

Year End Guide for Payroll

Important information before your begin

It is important before you begin the year-end process for starting a new payroll year to be sure that you have entered all paychecks for the current payroll year. We suggest that you make a back up of your company file, then immediately restore the backup, giving the restored backup a unique name such as PY2008. This will be the file that you will open to access the detailed payroll information for that year. Once you have begun the process to Start a New Payroll year, the pay history will be erased from the current file.

Note: the current payroll year must be closed before you can create a payroll check in the new payroll year.

A Checklist of the procedures:

- Complete the last payroll run for the current payroll year
- Print year end payroll forms
- Print payroll reports
- Verify your company file
- Backup your company file
- Restore the backup
- Start a new payroll year
- Optimize the Company File

Complete the last payroll run for the current payroll year

It is important that you do not continue with the following instructions until the last payroll run for the current payroll year is complete.

Print Year End Payroll Forms

The 940, 941, W2, W3, 1099, and 1096 are calculated from the Pay History for the payroll year being closed. These forms must be printed from the company file that displays the year that is being closed, before beginning a new payroll year. However, if you need to create paychecks for the new

Payroll Year before you file these forms, you can access the copy of the file that was created before you began this process.

940 – Federal and State Unemployment Reconciliation (FUTA)

This form is a reconciliation used to report your annual Federal Unemployment (FUTA) tax. FUTA tax provides funding for paying unemployment compensation to workers who have lost their jobs and is paid by the employer only.

To print the 940 form in your company file:

1. Go to the Payroll Command Center and select Prepare Payroll Forms
2. Select the 940 form located in the Federal list of forms.

Note: This is an additional service that must be purchased. To purchase this service contact our Customer Care department at 800-322-6962.

3. Follow the instructions displayed.

Note: Be sure to go through each page of the document (top left corner) before selecting the Next Step option (top right corner).

941 - Federal Employer Tax Return

The employer's federal tax return is filed quarterly and is used to match the employer's tax liabilities to the federal payroll tax payments that were made. Federal law requires the employer to withhold taxes from the employee's paycheck each time an employee is paid, and pay any liability for the employer's portion of the Social Security and Medicare taxes. The 941 is a tax return for the employer to report taxes withheld and paid and reconciles with the W2 forms (taxes withheld from the employee credited in payment of their tax liabilities). This reconciliation is performed before the last deposit of the year is made. Adjustments are included in the final tax payment and appear on the 4th Quarter 941 form.

To print the 941 form in your company file:

1. Go to the Payroll Command Center and select Prepare Payroll Forms.
2. Select the 941 form located in the Federal list of forms.
3. Select the 4th Quarter located below the list of forms.

Note: This is an additional service that must be purchased. To purchase this service contact our Customer Care department at 800-322-6962.

4. Follow the instructions displayed.

Note: Be sure to go through each page of the document (top left corner) before selecting the Next Step option (top right corner).

W2 and W3 forms

The W2 form is a tax statement that reports an employee's annual wages and the amount of taxes withheld from their pay. The W3 form is a summary of the W2 forms submitted except the employer matching Social Security and Medicare taxes. Although there is an additional charge to access Federal and State forms, if using our Payroll Forms Service, the W2 and W3 forms are provided to you free of charge.

To print the W2/W3 forms in your company file:

1. Go to the Payroll Command Center and select Prepare Payroll Tax Forms.
2. Select the W2/W3 (free) form, then click Display.
3. Enter necessary information on each page displayed.
4. Follow the instructions displayed.

Note: Be sure to go through each page of the document (top left corner) before selecting the Next Step option (top right corner).

1099 and 1096 forms (If applicable)

The 1099 form is used to report various types of income other than wages, salaries, and tips and is used instead of a W2 for those who were hired to perform a specific job without being a regular employee. The 1096 form is a summary of the information reported on the 1099 form.

