32
Rolling Over Returns to Non-Consecutive Periods 32
State Annual Wage Report 32
Adding Form W-2 to State Returns 33
Index 34

Chapter

1

Payroll Reporting Overview

In this chapter, you will learn about the basic concepts of payroll reporting using your ATX software.

Prepare quarterly Form 941 and annual Forms 940, 944, W-2, W-2G, 1099, 1098, and 5498 using our W-2/1099, Payroll Compliance Reporting, and MAX programs. You can also prepare these forms using our Pay-Per-Return System (PRS) in any 1040 package.

After you prepare the forms, use the program to:

- *Electronically file W-2 and W-3 forms with the Social Security Administration (SSA)*
- *Electronically file other payroll returns with the Internal Revenue Service (IRS)*
- *Prepare required forms for distribution to recipients*

Filing Payroll Returns Electronically

With the exception of W-2 and W-2c returns, preparing payroll returns for electronic filing is similar to preparing income tax returns for electronic filing. In the case of Forms W-2 and W-2c, instead of e-filing the returns through your ATX software, you upload them to the SSA. Although software creates the file to upload, it does not electronically file the returns.

The SSA encourages all filers to verify W-2 data using AccuWage before uploading the files to the SSA. When you run AccuWage, the program prompts you for the location of your W-2 data files. You can find this information on the **E-file Manager** tab of your program's Preferences window.

For a thorough explanation of how to e-file Forms W-2 and W-2c, view the SSA's Business Services Online Handbook, available at www.ssa.gov/employer/bsohbnew.htm.

The SSA allows you to file test returns. The Business Services Online Handbook provides complete instructions. For instructions on using AccuWage in your ATX software, see Electronic filing in Chapter 3 of this guide.

Prepare and electronically file Forms 940, 941, 944, 1098, 1099, 5498, and W-2G with the IRS the same way you electronically file income tax returns using the CCH Small Firm Services e-file servers. If you send test returns to CCH Small Firm Services, use 11-1111111 as the Employer Identification Number (EIN). When CCH Small Firm Services receives a return with this EIN, we recognize it as a test file. Any other EIN will be treated as a genuine return.

The IRS no longer accepts magnetic media filing. E-filing is the only electronic method available.

Prior to electronic filing payroll returns, please visit the ATX Solution Center to ensure that a current credit card is on file for processing transaction fees.

Requirements for Electronic Filing

CCH Small Firm Services has been approved to e-file Forms 940, 941, 944, 1098, 1099, 5498, and W-2G. As noted in the previous section, your ATX software creates W-2 e-files and validates them using AccuWage, but it does not transmit the returns to the SSA. You must transmit these returns through the SSA's Business Services Online (BSO) Web site.

To electronically file Forms W-2 with the SSA, you must register with the BSO Web site www.ssa.gov/bso/bsowelcome.htm to receive a User ID and a password. When you are at the site, click **Registration** on the Welcome page and follow the instructions. The registration process asks for information about you and your business.

You have two registration options to electronically file Forms 940, 941, and 944 with the IRS:

Only one PIN method is needed to e-file Forms 940, 941, and 944 with the IRS.

- 10-digit PIN method - Each business must register with the IRS to receive a 10-digit PIN by completing the application form in your ATX software. This is a one-time registration for the business.
- 5-digit PIN method - The reporting agent must register with the IRS to receive 5-digit Reporting Agent PIN. This is a one-time registration for the agent (individual taxpayers do not have to register).

The business does not require a PIN if the preparer is filing with the IRS using the 5-digit Reporting Agent PIN.

For more information, visit the following IRS Web sites:

- Taxpayer Technical Fact Sheet
  http://www.irs.gov/Tax-Professionals/e-File-Providers-&-Partners/Taxpayer-Technical-Fact-Sheet
- ERO Technical Fact Sheet
  http://www.irs.gov/Tax-Professionals/e-File-Providers-&-Partners/ERO-Technical-Fact-Sheet
- Reporting Agent Technical Fact Sheet
  http://www.irs.gov/Tax-Professionals/e-File-Providers-&-Partners/Reporting-Agent-Technical-Fact-Sheet
- IRS e-file Application and Participation
  http://www.irs.gov/pub/irs-pdf/p3112.pdf
- Employment Tax e-file System Implementation and User Guide
  http:// www.irs.gov/pub/irs-pdf/p3823.pdf

Paper Filing Payroll Returns

Because the IRS and SSA machine-read paper returns, these forms must be printed with paper and ink that meet IRS standards. If you plan to file paper returns with the IRS or the SSA, read IRS Publications 1141 and 1179 for specific details about IRS requirements for substitute forms, including print characteristics. The IRS updates these publications whenever IRS standards change.

You can print recipient copies of the forms in IRS-approved formats from your ATX software. However, you should test a single form for proper printer alignment before printing all copies of the forms. Use the **Print Alignment** feature to align text on preprinted or approved substitute forms.

Filing Requirements and Resources

Forms W2/W2C and 1096 include a Filing Info worksheet which includes detailed information on electronically filing, such as which forms are e-fileable and which states are included, plus information on the Federal/State filing program.

For state information to appear on the Filing Info worksheet, you must complete the employee's state information on Form W-2.

The IRS issues various form instructions, notices, and publications that contain requirements for filing quarterly and annual payroll forms and for participating in IRS e-file. We recommend reviewing the following resources that are applicable to the needs of your business:

- IRS and state instructions for W-2 and W-3 forms
- IRS and state instructions for 1098, 1099, 5498, and W-2G forms
- IRS instructions for 940, 941, and 944 forms
- SSA's Business Services Online Handbook, available on the Social Security Online Web site at www.ssa.gov/employer/bsohbnew.htm
- IRS Revenue Procedure 99-39
- Notice 1325, Notice to Withholding Agents
- Publication 15, (Circular E), Employer's Tax Guide
- Publication 15-A, Employer's Supplemental Tax Guide
- Publication 15-B, Employer's Tax Guide to Fringe Benefits
- Publication 51, (Circular A), Agricultural Employer's Tax Guide
- Publication 509, Tax Calendars
- Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities
- Publication 531, Reporting Tip Income
- Publication 926, Household Employer's Tax Guide
- Publication 963, Federal-State Reference Guide
- Publication 1220, Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically
- Publication 1245, Specifications for Filing Form W-4, Employee's Withholding Allowance Certificate Electronically
- Publication 3151, The ABC's of Federal Tax Deposits
- Publication 3151-A, The ABC's of the Federal Tax Deposits (Resource Guide)
- Publication 3823, Employment Tax e-file System Implementation & User Guide

To download IRS form instructions, notices, and publications, visit the IRS's Forms and Publications Web site at www.irs.gov/formspubs/index.html.

Chapter

2

Preparing Quarterly and Annual Reports

In this chapter, you will learn how to complete and roll over quarterly and annual payroll reports, file electronically or by paper, and amend 940 returns.

Form 940 Overview

Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, is used to report annual FUTA(Federal Unemployment Tax Act) tax. Most employers pay both federal and state unemployment taxes. Only the employer pays FUTA tax – employers do not collect or deduct unemployment tax from employees' wages.

