

W-2 AND 1099 FORM PRINTING

FEATURES

DATASMITH Payroll handles most of the normal W-2 information reporting needs "as-is", using either paper forms or magnetic media. As of this writing, its many standard capabilities include:

- ! Handles Continuous Form, and Laser Preprinted, and Laser-Created paper W-2 forms.
- ! Operator-controllable left margin for easy horizontal alignment.
- ! Operator-controllable top margin for easy vertical alignment of laser forms.
- ! Forms Restart with preservation of Subtotals simplifies production.
- ! Ability to print multiple identical copies in several passes, or in one pass.
- ! Ability to print State copies State-by-State for multi-state payrolls.
- ! Produces Magnetic Media (diskette) W-2 submittals to latest SSA specifications, complete with Form 6559.
- ! Combines Magnetic Media W-2 files from a single employer or multiple employers into a single file on diskette for submittal, and/or extracts a single file from a multiple-file submittal. Multi-volume diskette W-2 files are supported, providing handling for up to 6000 employers for professional payroll preparers.
- ! List (formatted) and Dump (unformatted) utilities print directly from single employer or multiple employer W-2 files on diskette for easy, positive verification.
- ! Provides Pass-through of Indicators from Employee Record for Retirement Plan and Statutory Employee.
- ! Can report Fringe Benefits, Deferred Compensation, Excess Group Life Insurance, Allocated Tips, and other Standard Special Reporting Items with appropriate setup.
- ! Automatically Reports Advance Earned Income Credit paid to each employee.
- ! Automatically determines which Box 12 items are applicable to each employee.
- ! Handles Box 12 Overflow (too many items to fit on one W-2 form for a given employee) by automatically printing as many continuation forms as needed.
- ! Handles "Reporting Only" items which do not affect taxes, such as Employee Business Expense. It also allows user-defined "Reporting Only" items to appear in Box 12.
- ! Allows the employer to establish up to four employer items with user-defined labels in Box 14, which may include SDI and OTHER taxes.
- ! Allows the employer to computer-print Postal Permit Indicia on Mailer-style forms.
- ! Prints the most popular 1-wide and 2-wide form styles, as well as the most popular 4-up substitute forms for employee copies. Custom form styles are also available from LPI.

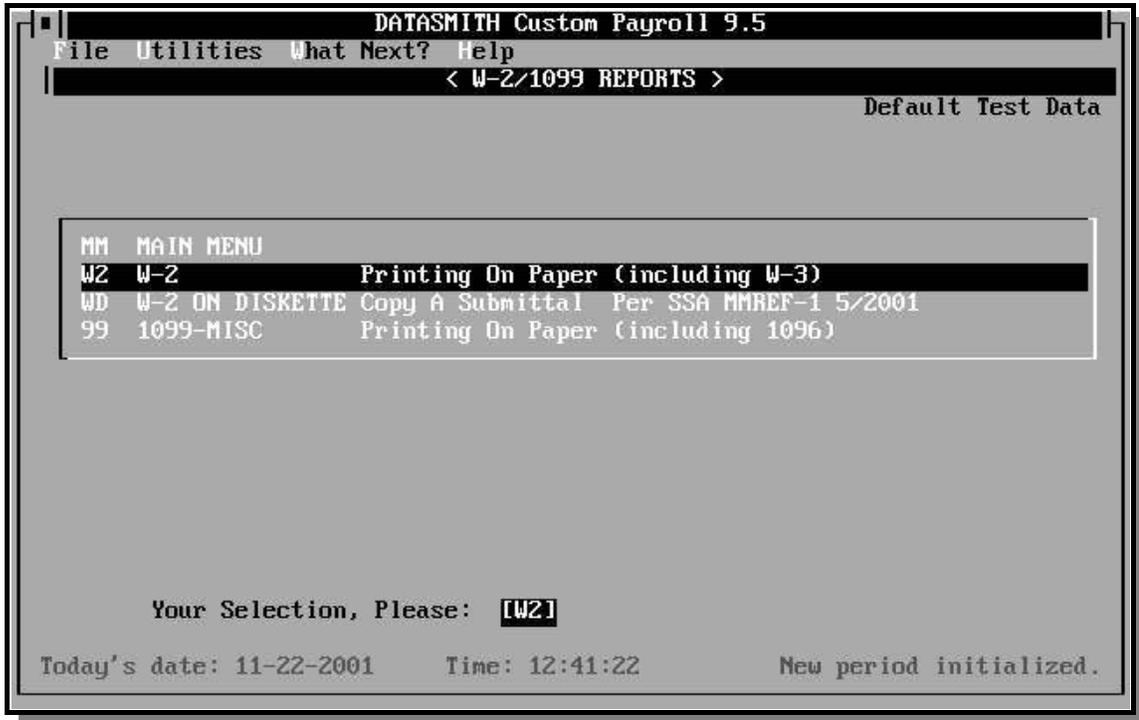
The W-2 or 1099 printing program is designed to print on standard U.S. Government-approved forms, which are available on continuous or LASER-compatible forms from

W-2 and 1099 Form Printing

leading computer forms houses, and from the Forms division of LPI Information Systems. The program is also capable of producing laser-created W-2 forms on special IRS-approved perforated blank laser stock. The Annual Update provides current W-2 form images to support this feature.

W-2 FORMS MENU: Form Type selection

W-2 forms are printed for "employees" and 1099-MISC forms are printed for "independent contractors": the Filing Status selected in the Employee Record at the time forms are produced determines which type of form will be produced for a given employee. The first menu W-2 menu, shown below, is used to select the general type of form to be printed.



OVERVIEW: PRODUCING W-2 AND 1099-MISC FORMS

The W-2 or 1099 printing program is only used once a year, after the last pay period has been calculated. The general procedure is:

1. Finish processing the last pay period in the year.
2. Use the Period End Initialization to put the last period totals in the Year-to-Date totals.
3. Perform W-2 Setup to establish form styles, margins, Special Item data collection, etc. Print a short W-2 run on plain paper to verify your setup.
4. Use the "W-3 Form Only" selection to determine the number of W-2 forms needed. This number can no longer be accurately estimated from the number of employees,

because of the possible need for additional continuation forms to report more than three Box 12 items.