To print the 1099 and 1096 forms in your company file:

1. Go to the Payroll Command Center and select Print 1099/1096.
2. Click on the zoom arrow in front of the vendors name to verify the information.
3. Select the vendors you wish to print a 1099 for.
4. Select Print.

Note: You must have the printed forms available which can be purchased at any office supply store.

Print Payroll Reports

To print the Payroll Reports needed:

1. Go to the Reports menu and select Index to Reports from the drop down menu.
2. Select the Payroll tab.

The Activity Summary report is a summary by employee of all wages, deductions, taxes, expenses, and accruals recorded in each paycheck.

Note: The total wages on this report should match the 940 report.

The Payroll Earnings report is created from transactions recorded for each employee reporting all details of each paycheck.

The 940 (FUTA) report is created from the pay history. The calculation is done at the time the report is run. This report is used to file the 940 form.

Note: This report should match the FUTA amount on the Tax Liabilities report for the same time period.

The 941 report is created from the pay history. It is run quarterly and is used to fill out the 941 form. This report is a reconciliation of what has been paid against what should have been paid and is due at the end of the month following the quarter end. This report is used to file the 941 form.

Note: This report should match the Tax Liabilities report for the same time period.

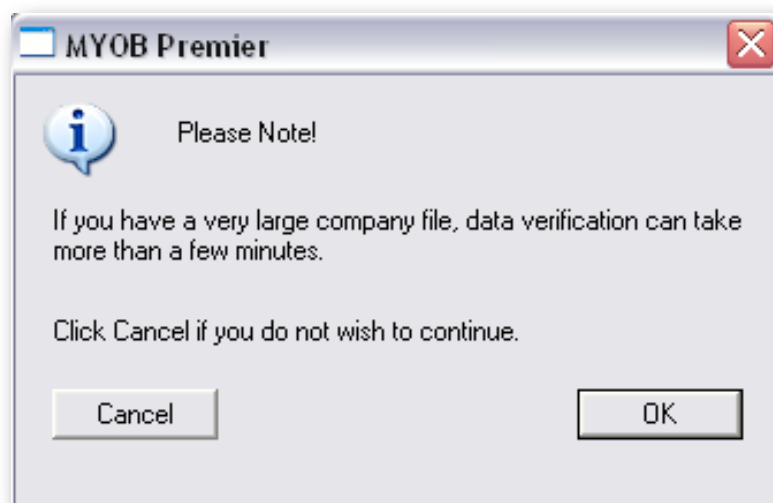
The Tax Liabilities report is one of the most reliable reports used and is created by using the exact amounts recorded in each paycheck transaction.

3. Select the desired report and click Customize.
4. Select the appropriate filters, format, and finishing options then click Display.
5. Once the report is displayed, select Print.

How to verify your company file

1. Open your company file
2. From the Command Center, go to the File Menu and select Verify Company File. A warning window will appear stating that if your company file is large it may take a long time so be prepared because you do not want to cancel this process if you have run out of time. Please do not leave the computer verifying the file overnight.

Note: Leaving the verification running overnight will leave the file open and can lead to a serious corruption.



3. Select OK. The verification process will begin. This process will check the data file for any corruptions that may have occurred. When the verification process is complete the following window will appear.