You are not required to file Form 940 until January of the following year. However, if an employer's FUTA tax liability for a quarter equals or exceeds the limitation provided in the form instructions, the employer is required to make deposits of FUTA taxes throughout the year, based on its current-year wages.

FUTA tax applies to the first $7,000 paid to each employee during the year after subtracting exempt payments. This amount is the federal wage base, but it may not be the employer's state wage base. To learn which payments are exempt from the federal wage base, refer to section 14 of Circular E.

Forms 941 and 944 Overview

Any employer who withholds payroll or income taxes from employees or who pays social security and Medicare taxes must file Form 941, Employer's Quarterly Federal Tax Return, by the last day of the month that follows the end of each calendar quarter.

Simplified reporting for smaller employers

The IRS may request that certain small employers file an annual Form 944, Employer's Annual Federal Tax Return, once a year, instead of filing Form 941 each quarter. Form 944 is designed for eligible small employers who file quarterly returns with little or no employment tax due. Most employers who file Form 944 are able to make a single payment with their annual return. If you believe your client is eligible to file Form 944, you can call the IRS at (800) 829-0115 to find out if they qualify.

Completing Quarterly and Annual Payroll Reports

You create new 940, 941, or 944 returns for employers the same way you create new income tax returns. In the **Return Manager**, click **New** on the toolbar. In the **Select Forms** window, type 940, 941, or 944 in the Find box. Select the appropriate forms, and then click **Open Forms**. When the return opens, it will contain input sheets for Form 940, 941, or 944.

Preparing 940, 941, or 944 returns

When you prepare the first Form 940 for an employer, you can prepare the form as a separate return, or you can prepare it in the same return in which you prepare Forms W-2 for the employer.

If you prepare the 940 as a separate return, enter the employer's name, federal EIN, and address directly on the **Company Info** tab of the Information Worksheet. If you include Form 940 in the W-2 return, the company information will automatically flow over from the Employer's Information (Form W2/W2C) worksheet.

When you prepare the first Form 941 or Form 944 for an employer, enter the employer's name, federal EIN, address, and period ending date directly on the **Company Info** tab of the Information Worksheet.

Press **F1**; then enter **940**, **941**, or **944** in the **Find** box for detailed instructions.

Rolling Over Quarterly and Annual Payroll Reports

Use the **Rollover Manager** to roll over payroll returns from last year or the prior reporting period. This manager includes two view tabs:

- **2014 Returns**
- **Last Month / Quarter**

The payroll tax forms in your ATX software are designed to be rolled over from the prior year or quarter. You need to enter all necessary data in the first quarter's return. When you are ready to file the next quarter's return, use the **Last Month/Quarter** view of the **Rollover Manager** to roll over the prior quarter's return to the next period.

Rolling over returns from the prior quarter creates new returns with the same forms, the client header information, and the new period's reporting dates. After you roll over a quarterly return, you can rename it to include the period ending date. Be sure to mark your clients' returns as **Completed** in the **Return Manager** as you complete each return. This prevents information from being changed after the return is filed.

If information in the new quarter's return is not calculating correctly, check the **For the period ending** field on the state form's Filing Options worksheet to ensure the period ending date is updated.

For withholding returns, any information needed to prepare the subsequent-period return or year-end reconciliation form is rolled over to the new return. For payroll forms, when you roll over a return to begin a new year's return, only the basic information and any allowable overpayments are rolled over. If you downloaded the new year's forms before rolling over the prior-year return, the new year's forms are used.

Rolling Over Annual 940 or 944 Returns

The prior-year rollover process is generally used for individual and business returns. However, you should also use this option to roll over the first 940 or 944 return you create with a new version of the program.

To Roll Over Annual 940 or 944 Returns:

1. Click the **Rollover Manager** tab.
2. Click the **2014 Returns** tab.
3. Select the **Not Rolled Over** filter.

If no 940 or 944 returns are listed, click **Browse** on the toolbar and then navigate to the folder in which last year's returns are located; then, click **OK**.

4. Select the 940 or 944 return or returns to be rolled over by checking the box to the left of the return name.
5. Check the **Marked Returns** filter and verify you have selected the correct returns.
6. On the toolbar, click **Rollover**.

Rolling Over 941 Returns Each Quarter

Rolling over 941 returns from the prior month or quarter creates new returns with the same forms, the client header information, and the new period's reporting dates.

To Roll Over Quarterly 941 Returns:

1. Click the **Rollover Manager** tab.
2. Click the **Last Month/Quarter** tab.
3. Select the 941 returns to roll over for the quarter.
4. On the toolbar, click **Rollover**.

After you roll over a quarterly 941 return, you can rename it to include the period's ending date.

Rolling Over Returns to Non-Consecutive Periods

If you roll over a quarterly return and then manually change the ending date to a later period, inaccurate information may appear in some fields. When you want to roll over a return from one period to a subsequent period, but the two periods are not consecutive, you need to perform at least two rollovers:

1. Roll the return over to the intervening period.
2. Then, roll over the intervening period returns until you have rolled the data over to the period you want to prepare.

You can delete the returns for the intervening periods if you do not plan to prepare them.

Making Payments

The Form 940-V, 941-V, and 944-V payment vouchers are separate forms. The program automatically opens these forms for you if there is a balance due. A payment voucher is required if the employer is making a payment with Form 940, 941, or 944.

For general rules for making a payment with Form 940, 941, or 944, refer to the IRS form instructions or section 11 of Circular E for deposit instructions.

If the employer mails an amount that should have been deposited, the employer may be subject to a penalty. See section 11 of Circular E for deposit penalties.

When making a payment via a check or money order, make it payable to “United States Treasury.” Be sure to also enter the employer’s EIN, “Form 940,” “Form 941,” or “Form 944,” and the tax period on the check or money order. Do not send cash.

Detach and send the completed voucher with Form 940, 941, or 944, including the payment to the address on the Where to File worksheet.

The Where to File worksheet for Form 940, 941, and 944 is the last page shown on the navigation bar below the form.

Make certain that the employer’s name, federal EIN, and address have been entered. If the balance due is under $1, the employer does not have to pay it.

Filing Your Payroll Returns

You can paper file your 940, 941, and 944 returns through the U.S. Postal Service, or file them electronically.

Paper Filing

If you are filing your 940, 941, or 944 returns by mail, the **Print Manager** provides all the tools you need to control the printing of your returns. You can print all supporting schedules and other forms you need to include with the return.

Open the **Print Manager** by clicking **Print** on the toolbar in an open return. You can temporarily change the view by using the filter panel check boxes and the boxes at the top of the middle columns.

The **Select** panel, located on the left side of the **Print Manager**, is divided into three sections:

- **Copy type** – Filing, Client, Preparer, and Custom Printing
- **Return type** – Federal and State/Local
- **Number of copies to print**

Check the **Filing**, **Client**, **Preparer**, or **Custom Printing** copy at the top of the column to select forms for that type. The columns display check boxes for the forms and worksheets in the return. To see only federal or state returns in the **Print List**, select the **Federal** or **State/Local** filter. To print multiple copies, enter a number in the **Copies** box.