5. Print paper W-2 forms. W-3 information can be printed after each run using the W-3 Only selection.
6. Produce magnetic media (diskette) W-2 submittals, if applicable. Substitute Form 6559 Report is automatically printed after each run. Use the W2LIST program to produce a formatted paper listing from the diskette before submittal to confirm the accuracy of the filing.
7. Use the "1096 Summary Form Only" selection to determine the number of 1099-MISC forms required for the independent contractors in your payroll.
8. Print 1099-MISC forms, if applicable.

BUYING MORE TIME FOR YEAR-END PROCESSING

You may print W-2's on plain paper for test purposes at any time your Payroll is Initialized in order to confirm that everything is set up properly in preparation for year end.

The DATASMITH Payroll W-2 programs also allow the user to define and test the user-entered rules for extracting the Special Reporting items on the form (2001 and later Boxes 8, 10, 11, 12, and 14) in advance. The stored W-2 Setup is also shared by the paper and magnetic media programs, helping to assure consistency between these two reporting media.

SIMULTANEOUS TWO-YEAR PROCESSING

If you keep your end-of-year payroll and your new-year payroll in different data directories, you will not have to print all your W-2's before running payrolls in the new year!

This is done by either saving the year-end Payroll Master in a separate directory or on a separate diskette before year-end initialization is performed. Alternatively, a new directory can be created for the new year. In either case, the two years are handled just like two separate Payrolls: the Data Path selection on the Main Menu switches between the two. If additional calculation will be needed in order to accommodate end-of-year adjustments, don't forget to preserve a copy of the old-year tax table file (TAXTBL.PAY) along with the end-of-year Payroll Master file: tax rates for a given payroll are governed by the tax table file in the data directory for that payroll.

CHOOSING APPROPRIATE FORMS AND PRINTERS FOR W-2'S

Most employers print multi-part forms. One copy goes to the IRS, one is kept for the employer's records, and the remaining copies are given or mailed to employees for federal,

state, and local governments, plus an additional copy for the employee. At least six copies of each W-2 are commonly required: the exact number depends on your specific "tax home".

CONTINUOUS FORMS

Two types of multi-part continuous forms are available, those with carbon paper interleaves, and a carbonless type. The carbon interleaved type is generally used with mailer style forms. The carbonless type eliminates messy carbon paper and provides a thinner forms set to feed through the printer. Carbon interleaved forms used to provide better copies, but the "carbonless blackprint" forms used today usually produce copies which are as good as (or better than) the carbon interleaved forms.

CHECK CAREFULLY BEFORE ORDERING "TWO-UP" (TWO SIDE-BY-SIDE) W-2 FORMS!! MANY WIDELY-USED MICROCOMPUTER-COMPATIBLE PRINTERS CANNOT PRINT THESE FORMS!! Two-up continuous W-2 forms require the printer to be able to print 132 columns at 10 characters per inch, and to accommodate forms whose total width is 14.875 inches. Because there are several style variations of the "two-up" form, it is best to verify your choice with LPI Information Systems' DATASMITH Sales & Service Division or run a plain-paper test print and overlay it on a form sample to check it for compatibility before ordering.

DO NOT ORDER SIX-PART W-2 FORMS UNTIL YOU VERIFY THAT YOUR PRINTER CAN HANDLE THEM!! Most printers used with microcomputers cannot print six-part forms! Some do not have the striking power to make six good impressions and others cannot accommodate the thickness of six-part forms: especially with interleaved carbon paper. Generally, printers which can handle six-part forms have physically large print heads, true tractors, are mounted on a floor stand, and feed forms from the bottom with no sharp bends in the forms path. They are significantly more expensive than most microcomputer printers. Chain, Train, Drum, and Comb are some of the printer technologies which may be able to handle these forms. Only a very few of the popular models of Dot Matrix printers can handle these forms satisfactorily.

Unless you **know for a fact** that your printer can handle thicker forms, we **strongly** recommend that you print your W-2 forms in two or more multi-copy passes, printing no more than four parts at a time! Many forms suppliers, including LPI Information Systems, offer W-2's in "Twin Sets" made specifically for use with microcomputer printers.

Even four parts may be too many for an inexpensive printer: check your printer manual or contact the printer manufacturer to determine your printer's capabilities before ordering forms.

DO NOT ATTEMPT TO PRINT MULTI-PART CONTINUOUS FORMS ON A DOT MATRIX PRINTER WHICH DOES NOT HAVE A "TRACTOR

FEED" MECHANISM! IT WILL NOT WORK! PERIOD! If you encounter difficulties such as printer error lights or "device errors", these are indications that your printer may not be up to the task. To confirm this, try test-printing a few W-2's on single-part plain paper. If it works with single ply, but not with multiple copies, your printer is the problem. Try printing fewer copies at a time (if you are desperate, you may be able to manually decollate a multi-part set). The W-2 printing program can be re-run as many times as necessary to get the number of copies you need.

LASER FORMS

Using a laser printer, W-2 and 1099 forms can be produced by printing data on preprinted cut sheet forms or (for the black copies only) by laser-creating the form on blank perforated form stock.

The preprinted cut sheets always come in an "official" format, which is the format required for the red Copy A which is submitted to the IRS or SSA. In addition, there may be approved 'substitute' forms for the employee copies. As of this writing (2001), the "official" format for W-2 and 1099-MISC forms is two per page (an 8.5 x 11 inch page). All copies may be produced in this format using preprinted forms. To save collating labor, there are approved 'substitute' formats which put more than two employee copies on one ready-to-mail sheet. Since there are many different 'substitute' formats, you must make sure that your software supports the format you intend to use, and that you have a suitable envelope.

Laser-created forms require special software which must be updated each year. The blanks used must conform to IRS specifications, and you must make sure that the employee receives the proper legal notices with the forms. Correctly perforated W-2 and 1099 laser blanks are available with the required notice phantom-printed on the back in order to fulfill all legal requirements.

If you don't have the proper equipment or enough time for this once-a-year task, consider finding someone who will print your W-2's directly from a copy of your DATASMITH Payroll files. We can often help you locate an appropriate service.