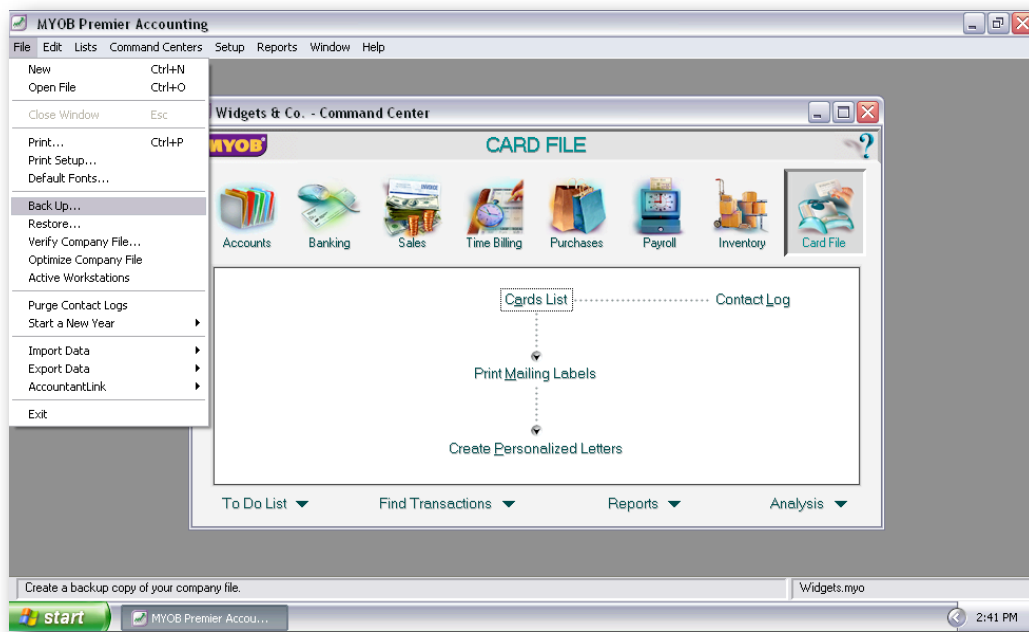


If no errors were found in the file, select OK, the Command Center will appear.

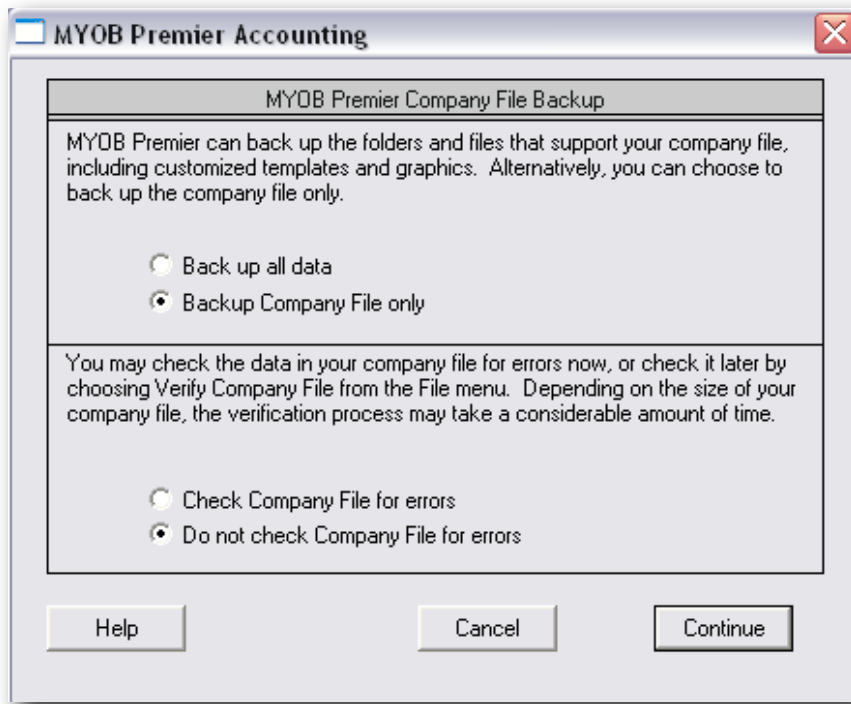
Note: If you receive a message that an error has occurred then close the file and contact the MYOB Call Center for instructions regarding the options that are available to you.