Printing Specific Forms or Schedules

Use the **Custom Printing** feature in the Print Manager to print specific forms, schedules, worksheets, and pages.

To Print Specific Forms or Schedules:

1. Open a 940, 941, or 944 return.
2. On the toolbar, click **Print**.
3. Check the **Custom Printing** box.

   To view the entire **Print List**, click **Expand**. To view a particular section, click the **+** (plus sign). To collapse the entire **Print List**, click **Collapse**. To collapse a particular section, click the **-** (minus sign).

4. In the **Print List**, select the specific items you want to print.
5. In the **Copies** window, enter the number of copies to be printed.

   To display a list of all the forms you have selected for printing, click **Preview** on the toolbar. To return to the **Print Manager**, click **Close Preview**.

6. Click **Print**.

To Print Single Form Pages:

1. Open a 940, 941, or 944 return.
2. Navigate to the page you want to print.
3. Right-click the form, and then click **Print Current Page**.

Batch Printing Returns

Batch printing 940, 941, or 944 returns from the **Return Manager** uses a different process. Returns printed with the batch printing command rely on the default print settings you chose in **Preferences**. When you batch print returns, you cannot choose to print specific forms and worksheets.

To Batch Print Returns:

1. Click the **Return Manager** tab.
2. Mark one or more 940, 941, or 944 returns.
3. On the **Returns** menu, click **Batch Print Marked Returns**.
4. Select the copies to print.
5. Change the printing preferences and options, if desired.
6. Click **Start Print**.

After you have printed the return, attach all schedules and other forms after Form 940, 941, or 944. If you created any supporting statements or itemized lists, arrange them in the same order as the schedules or forms they support, and attach them last. Then sign and date the return.

If required, make a federal tax deposit at your financial institution. If making a payment with Form 940, 941, or 944; enclose Form 940-V, 941-V, or 944-V and a check.

For a complete list of mailing addresses for 940, 941, and 944 returns, visit the Where to File Addresses page of the IRS Web site at www.irs.gov/file/index.html.

Electronic Filing

E-filed returns may require more information than you normally include with a paper-filed return. If you omit information, the special error-checking process that runs during e-file creation prompts you to enter the missing information.

your ATX software supports e-filing 94X returns using the **5-digit Reporting Agent PIN** methods.

Only one PIN method is needed to e-file Forms 940, 941, and 944 with the IRS.

Prior to electronic filing payroll returns, please visit the ATX Solution Center to ensure that a current credit card is on file for processing transaction fees.

Registering for 5-digit Reporting Agent PIN

A Reporting Agent is an accounting service, franchiser, bank, or other person who complies with Revenue Procedures 2003-69 and is authorized to electronically prepare a Form 940/941/944 for a taxpayer. Reporting Agents sign all of the electronic returns they file with a single PIN signature. Reporting Agents may transmit their own returns, or may use the services of a third-party transmitter.

To become a Reporting Agent, you must file Form 8633, Application to Participate in the IRS e-file Program and be sure to answer all questions regarding Reporting Agents. Also, you must file Form 8655 for each employer for which you will file and sign a 94X return.

For more information on Reporting Agents and e-filing 94x returns, visit the Reporting Agents (RAF) Web site at http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Reporting-Agents-File-RAF and the Reporting Agent Technical Fact Sheet at http://www.irs.gov/Tax-Professionals/e-File-Providers-&-Partners/Reporting-Agent-Technical-Fact-Sheet on IRS.gov.

Creating E-files

To Create E-files:

1. Open a 940, 941, or 944 return.
2. On the **E-file** menu, click **Create E-file**.
3. In the **Create E-file** box, check the box for the federal return you plan to e-file.

   If **Click here to add required forms** shows under the form name, click this link to add the missing required forms to the return, complete the newly added forms, and then create the e-file.

4. Click **Create**.
5. Click **OK**.

   If the **Correct E-File Errors** box appears, click **Continue** and then correct the errors. After making the necessary corrections, repeat the e-file creation process.

If you make changes to a return after you have created an e-file, you must re-create the e-file to incorporate the changes into the file to be transmitted.

To Transmit E-Files:

1. Connect to the Internet.
2. Click the **E-File Manager** tab.
3. In the **Filter** panel, select the **Created** check box.
4. Mark the e-files you want to transmit.
5. On the **E-file** menu, click **Transmit Marked E-files**.
6. Click **Close** after you have successfully transmitted the e-files.

Your ATX software cannot recall a return once you have transmitted it. If you are unsure about a return, put it on hold until you are certain you are ready to file.

Managing Acknowledgements

When the IRS receives a file from CCH Small Firm Services, it electronically transmits an acknowledgment (Ack) to CCH Small Firm Services. CCH Small Firm Services forwards the acknowledgment to you. An acknowledgment does not mean the return has been accepted as error free, but rather that the IRS has received a complete, legible file that is free from obvious errors.

Each time you transmit a return or request acknowledgments, the program automatically updates the status of all your e-filed returns.

To Update Acknowledgments:

1. Click the **E-File Manager** tab.
2. On the **E-file** menu, click **Receive Acknowledgments**.
3. After the acknowledgment update is complete, click **Close**.

To Review the Acknowledgment:

1. Open the return for which you want to review the history.
2. On the **E-file** menu, click **Display Acknowledgment History**.

To print a copy of the acknowledgment history, click **Print**.

To see the detailed error list for a rejected acknowledgment, select the acknowledgment, and then click **Details**.

If you would like to save the error list as a **Microsoft® Excel** spreadsheet, click **Save As Excel File**.

Correcting Rejection Errors

In the event one of your federal or state e-files is rejected, you must correct any errors, re-create the e-file, and then transmit it again.

To Correct Rejection Errors:

1. Click the **E-File Manager** tab.
2. In the **Filter** panel, select the **Rejected** check box.
3. Select a rejected return.
4. On the **E-file** menu, click **Display Rejection Errors**.

   The return opens, and the **E-file Error Report** box displays the errors, the number of errors, and the fields in which they are located.

5. Click a specific error to navigate to the field containing the error, and then correct it.
6. After you have corrected all the errors, re-create and retransmit the e-file.

Use the **Next Error** and **Previous Error** buttons to navigate through each list. Failing to correct all errors will cause the return to be rejected again.

940/941 EF Info

Like any conventional return, an e-file is not considered valid until both you and your client(s) have signed it.

At the top of the form select the check box that applies. Then complete the PIN information section.

Prior to electronic filing payroll returns, please visit the ATX Support Center to ensure that a current credit card is on file for processing transaction fees.

Taxpayer (TP entered)

1. Complete and sign Form 8879 (Part II).
2. Enter the PIN on the EF Info Worksheet (if the ERO is not authorized to do so).
3. Enter your 5-digit ERO PIN on the 904/941 EF Info.

ERO (ERO entered)

1. Enter the taxpayer's PIN on the 940/941 EF Info (if authorized by taxpayer).
2. Enter 5-digit the ERO PIN on the 940/941 EF Info.

If the preparer checks the ERO entered box, Form 8879-EMP is completed and signed. Do not send to the IRS. Keep for your records.