W-2 PRINTING MENU

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DATASMITH Custom Payroll 9.5
File Utilities What Next? Help
<W-2 PRINTING: Using 2001 LASER 4-UP STYLE L4UP OR LPI4UPN Forms>
Program Expects W2SETUP File In O:\STDPAY\ Default Test Data

Configured for Tax Year 2001: Rev 11/01

MM MAIN MENU Of W-2/1099 Routine
SU W-2 FORM SETUP Form Style, Etc.
PW PRINT W-2 FORMS
AW ALIGNMENT Test For W-2
FF SEND FORM FEED To Printer
RW RESTART W-2 At Selected ID
PS PRINT SINGLE W-2
W3 PRINT W-3 SUMMARY Only (No W-2's)
WD W-2 ON DISKETTE Copy A Submittal Per SSA MMREF-1 5/2001

Your Selection, Please: [SU]

Today's date: 11-22-2001 Time: 12:42:41 New period initialized.

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W-2 PRINTING FUNCTIONS

This program prints form W-2 for employees. The program can also generate a diskette containing W-2 information for submittal to the Social Security Administration. Note the “configured for tax year yyyy” message above the menu: make sure your version is up to date before printing forms.

SU W-2 FORM SETUP

Allows the operator to select the printer to be used, to define margins and other form characteristics, and to establish definitions for all Special Reporting items (Boxes 8, 10, 11, 12, 12, and 14). Definitions may be stored in the W2SETUP.PAY file associated with the current payroll, or in a master W2SETUP.PAY file located in the payroll program directory (or the startup directory in a multi-user installation). Later, the program uses the W2SETUP.PAY information to produce paper and/or diskette reports.

PW PRINT W-2 FORMS

Prints forms starting with the first employee in the file. The search and printing sequence may be altered by selecting different Sorting Orders on the W-2 Setup menu.

AW ALIGNMENT TEST FOR W-2

Prints a test pattern to facilitate aligning continuous forms for a dot matrix printer, or setting the Top and Left Margins for a laser printer.

FF SEND FORM FEED TO PRINTER

Sends a Form Feed to eject previous form from the printer.

RW RESTART PRINTING W-2 FORMS

Allows restarting a print job at a specified employee if a job has been interrupted by a printer or forms problem.

PS PRINT SINGLE W-2

Allows the operator to print a W-2 for any selected employee. This selection may be used to reprint lost or damaged W-2 forms. Continuation forms, if required, are also printed.

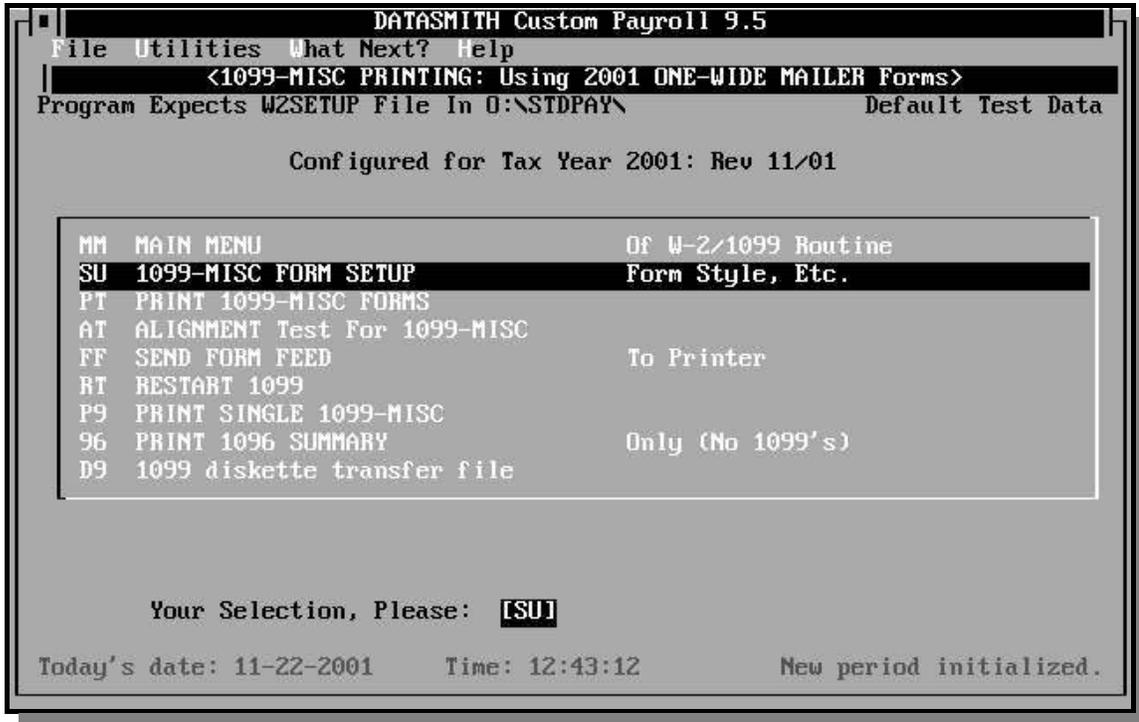
W3 W-3 FORM ONLY (no W-2's)

This selection allows the operator to view the W-3 Feeder Report and/or print a W-3 form without having to print all the W-2's. Since the W-3 Feeder Report includes the number of W-2 forms printed, including continuation forms, this selection is also useful in determining the number of W-2 forms needed for year end. Preparers of multiple payrolls can use this selection to avoid having to change forms at the end of each payroll. **WHEN USING THIS SELECTION, THE SETUP MUST BE IDENTICAL TO THE ONE USED FOR PRINTING YOUR W-2 FORMS!**

WD W-2 ON DISKETTE

This selection provides a convenient alternate way to access the W-2 Diskette programs.

1099-MISC PRINTING FUNCTIONS



SU 1099-MISC FORM SETUP

Allows the operator to select the printer to be used, to define margins and other form characteristics. Settings are stored in the same W2SETUP.PAY file used by the current payroll for W-2's.

AT ALIGNMENT TEST FOR 1099-MISC

Prints a test pattern to facilitate aligning continuous forms in a dot matrix printer, or for setting Top and Left Margins for a laser printer.

PT PRINT 1099-MISC FORMS

Starts a print job with the first independent contractor in the file.

RT RESTART PRINTING 1099 FORMS

Allows restarting at a specified independent contractor in the event of a printer problem or other interruption.

P9 PRINT SINGLE 1099-MISC

Allows the operator to print a 1099-MISC for any selected independent contractor. This selection may be used to reprint lost or damaged 1099-MISC forms.