How to Make a Backup of your company file

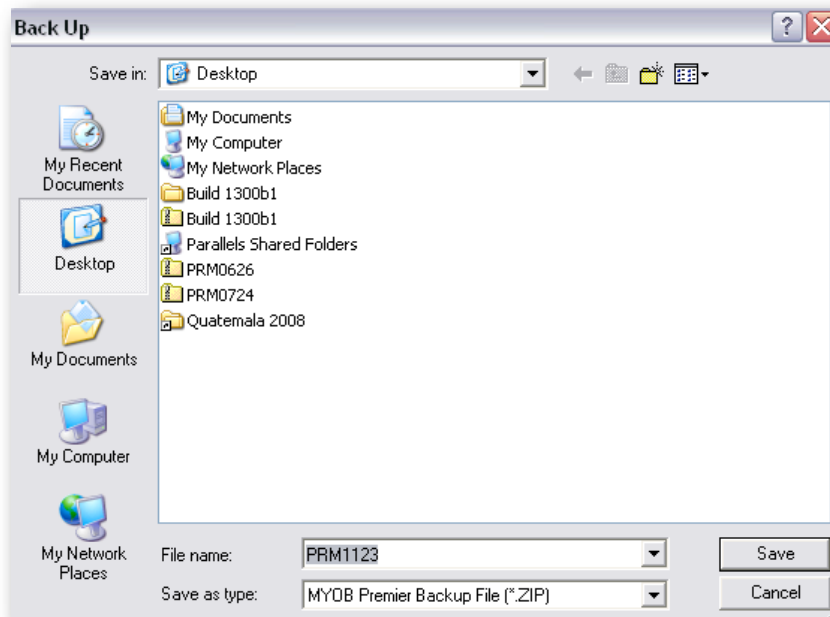
1. Open your company file
2. From the Command Center, go to the File Menu and select Backup....



3. A Backup Window will appear. The options that have been pre-selected in this window are determined preferences selected.



4. Make the preferred selections and select the Continue button. The Save Backup window will appear.



5. Select the location and name of your backup file. Select Save. The Command Center of your company file will appear. Go to the location you saved the backup to verify that the backup process was successful.

Restore the backup

1. Before continuing with the Start a New Payroll Year process, restore the backup that you just created by going to the File Menu and select Restore.
2. An Open window will appear to select a file to restore, the backup you just created. Select your

backup and click Open.

3. Another Open window will appear select a destination folder to save the restored copy of your company file to. Select this destination folder and click Open. A confirmation window will appear stating the name of the restored file and where it will be stored.
4. If the information in this window is correct, select OK to complete the process.

Note: This will be the copy of the company file you will access when you are ready to create your W2's. You can rename the file with a unique name, such as Payroll Year 2008.

Start a New Payroll Year Process

1. Go to the File Menu from the Command Center and select Start a New Year, then select Start a New Payroll Year. The Backup process window will appear.



2. Be sure to make a backup copy of your company file by selecting Backup.

Note: When saving a backup, be sure to give the backup a unique name, such as, Payroll2008, and save it in the same location as your company file.

3. After you have successfully created a backup copy of your file and have successfully restored that backup, then select Continue.



4. The next step explains important information that you need to know before you continue. Once you have read and understood the information provided, select Continue.



5. Enter the New Payroll Year then select Continue.

Note: This is the last opportunity you will have to cancel this process. If you are not sure if all the above steps have been complete then select Cancel. You may begin the procedure when you are sure all has been complete.



6. Select the Start a New Payroll Year button to begin the process.
7. Once the process is complete, the Command Center window will appear.
8. Go to the Setup Menu and select General Payroll Information. Be sure that the Current Payroll Year has changed.
9. Go to the File Menu and select Verify Company File.
10. If there are no errors in your file, go to the File Menu and select Optimize Company File. This process will re-index your company file.

Optimize your company file

1. Open your company file.
2. From the Command Center, go to the File Menu and select Optimize Company File. A warning window will appear explaining that the software will create a new copy of your company file and will add the extension “.bak” to the existing company file. Select OK and the Optimizer will begin.



3. When the process is complete, if there were no errors found in the process, the following window will appear.



Note: If errors occurred during the Optimization process, make note of the exact error, cancel the process, and call MYOB Company File Services for instructions regarding the options available to you.

4. Select OK to return to the Command Center.

Congratulations! You have completed the End of Year for Payroll Process.