Amending 940, 941, or 944 Returns

Use a new Form 940 to amend a previously filed return. Check the **Amended Return** box on page **1** of this form. Enter all amounts that should have been on the original return. Attach an explanation of the reasons for amending the return.

For more information about filing an amended Form 940, see the IRS instructions for this form.

If you make any adjustments on Form 941 or Form 944, you must explain these adjustments on Form 941-X (Adjusted Employer’s QUARTERLY Federal Tax Return or Claim for Refund) or Form 944-X (Adjusted Employer’s ANNUAL Federal Tax Return or Claim for Refund), respectively.

For more information about filing an amended Form 941 or Form 944, see the IRS instructions for these forms.

Before amending Form 940, we recommend duplicating the original return, and amending the duplicate. This allows you to keep a permanent record of both the original and the amended return.

You cannot use the **Amend Return** command on the **Returns** menu to amend Form 940.

Final Quarterly and Annual Payroll Reports

If the employer will not have to file Form 940 in the future, check the **Final** box in the **Type of Return** section; then, complete and sign the return. If the employer starts paying **FUTA** wages again, it must once again file Form 940.

If the employer goes out of business or stops paying wages, it must file a final Form 941 or Form 944 for the last quarter or year in which wages are paid. Be sure to check the box on page 2, Part 3 of Form 941 or Form 944, and enter the date final wages were paid.

However, if an employer continues to pay wages or other compensation for quarters or years following termination of its business, it must once again file Form 941 or Form 944. See the IRS instructions for these forms for details on how to file a final return.

If the employer is required to file a final Form 940, 941, or 944, it is also required to furnish Forms W-2 to its employees by the due date of its final return. Do not send an original or copy of Form 940, 941, or 944 to the SSA.

Chapter

3

Preparing W-2 Returns

In this chapter, you will learn to use AccuWage, create, submit, and correct W-2 returns.

Form W-2 Overview

All employers must file Form W-2, Wage and Tax Statement, for wages paid to each employee from whom income, social security, or Medicare tax was withheld, or from whom income tax would have been withheld if the employee claimed no more than one withholding allowance or had not claimed exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate.

Every employer engaged in a trade or business that pays compensation for services performed by an employee, including noncash payments, must furnish Form W-2 to each employee, even if the employee is related to the employer.

The regulations state that any employer who is required to file 250 or more W-2 returns must file such returns electronically. This requirement applies separately to each type of return.

Completing W-2 Returns

You create a new W-2 return for an employer the same way you create a new income tax return. In the **Return Manager**, click **New** on the toolbar. In the **Select Forms** window, type **W2** in the **Find** box. Select **W2/W2C** from the list, and then click **Open Forms**. Your newly created file will contain input sheets for Forms W-2 and W-2c.

If you set program preferences to automatically open associated forms, Form W-3, Transmittal of Wage and Tax Statements, will open along with Form W-2. If you did not, you need to add Form W-3 as a new form after you create the return.

Preparing W-2 Returns

When you prepare the first W-2 return for a client, enter the employer information directly on the Employer Info worksheet for W-2 forms (select the appropriate tab at the bottom of the form).

If you prepare multiple returns for a client, you can store that client's information in the **Companies** database, and then enter it automatically on new returns. To enter information stored in the **Companies** database, select **Companies** from the **Tools** menu in an open return, select the appropriate employer, and then click **Enter on Form** on the toolbar.

Entering Data on Form W-2

Your ATX software automatically calculates **Social Security** and **Medicare** wages. If you prefer to always enter these amounts instead of having the program calculate them, disable the preference on the **Open Return** tab in the **Preferences** window, or to disable calculations in the current return, clear the **Check to automatically calculate all Lines 3, 4, 5, 6 and 16** check box in the **Employer's Information** section on the **Employers Info** tab of Form W-2.

Use either the **Input** or **Detail** tab to enter information for individual Forms W-2 and W-2c. The Input worksheet replicates Form W-2 in the top section and Form W-2c in the bottom section. The Detail worksheet is like a spreadsheet with the Form W-2 entry area on the left and the W-2c entry area on the right. You can switch back and forth between the input and detail methods of data entry.

Other tabs are included for your convenience and require no entries. They display the forms in various formats, providing a preview before printing.

To display your records:

Use the control buttons to scroll through your records, delete records, or find specific records.

Click the arrow buttons in the upper left corner to scroll through the records you have already completed.

The current **Record Number** is shown between the **Back** and **Forward** (arrow) buttons.

To delete the current record, click **Delete Record**.

To find a specific record, enter the appropriate search text in the **Find** box, and then click **Find**.

To sort W-2 records:

1. Click the **Sort** button.
2. In the **Sort Records** box, select a field to sort by.
3. Select either **Ascending** or **Descending**, and then click **Sort**.

The order in which records appear after sorting has no effect on the order in which they print. Refer to Filing your W-2 returns later in this chapter for more information.

Rolling Over W-2 Returns

You can roll over W-2 returns from the previous year in your ATX software.

To roll over W-2 returns:

1. Click the **Rollover Manager** tab.
2. Click the **2014 Returns** tab.
3. Select the **Not Rolled Over** filter.

   If no W-2 returns are listed, click the **Browse** button on the toolbar and then navigate to the folder where you stored last year's returns. Click **OK**.

4. Select the W-2 returns to be rolled over by checking the box to the left of the return name.
5. Check the **Marked Returns** filter and verify you have selected the correct returns.
6. On the toolbar, click the **Rollover** button.

Correcting W-2 Returns

The procedure for correcting a W-2 varies, depending on if you have already filed the return with the SSA. The IRS instructions for Forms W-2 and W-3 cover several scenarios. The following procedure addresses how to correct a W-2 before it is filed with the SSA.

To correct a W-2 that was previously e-filed and accepted by the SSA, refer to Correcting accepted W-2 e-files later in this chapter.

Correcting Returns Before Filing

To correct a W-2 before filing it with the SSA:

1. Open the return containing the incorrect W-2.
2. Locate the employee's W-2 record and correct the erroneous information.

   Do not use the W-2c fields.

3. Print the recipient copies of the W-2.
4. Print or type **REISSUED STATEMENT** on the employee's copies.
5. Follow your normal procedure for filing the W-2 return with the SSA.

To correct a previously filed W-2:

1. Open the return containing the incorrect W-2.
2. Locate the employee's record.
3. Locate W-2C on the **Input** tab of Form W2/W2C.
4. Re-enter the employee's Social Security number in the **SSN** field of the **Correct Information** section.
5. Enter the balance of corrected information in the **Correct Information** column.
6. Print the W-2c and W-3c using the **Print Manager**.

Only those employees who have been corrected will print, and only those fields which have changed on one or more W-2s will display with their previously reported and correct amounts.

Filing Your W-2 Returns

You can paper file your W-2 returns through the U.S. Postal Service, or file them electronically. You can also print recipient copies of the forms for distribution.

Paper Filing

Because the SSA machine-reads paper returns, Form W-2 must be printed with paper and ink that meets government standards. If you plan to file paper returns with the SSA, read IRS Publications 1141 and 1223 for specific details about IRS requirements for substitute forms, including print characteristics. The IRS updates these publications as standards change.