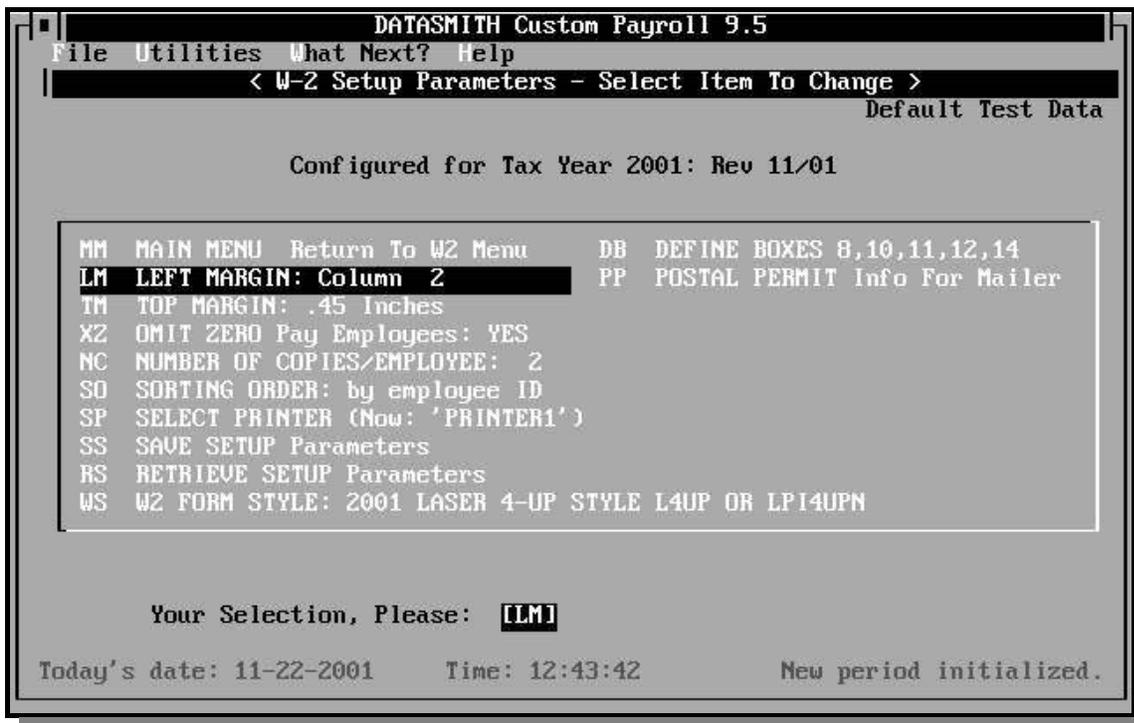
96 1096 FORM ONLY (no 1099's)

This selection allows the operator to view the 1096 Feeder Report without having to print all the 1099-MISC forms. Since the 1096 Feeder Report includes the number of W-2 forms printed, this selection is also useful in determining the number of 1099-MISC forms needed for year end.

D9 1099 diskette transfer file

This selection exports 1099-MISC data to a file which can be used by the optional Mag Filer program to create a 1099 file for submittal on magnetic media (the exported file CANNOT be filed 'as is').

W-2 or 1099 FORM SETUP



The W-2 form Setup screen is shown above. The 1099-MISC Setup is similar to the W-2 Setup, except that there is no DEFINE BOXES selections. The selections for both screens are described below.

LM Left Margin

This selection allows you to move the entire printed image relative to the left edge of the form in order to get proper horizontal alignment. The recommended initial settings are (always test print to confirm your settings):

One-wide continuous W-2 forms:	column 6
Two-wide continuous W-2 forms:	column 1
Laser W-2 forms:	column 3
One-wide continuous 1099 forms:	column 5
Laser 1099 forms:	column 1

TM Top Margin

This selection allows you to set the position, in inches, of the topmost printed line on the form. It is NOT USED except when using Laser-compatible forms. Recommended initial settings:

Laser W-2 forms, 2/page styles:	.53
Laser W-2 forms, 4/page styles:	.45
Laser 1099 forms:	.62

XZ OMIT ZERO pay employees

If this option is selected, those who have nothing to report will be omitted from the run. For W-2 forms, employees who have no Federal, FICA, or Medicare wages and/or taxes to report are omitted. For 1099-MISC forms, independent contractors who have to Unadjusted Gross wages or federal tax to report are omitted.

NC Number of Copies/Employee

This selection is used to allow you to print more than one form per employee vertically. It is normally set to "1" except when printing the employee copy of Laser-compatible forms. Note that when using "4-up" laser styles, twice as many copies are produced: a setting of "2" results in a single page containing 4 copies. You should set the Generate Subtotals selection to NO when printing more than one copy per employee.

SO Sorting Order

If you generate Alternate Keys for your Payroll (using the INITIALIZE & Utilities selection), you will be given the opportunity to print your W-2 or 1099-MISC forms in Alternate Key order instead of by Employee ID (the default order). You must have a valid Alternate Key at the time this selection is made.

WS W-2 Form STYLE

MS 1099-MISC STYLE

This selection determines the style of form being used. The program detects the type of printer you have selected, and presents only those choices which are appropriate: for this reason, you should select the printer before selecting the form style. Over 14 continuous dated, continuous "No Date", mailers, Laser preprinted, and Laser-created W-2 styles and 3 1099-MISC styles are available. As forms evolve, additional style selections will be made available.

The printer selection determines whether the program handles your printer like a continuous forms printer, or like a Hewlett-Packard-compatible laser printer. If laser handling is indicated, the program will issue top margin setup commands to it, and issue a Form Feed after the last printable line on each page. Because this program is set up for specific preprinted forms, the "Lines/Page" setting in the Printer Definition is ignored: the form style selected determines printed page length.

PP POSTAL PERMIT info for mailer

This selection allows the operator to enter up to five 23-character lines (length and number of lines dictated by form selection) of Postal Permit data for printing on mailer-style forms. This capability avoids the leadtime and expense associated with custom-printing postal permits on forms.

SS SAVE SETUP Parameters

This selection causes the current Setup selections to be saved in a file named W2SETUP.PAY. This file can be saved in the current Payroll Data directory, in which case it applies ONLY to the current Payroll, or it may be saved in the current Default Directory, in which case it applies to ALL Payroll Data directories which do not contain a separate W2SETUP file.

RS RETRIEVE SETUP Parameters

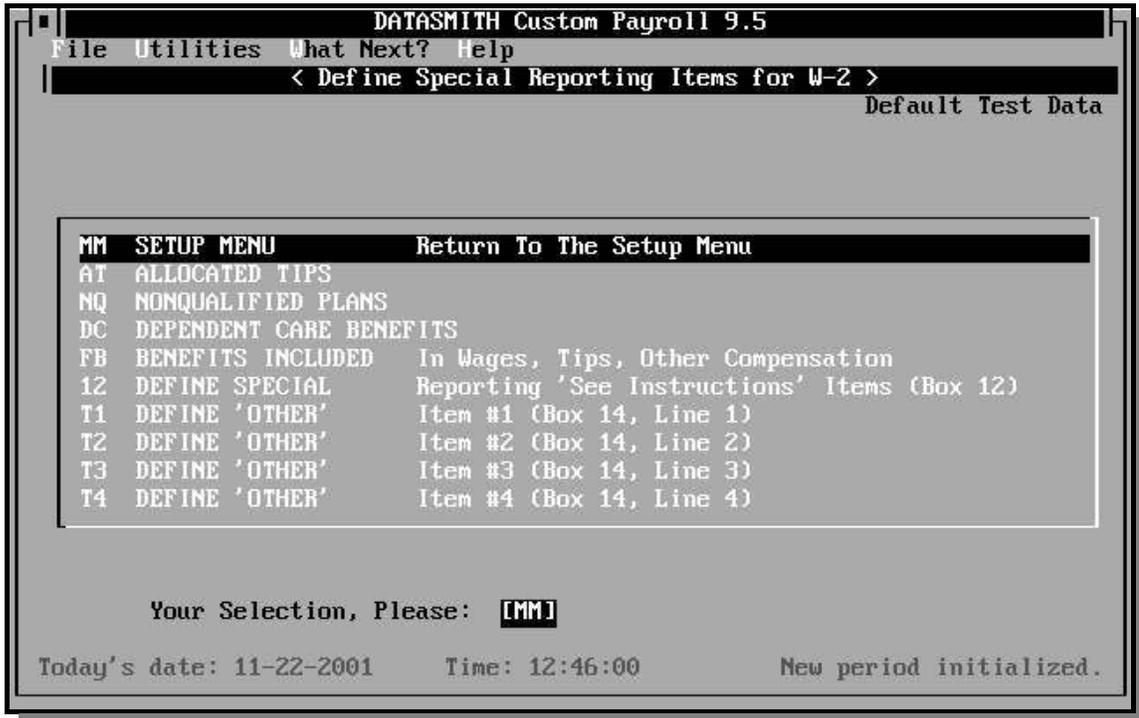
This selection retrieves the current Setup from either the current Payroll Data Directory or the Default Directory.

DB DEFINE BOXES 8,10,11,12,14

This setup selection is used for determining which Pay Categories and which Deduction accumulators hold the data for reporting the item in question. All selected items are added together to derive the total reported on the W-2 form. The special reporting box numbers may change from year to year: make sure your program is updated before printing forms.

SUI/SDI and OTHER tax reporting: These items may be selected for reporting in box 14 of the 2001 W-2 form. The program allows the operator to define a label for each of the four possible items in Box 14.

A Special Reporting Item selection screen is used first to identify the specific item being defined:



After the subject Item is identified, the Company-Wide Deductions are displayed as shown below.



After the Deductions which affect the Item (if any) are identified, the Standard Predefined Pay Categories (1-8) and User-Defined Pay Categories (9 and up) are displayed as shown below.



PRODUCING PAPER FORMS

ALIGNMENT TEST

Proper forms alignment is an absolute necessity when printing W-2 forms, and since they are printed so seldom, you do not get experience in proper alignment as you do with paychecks. And for many newer businesses, W-2's may be the only multi-part forms you ever use!

IF YOUR PRINTER DOES NOT HAVE A TRACTOR FEED MECHANISM, DO NOT ATTEMPT TO PRINT CONTINUOUS W-2 FORMS!! Friction feed slippage will cause alignment to drift after only a couple of forms. If you wish, we can help you locate someone who has the proper equipment to assist you in producing your forms directly from your DATASMITH Payroll files.

The alignment test (AW for W-2 forms, AT for 1099-MISC forms) prints a test pattern on the form. When using continuous forms, start by positioning your printer's print head in the first character position of the upper left-hand box marked "control number" and select the alignment test. After the test, examine the test pattern carefully, especially in the area of the small check boxes on the upper right-hand part of the form. To change horizontal alignment, you can adjust the paper in the printer, or use SETUP to change the left margin. If the alignment is not correct, re-position the forms and run the test again, as many times as necessary.

On W-2 Forms Only: Once you have determined that the alignment is correct, you must make sure that the first blank form in the printer is at the top of a 2-form sheet. This is necessary because the top form (IRS copy A) is only perforated every second form. IRS wants the first form printed at the top of an 11" sheet. If, after running the alignment tests above, the print head is not positioned at the first form of a sheet, run the alignment test one additional time. Re-running the alignment test instead of moving the forms manually will maintain alignment. When using a laser printer, you can also use the Form Feed selection to make sure you are at the top of a form. If you will make sure the first form is started correctly at the top of a sheet, DATASMITH Payroll will correctly position your Subtotals automatically: printing one void form if necessary in order to put the last Subtotal at the bottom of an 11" sheet. Subtotals are not used on 1099-MISC forms.

If you are using Laser-Printed forms, you use the SETUP selection to adjust the left and top margins instead of changing the position of the paper in the printer.