You can purchase approved substitute forms from Nelco and many office supply stores, or you can order them directly from the IRS. Nelco offers the Uni-Form paper and envelopes, which you can use for printing and mailing W-2 returns.

You can print recipient copies of the forms in IRS-approved formats from your ATX software. However, you should test the printer alignment for your forms by printing on blank paper and then comparing the results to the substitute form to make sure the data is aligned properly.

To Align W-2 Data to Print on Substitute Forms:

1. Open a W-2 return.
2. Click **Print Alignment** above the form.
3. Select the appropriate paper type.
4. Adjust the margins and row spacing.
5. Click **Print**.

To revert to the default margin and row settings, click **Reset** in the **Print Alignment** box.

Printing Forms W-2, W-2c, W-3, and W-3c

Forms W-2, W-2c, W-3, and W-3c use a special printing utility to print the multi-copy formats required by the SSA.

You can print Copy A of forms W-2, W-2c, W-3, and W-3c on blank paper, however, you must use a laser printer to print, using only black ink. You can also print Copy A on red, preprinted forms, available from the IRS or at many office supply stores.

You can use your ATX software to print Copies B, C, D, and 2 using our Uni-Form product. You can also print these copies on the red, preprinted forms described above. Separate SSA approval is not required for Copies B, C, D, or 2.

To Print Forms W-2, W-2c, W-3, and W-3c:

1. Open a W-2 return.
2. On the toolbar, click **Print**.
3. Click the **W2/W3** or **W2C/W3C** tab, as appropriate.
4. Under **Select**, specify your **Print Order**, **Blank Paper Printing**, or **Preprinted Form** preferences.

   ⚠ You cannot select **Blank Paper Printing** and **Preprinted Form** selections in the same print job since each requires separate paper stock.

5. Under **Print List**, review the records that will print, and modify them if needed.
6. Click the **Other Forms** tab and select the auxiliary forms you want to print.
7. In the **Copies** field, enter the number of copies you want to print.
8. Click **Print**.

Where to File

Mail Copy A of Form W-2 with Form W-3 to the SSA. If you use a private delivery service, see Circular E for a list of IRS-approved services. Do not send cash, checks, or money orders with Forms W-2 and W-3 that you submit to the SSA.

Send Copy 1 of Form W-2 to your state, city, or local tax department. For more information concerning Copy 1, contact your state, city, or local tax agency.

Shipping and Mailing

If you file more than one type of employment tax form, group Forms W-2 of the same type with a separate Form W-3 for each type, and send the groups separately. These forms are machine-read, so staple holes or tears may interfere with machine reading. Also, do not fold Forms W-2 and W-3. Send the forms to the SSA in a flat mailing.

Electronic Filing

Preparing information returns for electronic filing is similar to preparing income tax returns for electronic filing, but you must e-file Forms W-2 and W-2c by uploading the e-files to the SSA. Although the ATX software creates the e-file, it does not electronically file the returns.

To Create W-2 E-files:

1. Open a W-2 return.
2. On the **E-file** menu, click **Create E-file**.
3. In the **Create E-file** box, check the boxes for the federal and any state returns you plan to e-file.
4. Click **Create**.
5. In the **Smart Preference** box, note the location of the folder in which your W-2 e-files will be stored.
6. Do one of the following:
   - Click **Yes** to use this folder.
   - Click **Browse** to select a different folder.
   - Make a note of the path for later reference.

7. Click **OK**.

   If the **Correct E-File Errors** box appears, click **Continue** and then correct the errors. After making the necessary corrections, repeat the e-file creation process.

The SSA encourages all filers to verify W-2 data using AccuWage before uploading the files to the SSA. When you run AccuWage, the program prompts you for the location of your W-2 data files.

To download AccuWage:

You can download the AccuWage program by pointing your Web browser to http://www.ssa.gov/employer/accuwage/installation.html and following the on-screen instructions.

To use the AccuWage program:

1. Click **Start**, point to **All Programs**, then **AccuWage 2014 Java** and then click **AccuWage 2014 Java**.
2. When the **AccuWage** program opens, click **Start Testing**.

   When testing AccuWage, you should test only federal .asc files. State .asc files cause errors when testing.

3. Navigate to the folder you selected in Step 6 in the previous instructions.
4. In the **Files of Type** list, select **ASCII Text Files**.
5. Select the .asc file with the same name as your return, and then click **Open**.
6. Select a record in the **Record(s)** list.
7. Review the errors listed in the **AccuWage Error(s) that Need to be Corrected** area.
8. In your ATX software, open the appropriate W-2 return, make the necessary corrections, and then save the return.
9. Return to the AccuWage program and click **Exit**.
10. In your ATX software, re-create the e-file.
11. Run the AccuWage program again, and repeat these steps until there are no errors.

    After the successful completion of the e-file, click **Yes** in the **Results** box when prompted to connect to the SSA's Business Services Online Web site.

For a thorough explanation of how to submit a W-2 wage file to the SSA, download the SSA's Business Services Online Handbook at www.ssa.gov/employer/bsohbnew.htm.

Transmitting W-2 e-files

After AccuWage has formatted your W-2 wage file, you must upload the file to the BSO Web site at www.ssa.gov/bso/bsowelcome.htm. Then, submit the electronic file containing the annual wage data to the SSA.

When the file has been transferred, BSO will display a confirmation that includes the date and time, the new filename, your original filename, the file size, and a Wage File Identifier (WFID) assigned to the submission for tracking purposes. Use your Web browser to save or print this acknowledgment for your records. You need the WFID to check the status of your submission.

You cannot recall a W-2 wage file once it is uploaded. If you are unsure about a return, do not upload it to the SSA until you are certain you are ready to file.

Managing Acknowledgements

When the SSA receives an e-file, an acknowledgment (Ack) file is returned electronically to you via the **View File/Wage Report Status without Name/SSN** page of the BSO Web site. An acknowledgment does not mean the return has been accepted as error free.

If the file has been rejected, you will be able to view the error information. Keep in mind that rejected files must be resubmitted within 45 days of the rejection.

To check the status of your W-2 data submissions, view notices from the SSA asking you to resubmit your data, or browse information about errors found in your submitted data, select the **View File/Wage Report Status, Errors, and Error Notice** link under the **W-2 Online** section of the BSO Home page.

On the **Submission Selection** page, use the **Receipt Year** drop-down list to specify a receipt year. The receipt year is the year that the SSA began processing your original submission. For resubmissions, the receipt year is identified on your original resubmission notice.

You may specify up to five submissions by entering the WFID for each.

You can also choose how you want to view submission information for the selected receipt year. For example, select **Processing Status** to group submissions with the same processing status.

After you have specified the selection criteria, click **Continue** to display information about your submission.

Correcting Accepted W-2 E-files

If you must make corrections to a W-2 return already accepted by the SSA, you can correct and resubmit the W-2 e-file.