When you are sure everything is correct, choose "PW" to print W-2 forms or "PT" to print 1099-MISC forms, and the program will respond with the reminder:

Last period ended mm-dd-yyyy

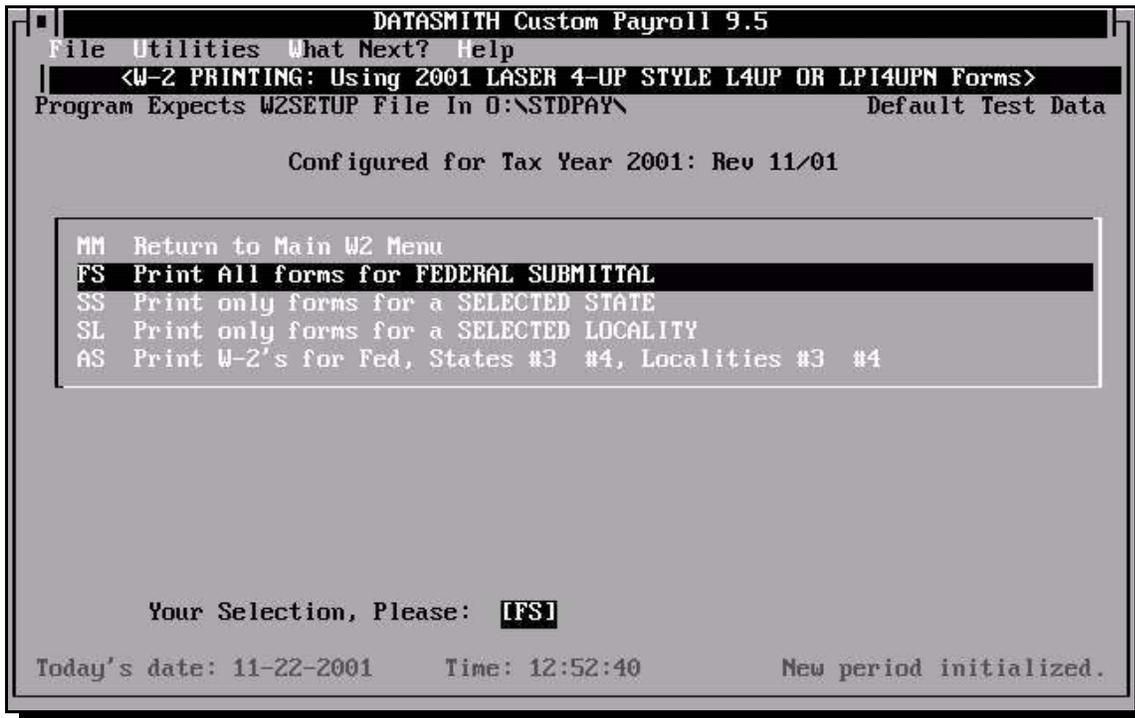
Is that the last period in the year (y/n)? Y

If you answer "Y", the program will proceed. Remember that the employee master file, MASTER.PAY, must be from the last pay period in the year or the amounts will be incorrect.

SELECTING THE FORMS BY STATE AND/OR LOCALITY

If you are currently printing the Federal "Copy A", you MUST print ALL W-2's in a single batch: use the "FS" selection below and do NOT select forms by State or Locality when printing the Federal "Copy A".

State and/or Locality selections are provided to allow you to efficiently produce the proper employee and/or employer reports for selected states and/or localities when the payroll involves withholding for more than one state.



FS Print All W-2's for FEDERAL SUBMITTAL

This selection prints W-2 forms for all employees, regardless of the state(s) withholding taxes from the employee. Employees who have no taxable pay will be included or not depending upon the OMIT ZERO (XZ) setup selection.

NOTE: If you are NOT printing the Federal "Copy A" at this time, you may choose to print only the W-2's for a selected State or Locality in order to save time separating them for submittal: otherwise, you should choose "FS".

SS Print only W-2's for a SELECTED STATE

This selection asks the operator to identify one or two states and zero, one, or two localities to be reported during the current W-2 production run. Employees not reporting in at least one of the selected state(s) will not be included in the production run. The selected states will be reported in specific positions on the W-2 form, and state totals will be displayed on the W-3 feeder report appearing on the screen after the production run has been completed.

When using "SS", the Locality selections made, if any, serve only to force reporting of the localities in a specific position on the form. W-2's will neither be included nor excluded from the run based on the locality selection: employees reporting to a selected locality who do NOT report to one of the selected states will not be included. If no locality selections are made, the first two localities for which each employee reports wages will be included on the W-2.

LS Print only W-2's for a SELECTED LOCALITY

This selection asks the operator to identify one or two Localities and zero, one, or two States to be reported during the current W-2 production run. Employees not reporting in at least one of the selected localities will not be included in the production run. The selected localities will be reported in specific positions on the W-2 form, and state totals will be displayed on the W-3 feeder report appearing on the screen after the production run has been completed.

When using "LS", the State selections made, if any, serve only to force reporting of the localities in a specific position on the form. W-2's will neither be included nor excluded from the run based on the state selection: employees reporting to a selected state who do NOT report to one of the selected localities will not be included. If no state selections are made, the first two states for which each employee reports wages will be included on the W-2.

AS Print W-2's for Fed, States #3 & #4, Localities #3 & #4

This selection is used to print Employee copies of W-2's for employees who report wages to more than two states and/or more than two localities. Only employees reporting in a third or fourth state and/or third or fourth locality are included in the production run.

PRODUCING W-2'S FOR ONE OR TWO STATES

EMPLOYEE COPY: Use SELECTED STATE to choose one of your states for reporting as State #1, and to choose the other as State #2. Do not make any Local selections. The W-2 program will move the applicable state tax reporting for each

employee to the designated line, and all Federal and state information can be produced in a single production run.

EMPLOYER COPY: Use SELECTED STATE exactly as described above for the Employee Copy to produce both State copies in a single run. At the end of the run, be sure to copy the total Taxable Wages and total Tax Withheld for each state from the W-3 Feeder Report which appears on the screen after the forms have been printed: this information does NOT appear on the Federal W-2, but you will need to copy it to the submittal form required by each state. You will need 4-part Employer forms: a Federal Copy A, plus a Copy 1 or an Information Copy for each state, plus a file copy to be retained by the employer.

EMPLOYEE COPY PRODUCTION FOR THREE OR FOUR STATES/EMPLOYEE

EMPLOYEE COPY: DO NOT use SELECTED STATE to print the Employee copies. If each employee is subject to withholding in no more than two states, the W-2 program will report the applicable states for each employee in a single pass.

If some employees are subject to withholding in more than two states, select ALTERNATE STATE to produce a second W-2 run containing the third and fourth states and third and fourth localities for these employees.

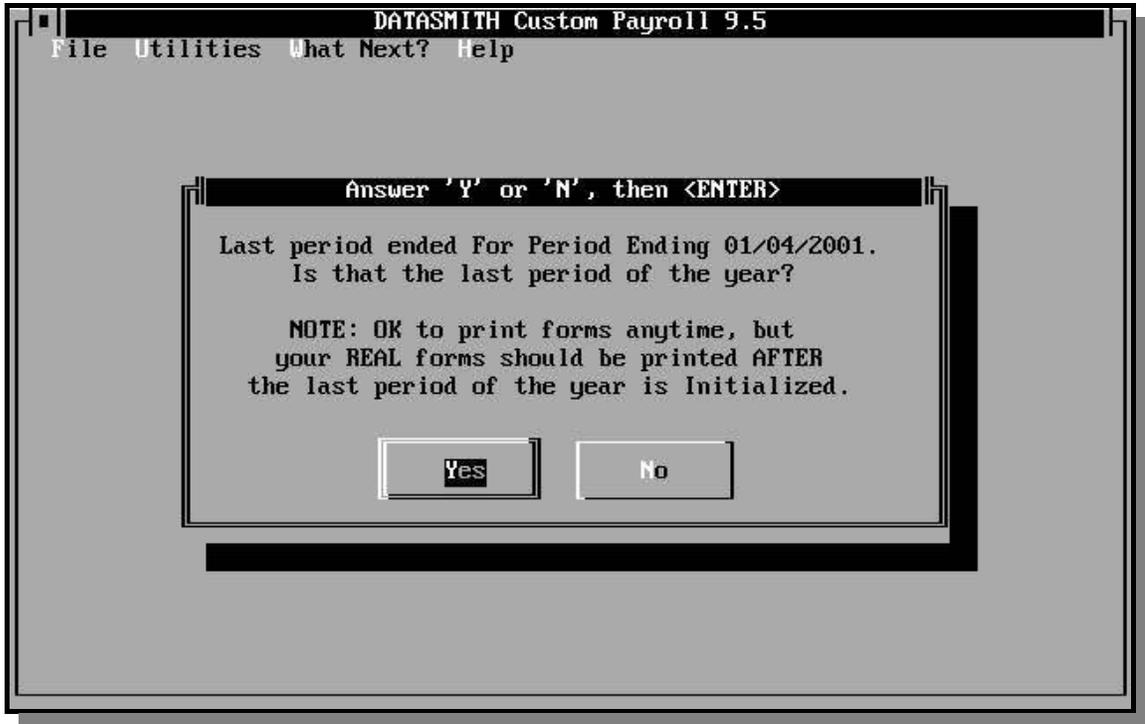
EMPLOYER COPY PRODUCTION FOR MORE THAN TWO STATES

EMPLOYER COPIES: Use SELECTED STATE to choose one of your states for reporting as State #1, and to choose another as State #2 for the first state copy production run. Repeat for another set of two States until all states for which you withhold taxes have been included in a production run.

After you make your State/Local selections, the operator is asked to enter (or confirm, if already entered) the employer's telephone number which will be printed on the W-2 or 1099-MISC forms.

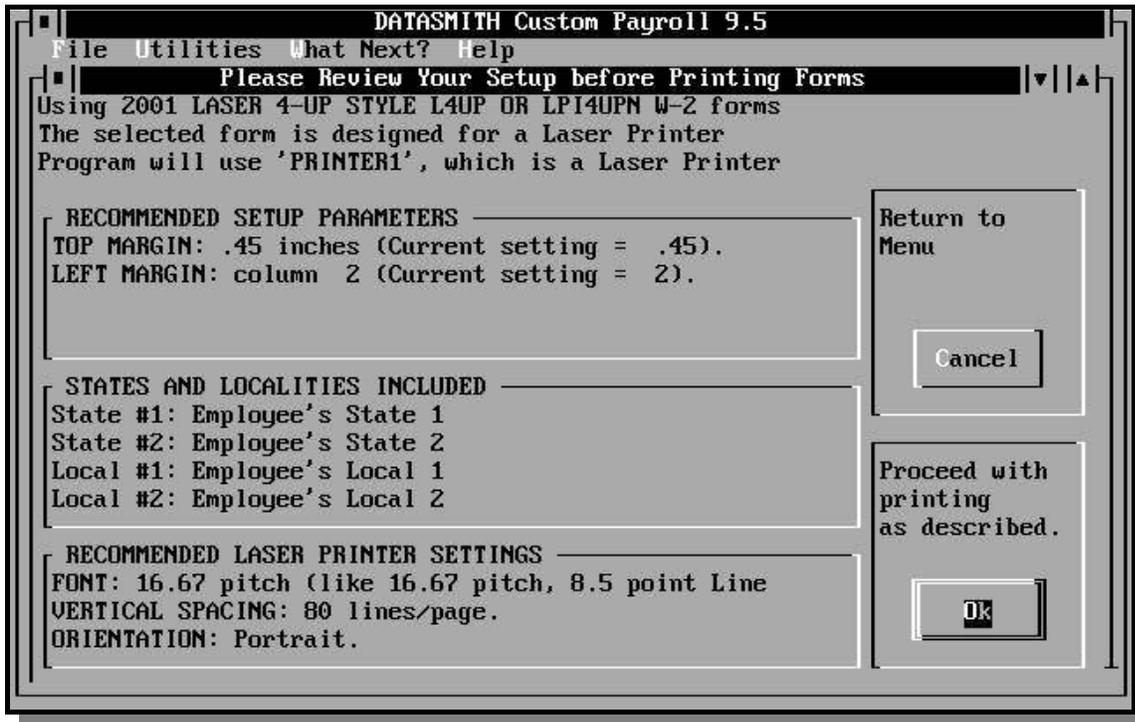


After the telephone number is entered, the system asks the operator to confirm that it is an appropriate time to print the W-2 forms as shown below. This offers the operator a chance to 'bail out' if necessary:



If the selected printer is a laser printer, and if the form is a black form which can be laser-created, the system then asks the operator to specify whether the form is to be laser-generated as illustrated below. If you are using preprinted forms or are producing the red Copy A forms, answer "NO".





To make sure that all of the settings are correct, the operator is presented with a summary of the current program settings, along with the recommendations for the selected form as illustrated above. If something needs to be changed, the operator can Cancel without wasting any forms.