To Correct Accepted W-2 E-files:

1. Open the W-2 return and locate the employee's W-2 record. You can use the **Find** feature to quickly locate a record.
2. Locate Form W-2C on the **Input** tab and enter the employee's social security number in the **Correct Information SSN** field, below the **Entry Required** notice.
3. Enter the balance of corrected information in the **Correct Information** column.
4. On the **E-Services** menu, point to **E-file**, and then click **Create E-file**.
5. In the **Create E-file** window, check the **Federal W-2 Corrected** box.
6. Click **Create**.

   If the **Create E-file** window appears, click **OK**.

   If the **Correct E-file Errors** window appears, click **Continue** and correct the errors.

7. After making the necessary corrections, repeat the e-file creation process.

To Use the AccuW2C Program:

1. When the **AccuW2C** program opens, click **Start Testing**.
2. Navigate to the **W2 E-files** folder in the program directory.
3. In the **Files of Type** list, select **ASCII Text Files**.
4. Select the **.asc** file with the same name as your return, and then click **Open**.
5. Select a record in the **Record(s)** list.
6. Review the errors listed in the **AccuWage Error(s) that Need to be Corrected** area.
7. In your ATX software, open the appropriate W-2 return, make the necessary corrections, and then save the return.
8. Return to the **AccuW2C** program and click **Exit**.
9. In your ATX software, re-create the e-file.
10. Run the **AccuW2C** program again, and repeat these steps until there are no errors.
11. After the successful completion of the e-file, click **Yes** in the **Results** box when prompted to connect to the **SSA's Business Services Online** Web site.

You need to upload the file to the SSA and set the status to **Transmitted** by pointing to **Change Marked Payroll E-file Status to** on the **E-file** menu of the **E-file Manager** and then clicking **Transmitted**. When you receive the acceptance, you need to set the status to **Accepted**.

Making Corrections to Previously Corrected W-2 E-files

If you need to make another correction to the same employee’s record or others, you may want to export a copy of the W-2 return or duplicate the return to preserve the history of information already filed.

We recommend moving all old corrections to the "original" section, or deleting all the old correction data. If the same record must be adjusted a second time, deleting the first group of changes can yield unintended results. Otherwise, this data will be included with the new correction data. In the **E-Service Manager**, change the existing corrected e-file status from **Accepted** to **Created**, so that you can create a new corrected W-2 e-file. When you are ready to re-create the e-file, repeat the steps above.

Chapter

4

Preparing 1099 Returns

In this chapter, you will learn how to complete, print, file, and correct 1099 returns.

Forms 1099 Overview

Use 1099-series forms to record income other than wages. For example, use Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., to report distributions from certain pensions, annuities, retirement plans, or profit-sharing plans in excess of $10 or more.

The regulations under IRC section 6011(e)(2)(A) provide that any person, corporation, partnership, individual, estate, or trust that is required to file 250 or more information returns must file such returns electronically. This requirement applies separately to each type of return.

Completing 1099 Returns

You create a new 1099 return for your client the same way you create a new income tax return. In the **Return Manager**, click **New** on the toolbar. In the **Select Forms** window, type **1099** in the **Find** box. Select the appropriate form from the list, and then click **Open Forms**.

Start a new 1099 return for each type of information return you need to prepare. If you've set program preferences to automatically open associated forms, Form 1096, Annual Summary and Transmittal of U.S. Information Returns, opens along with any Form 1099.

If you did not set program preferences to open associated forms automatically, add Form 1096 as a new form after you create the return.

Preparing 1099 Returns

When you prepare the first 1099 return for a client, enter the payer information directly on the Payers Info worksheet for Forms 1099, 1098, 5498, and W-2G (select the appropriate tab at the bottom of the form).

If you prepare multiple returns for a client, you can store that client's information in the **Companies** database, and then enter it automatically on new returns. To enter information stored in the **Companies** database, select **Companies** from the **Tools** menu in an open return, select the appropriate employer, and then click **Enter on Form** on the toolbar.

Data Entry for Form 1099, 1098, and W-2G

Preparing Forms 1099, 1098, 5498, and W-2G, as preparing Forms W-2, is generally self-explanatory. This section discusses unique features and requirements for preparing 1099 returns in your ATX software.

Use either the **Input** or **Detail** tab to enter information. The **Input** worksheet replicates the actual form. The **Detail** worksheet enables you to enter the same information in a spreadsheet-like format. You can switch back and forth between the **Input** and **Detail** methods.

Other tabs are included for your convenience and require no entries. They display the forms in various formats, providing a preview before printing.

To Display Your Records:

Use the control buttons to scroll through your records, delete records, or find specific records.

Click the arrow buttons in the upper left corner to scroll through the records you have already completed. The current **Record Number** is shown between the Back and Forward (arrow) buttons.

To delete the current record, click **Delete Record**.

To find a specific record, enter the appropriate search text in the **Find** box, and then click **Find**.

To Sort 1099 Records

1. Click the **Sort** button.
2. In the **Sort Records** box, select a field to sort by.
3. Select either **Ascending** or **Descending**, and then click **Sort**.

The order in which records appear after sorting has no effect on the order in which they print. Refer to Filing your 1099 returns later in this chapter for more information.

Rolling Over 1099 Returns

Rollover is used for any returns that were prepared in the prior-year program and need to be prepared again for the current year.

To Roll Over 1099 Returns:

1. Click the **Rollover Manager** tab.
2. Click the **2014 Returns** tab.
3. Select the **Not Rolled Over** filter.

   If no 1099 returns are listed, click **Browse** on the toolbar and then navigate to the folder in which last year's returns are located. Click **OK**.

4. Select the 1099 return or returns to be rolled over by checking the box to the left of the return name.
5. Check the **Marked Returns** filter to verify you have selected the correct returns.
6. On the toolbar, click **Rollover**.

Correcting 1099 Returns

To correct a 1099, 1098, 5498, or W-2G before it is filed with the IRS, open the original return you created. Locate the forms to be corrected, enter the corrections, and check the **Corrected** box. After you complete the corrections, print the recipient copies of the 1099, 1098, or W-2G. Mail or deliver the corrected 1099, 1098, 5498, or W-2G to the recipient. Then follow your normal procedure for filing the 1099, 1098, 5498, or W-2G return with the IRS.

To correct a 1099, 1098, 5498, or W-2G that was previously e-filed and accepted by the IRS, refer to Correcting accepted 1099 e-files later in this chapter.

Filing Your 1099 Returns

You can paper file your 1099 returns through the U.S. Postal Service, or file them electronically. You can also print recipient copies of the forms for distribution.

Paper Filing

Because the IRS machine-reads paper returns, Forms 1099, 1098, 5498, and W-2G must be printed with paper and ink that meets government standards. If you plan to file paper returns with the IRS, read IRS Publication 1179 for specific details about IRS requirements for substitute forms, including print characteristics. The IRS updates these publications as its standards change.

You must print Copy A of Form 1099 using red, preprinted forms, available from the IRS or at many office supply stores.

You can purchase approved substitute forms from Nelco and many office supply stores, or you can order them directly from the IRS. Nelco offers the Uni-Form paper and envelopes, which you can use for printing and mailing 1099 returns.

You can print recipient copies of the forms in IRS-approved formats from your ATX software. However, you should test a single form for proper printer alignment before printing all copies of the forms.

To Align 1099 Data to Print on Substitute Forms:

1. Open a 1099 return.
2. Click the **Print Alignment** button above the form.
3. Select the appropriate paper type.
4. Adjust the margins and row spacing.
5. Click **Print**.

Printing Form 1099, 1098, 5498, and W-2G

Forms 1099, 1098, 5498, and W-2G use a special printing utility to print the multi-copy formats required by the IRS.

To Print Forms 1099, 1098, 5498, and W-2G:

1. Open a 1099, 1098, 5498, or W-2G return.
2. On the toolbar, click **Print**.
3. Under **Select**, specify your **Print Order**, **Blank Paper Printing**, and **Preprinted Form** preferences.
4. Under **Print List**, review the records that will print, and modify them if needed.

   Due to differences in the type of paper used when printing various Copies, each tab in the **Print Manager** must be printed separately. You must print the items needed on each tab before navigating to a different **Print Manager** tab, such as **Other Forms**.

5. Click the **Other Forms** tab and select the auxiliary forms you want to print.
6. In the **Copies** field, enter the number of copies you want to print.
7. Click **Print**.

Filing Returns with the IRS

The IRS strongly encourages a thorough review of data before filing to prevent erroneous notices being mailed to payees (or others for whom information is being reported).

If you must file Form 1099, 1098, 5498 or W-2G with the IRS and you are filing paper forms, send a separate Form 1096 with each type of form as the transmittal document.

Shipping and Mailing

Send the forms to the IRS in a flat mailing (not folded). If you are sending many forms, you may send them in the appropriate size package. Write your name on each package, number the packages consecutively, and place Form 1096 in package number one. Postal regulations require forms and packages to be sent by USPS First-Class Mail.

Electronic Filing

Prepare and electronically file Forms 1099, 1098, 5498, and W-2G with the IRS the same way you electronically file annual income tax returns, by filing the returns using the CCH Small Firm Services e-file servers. If you send test returns to CCH Small Firm Services, use **11-1111111** as the **Payer EIN**. When CCH Small Firm Services receives a return with this EIN, it recognizes it as a test file. An e-file using any other EIN will be treated as a genuine return.

To Create E-files:

1. Open a 1099, 1098, 5498, or W-2G return.
2. On the **E-file** menu, click **Create E-file**.
3. In the **Create E-file** box, select the check box for the federal return you plan to e-file.
4. Click **Create**.
5. Click **OK**.

If the **Correct E-File Errors** box appears, click **Continue** and then correct the errors. After making the necessary corrections, repeat the e-file creation process.

If you make changes to a return after you have created an e-file, you must re-create the e-file to incorporate the changes before transmitting.

To Transmit E-files:

1. Connect to the Internet.
2. Click the **E-File Manager** tab.
3. In the **Filter** panel, select the **Created** check box.
4. Mark the e-files you want to transmit.
5. On the **E-file** menu, click **Transmit Marked E-files**.
6. Click **Close** after you have successfully transmitted the e-files.

CCH Small Firm Services cannot recall a return once you have transmitted it. If you are unsure about a return, put it on hold until you are certain you are ready to file.

Managing Acknowledgments

When the IRS receives an e-file from CCH Small Firm Services, it electronically transmits an acknowledgment (Ack) to CCH Small Firm Services, and CCH Small Firm Services then forwards the acknowledgment to you. An acknowledgment does not mean the return has been accepted as error free.

Each time you transmit a return or request acknowledgments, the program automatically updates the status of all your e-filed returns.

To Update Acknowledgments:

1. Click the **E-File Manager** tab.
2. On the **E-file** menu, click **Receive Acknowledgments**.
3. After the acknowledgment update is complete, click **Close**.

To Review the Acknowledgment History:

1. Open the return for which you want to review the history.
2. On the **E-file** menu, click **Display Acknowledgment History**.
3. To print a copy of the acknowledgment history, click **Print**.
4. To see the detailed error list for a rejected acknowledgment, select the acknowledgment, and then click **Details**.
5. If you would like to save the error list as a **Microsoft® Excel** spreadsheet, click **Save As Excel File**.

Correcting Rejection Errors

In the event one of your federal or state e-files is rejected, you must correct any errors cited, re-create the e-file, and then transmit it again.

To Correct Rejection Errors:

1. Click the **E-file Manager** tab.
2. In the **Filter** panel, select the **Rejected** check box.
3. Select a rejected return.
4. On the **E-file** menu, click **Display Rejection Errors**.

   The return opens, and the **E-file Error Report** box displays the errors, the number of errors, and the fields in which they are located.

5. Click a specific error to navigate to the field containing the error, and then correct it.

   After you have corrected all the errors, re-create and retransmit the e-file.

Use the **Next Error** and **Previous Error** buttons to navigate through each list. Failing to correct all errors will cause the return to be rejected again.

Correcting Accepted 1099 e-files

If you must amend a 1099 return already accepted by the IRS, you can correct and retransmit the 1099 e-file.

The process of correcting 1099 returns is different from W-2 returns. For example, you make corrections on 1099 returns by manually checking the **Corrected** box and entering the new data over the existing data, as opposed to making your W-2 corrections on Form W-2c.

The return contains a copy of each recipient's e-file record as originally filed with the IRS. The program uses this to compare any new changes against what you filed to generate an appropriate corrected e-file.

Adding a new record to a 1099 return, one not included in the original transmission, is technically not a correction. The new record will not be included when you transmit the corrected 1099 return. To transmit a record not previously transmitted, create a new return and file it separately.

You may want to export a copy of the 1099 return or duplicate the return to preserve the history of information already filed. However, you cannot correct a duplicate return – you must make your corrections on the original return that was accepted by the IRS.

To Correct Accepted 1099 E-files:

1. Open a 1099 return.
2. For each recipient's record needing correction, select the **Corrected** check box on the input sheet or detail schedule.
3. Enter the new corrected data over the existing data.
4. On the **E-file** menu, click **Create E-file**.
5. In the **Create E-file** box, select the **Federal 1099 Corrected** check box.
6. Click **Create**.

The **Corrections Confirmation** window opens, listing all recipient records that you changed since the IRS accepted the original e-file.

7. Mark each record you want to include in the corrected e-file, or click **Select All** to mark all records shown.
8. Click **Create**.
9. Click **OK**.

If the **Correct E-file Errors** box appears, click **Continue** and then correct the errors. After making the necessary corrections, repeat the e-file creation process.

10. Transmit the corrected e-file.

If you check the **Corrected** box for a particular recipient's record, but do not make any other changes, that recipient will not show in the **Corrections Confirmation** window. You must make some sort of correction to the record for it to appear in this window.

Once the IRS accepts the corrected e-file, you can repeat these steps as many times as necessary. However, you should clear the **Corrected** check box on all old corrected records before making new corrections.

Chapter

5

State Employment Taxes

In this chapter, you will learn how to add a W-2 to a state return and roll over state returns.

All state quarterly payroll unemployment forms, such as NJ Form 927, Employer's Quarterly Report, use the same basic four-quarter structure. You need to enter all data necessary to file in the first quarter's return.

Rolling over returns from the prior quarter creates new returns with the same forms, the client header information, and the new period's reporting dates. After you roll over a quarterly return, you can rename it to include the period ending date.

If the information in the new quarter's return does not calculate correctly, check the **For the period ending** field on the state form's Filing Options worksheet to ensure the period ending date has been updated.

Rolling Over State Payroll Returns

Use the **Rollover Manager** to roll over state payroll returns from last year or the prior reporting period. This manager includes two view tabs:

- **2014 Rolling Over State Payroll Returns Returns**
- **Last Month/Quarter**

These two views display lists of returns that can be rolled over with the corresponding rollover option.

The payroll tax forms in your ATX software are designed to be rolled over from the prior year or quarter. You need to enter all necessary data in the first quarter's return. When you are ready to file the next quarter's return, use the Last Month/Quarter view of the **Rollover Manager** to roll over the prior quarter's return to the next period.

Rolling over returns from the prior quarter creates new returns with the same forms, the client header information, and the new period's reporting dates. After you roll over a quarterly return, you can rename it to include the period ending date. Be sure to mark your clients' returns as **Completed** in the **Return Manager** as you complete each return. This prevents information from being changed after the return is filed.

If information in the new quarter's return is not calculating correctly, check the **For the period ending** field on the state form's Filing Options worksheet to ensure the period ending date has been updated.

For withholding returns, any information needed to prepare the subsequent-period return or year-end reconciliation form is rolled over to the new return. For payroll forms, when you roll over a return to begin a new year's return, only the basic information and any allowable overpayments are rolled over. If you downloaded the new year's forms before rolling over the prior-year return, the new year's forms are used.

Rolling Over Annual State Returns

The prior-year rollover process is generally used for individual and business returns. However, you should also use this option to roll over the first annual state payroll return you create with a new version of the program.

To Roll Over Annual State Returns:

1. Select the **Rollover Manager** tab.
2. Click the **2014 Returns** tab.
3. Select the **Not Rolled Over** filter.

   If no state payroll returns are listed, click **Browse** on the toolbar and then navigate to the folder in which last year’s returns are located. Click **OK**.

4. Select the state return or returns to be rolled over by checking the box to the left of the return name.
5. Check the **Marked Returns** filter and verify you have selected the correct returns.
6. On the toolbar, click **Rollover**.

No matter what the last quarterly return was that you prepared in last year's software, rolling over the return from last year creates the first return in the current year’s software.

Rolling Over State Returns Each Quarter

Rolling over a state payroll return from the prior quarter creates a new return with the same forms, the client header information, and the new period's reporting date.

To Roll Over Quarterly State Returns:

1. Click the **Rollover Manager** tab.
2. Click the **Last Month/Quarter** tab.
3. Select the state returns to roll over for the quarter.
4. On the toolbar, click **Rollover**.

After you roll over a quarterly state return, you can rename it to include the period’s ending date.

Rolling Over Returns to Non-Consecutive Periods

If you roll over a quarterly return and then manually change the ending date to a later period, inaccurate information may appear in some fields. When you want to roll over a return from one period to a subsequent period, but the two periods are not consecutive, you need to perform at least two rollovers:

1. Roll the return over to the intervening period.
2. Then, roll over the intervening period returns until you have rolled the data over to the period you want to prepare.

   You can delete the returns for the intervening periods if you do not plan to prepare them.

State Annual Wage Report

State W-2 e-files are named the same as federal W-2 e-files, except that the name is followed by an underscore and the state abbreviation.

For example, if you create a federal W-2 e-file named **TypicalEmployer**, along with e-files for the states of Alabama, Colorado, and South Carolina, the state files **TypicalEmployer_AL.ASC**, **TypicalEmployer_CO.ASC**, and **TypicalEmployer_SC.ZIP** are placed in the same folder as the federal e-file. your ATX software creates files with **.ZIP** extensions for states that allow it, since these files are smaller and reduce the time it takes to upload the file to the state.

Check with your state for the most up-to-date filing instructions.

See the **Filing Info** tab on Form W-2 for a list of supported forms and states participating in the IRS Combined Federal/State e-filing program, and other e-file information.

Many states will accept these files on 3.5-inch floppy diskettes or CDs. Your ATX software creates an electronic W-2 copy that can be filed using the state’s Web site. CCH Small Firm Services method of e-file creation does not facilitate bulk submission.

Most states require e-files to be submitted under the name **W2REPORT** in the root directory of the floppy disk or CD. If you do not upload your W-2 data using the state's Web site, floppy disks are the most cost-effective method.

Unless your state specifically states that it accepts files with **.ZIP** extensions, you can copy the **.ASC** file for the state return, paste it into the root directory of a floppy disk, and then rename it **W2REPORT**. Repeat this process using a separate disk for each return and, when finished, mail the disks to the appropriate state address for W-2 withholding information submissions.

Adding Form W-2 to State Returns

If you receive a **Form W2/W2C may not be added to a return that already includes a primary signature form** message when adding Form W-2 to a state return, you may be using the Information Worksheet (Info Sheet) as the primary "signature" form in the state return. A signature form is the main form for a particular return type (such as Form 1040, 1065, W-2, or Info Sheet), and must be opened as a separate return.

To correct this problem, discard the Info Sheet from the return, and then add Form W-2. If you did not use the **Companies** feature to enter information, we suggest printing the page that contains your company data before discarding the Info Sheet, as you will need to manually re-enter this information on the Employer Info worksheet for Form W-2.

If you used the **Companies** feature to enter information, you can re-enter this information automatically by selecting **Companies** from the **Tools** menu, selecting the desired company, and then clicking **Enter on Form** on the toolbar.

Index

1

1098 5, 26, 28
1099 5, 25-26, 28-29

5

5498 5, 26, 28

9

940 5, 9, 12-13, 15
941 5, 9, 12-13, 15
944 5, 9, 12-13, 15

A

AccuWage 5, 21-22
Acknowledgements 13
Amending 15
Annual 9-10, 25

C

Company Info 10
Correcting 14, 18, 22, 26, 29

D

Data 18, 26
Data Entry 26

E

e-file 6, 12-14, 20, 22, 28-29
E-file Manager 5, 22, 29
E-filing 5
EIN 5, 28
electronic filing 5, 20
Employment 31
ERO 6
Error 14, 21-22, 29

F

Filing 5, 12, 19-20, 26, 28
Final 15
Form 9, 12, 15, 17-18, 22, 25-26, 29, 33
FUTA 9

I

Information Worksheet 9, 33

M

Making Corrections 23

N

Non-Consecutive Periods 11, 32

P

Paper Filing 6
Payments 11
Payroll 5, 9, 22
PIN 6
Printing 12, 27

Q

Quarter 10
Quarterly 9-10

R

Rejected 14, 29
Rejection 14, 29
Returns 5, 12, 15, 17-18, 25-26, 33
Rolling Over 18
Rollover Manager 10

S

Sort Records 26
SSA 5, 18, 20, 22
State 20, 31, 33

T

Tax 15, 17

W

W-2 5, 17-18, 20, 22, 26, 29, 33