If the operator chooses OK, and if laser forms are being used, two 'fine adjust' screens are presented to allow precise positioning of laser forms on the printed page. The 'fine adjust' screens are intended for adjustments of less than 0.2" (two tenths of an inch).



INTERRUPTING AND RESTARTING A PRINT JOB

A print job may be caused to Pause with the one-key Pause/Cancel feature. This will cause the program to stop printing after the current form is finished. Many printers have an internal memory buffer and will continue to print even with the program stopped. Also, a printer can temporarily put the computer in a "wait" state that will prevent the program recognizing the Pause or Cancel immediately. Note that if you have selected a printer set up as a "Network" or "Shared Printer", the Pause/Cancel feature will be ineffective because all data is sent to the printer in one large 'glob' after the job is completed.

In an emergency, such as a stuck print head or tearing paper, turn the printer off immediately at its power switch. The program should recognize the printer off-line and report an error. You can always reprint the entire job or use the Restart feature to finish a partially-printed job.

Restart printing W-2 forms at the last employee that appeared at the top of a page before the previous job was stopped. Make sure that the sort sequence (alphabetical, departmental, etc.) is the same as was specified in the interrupted job, and that you select the same Deductions as before to be included in each of the Special Reporting categories. Run the alignment test as explained above to confirm that you are ready to restart. If printing Federal Copy A forms, you **MUST** assure that the first W-2 will be printed at the top of an 11" page.

The program will ask for an Employee I.D. to identify the first W-2 to be printed.

When you Restart, the program goes through the motions of printing the entire job, except that printing is suppressed until the employee code specified is found in the file. Therefore, there may be a period of inactivity before printing begins. Employee names are printed on the screen as they are processed to allow you to monitor the job progress.

MAGNETIC MEDIA REPORTING (W-2 on Diskette)

DISKETTE REPORTING OF W-2 INFORMATION: IRS regulations require that, beginning with Tax Year 1987, employers issuing more than 250 W-2 Copy A forms must file on magnetic media. **IT IS IMPORTANT TO NOTE THAT THE REQUIREMENT IS BASED ON THE NUMBER OF FORMS AND NOT THE NUMBER OF EMPLOYEES!** This capability is a standard feature of DATASMITH Payroll Version 7.0 and later.

The DATASMITH magnetic media W-2 program handles Multi-volume submittals, so that any number of employees which can be entered into the system can be reported in this manner.

W-2 and 1099 Form Printing

W-2 DISKETTE ROUTINE: Per SSA Pub No. 42-007 (TIB-4) dated May 2001
S)))))))))Q ICM965950

MM Main Menu
W2 Prepare W2 on disk, print Substitute Form 6559
LI LIST W2 from disk to printer
SP SPLICE one or more W2 files into a single submittal
DU DUMP W2 from disk to printer

Your selection, please: W2

W2 Prepare W2 on disk, print Substitute Form 6559 This selection writes the W-2 data to a file named W2REPORT on a diskette. If you intend to splice two or more W-2 submittal files together, you can direct the output to your payroll data directory and then Splice from each payroll data directory to your diskette. The program will produce multi-volume diskette files, if necessary. You should have a sufficient number of blank, formatted diskettes available before activating this selection. Current regulations allow you to submit the Form 6559 produced by the program 'as is'.

LI LIST W2 from disk to printer This selection reads, formats, and labels data directly from the magnetic media W-2 file: presenting it in an easy-to-read format. It can be used to verify that diskette W-2 submittals were produced properly and accurately. The listing is a concise, human-readable record of the W-2 data actually submitted to SSA.

The operator can use the "LI" selection to easily identify the data on a W-2 submittal if the diskette label is lost or becomes illegible.

The "LI" selection requires either wide (132 column) paper or compressed print capability for use with regular 8.5" wide paper. It will issue the wide-report setup string from the printer definition file for the selected printer.

The data for each new employer in a multi-employer file is started at the top of a new page. Intermediate totals are printed at the bottom of the data to which they apply.

After starting "LIST W2," the operator is asked to identify the Drive or Path (normally a floppy disk drive) containing the magnetic media W-2 file.

The file must be named W2REPORT, and must conform to SSA Pub 42-007 (MMREF-1) dated May, 2001: files produced to earlier revisions of this document may not be correctly summarized.

SP SPLICE one or more W2 files into a single submittal This selection can be used to:

1. Combine several magnetic disk W2 files into a single submittal.
2. Convert a magnetic W2 file into a TEST ONLY file.
3. Convert a magnetic TEST ONLY W2 file into a submittal file.
4. Convert a RANDOM (no CR/LF) magnetic W2 file into a SEQUENTIAL (with CR/LF) file for processing by a data base or other program requiring SEQUENTIAL format.
5. Convert a SEQUENTIAL (with CR/LF) magnetic W2 file into a RANDOM (no CR/LF) file for processing by a data base or other program requiring RANDOM format.

BEFORE STARTING W2SPLICE: If you are submitting your data to SSA on diskette, make sure you have enough blank, Formatted diskettes to hold your output file. Approximate diskette capacities are as follows:

5.25" DSDD	360KB	512 bytes/sector	902 employees
5.25" DSHD	1.2MB	512 bytes/sector	3198 employees
3.5" DSDD	720KB	512 bytes/sector	1845 employees
3.5" DSHD	1.4MB	512 bytes/sector	3731 employees

The number of employee records per diskette will be reduced by approximately 3 for each additional employer file added. If "S-records" are contained in the file, the capacity of the media is cut in half (DATASMITH Payroll does not currently produce S-records). NOTE: After 2005, SSA intends to require electronic transmittal of the file: the W2REPORT file you transmit to SSA is exactly the same as the one you previously sent in on diskette.

Operating the W2SPLICE program: The Splice program works from diskettes which conform to SSA Pub 42-007 (MMREF-1) dated May, 2001 and later: It will not work properly with W-2 diskettes produced according to standards earlier than May, 2001. To use the program:

1. Identify the INPUT file.

When W2SPLICE is first activated, it will ask you to identify the INPUT file Directory or Path and the OUTPUT file Directory or Path.

It does not ask for Input or Output file names because the name of any SSA-standard magnetic W-2 file must be "W2REPORT".

The Transmitter records used in the Output file will be the ones contained in the first Input File you identify: all other Transmitter Records will be ignored.

The Input File may be either a RANDOM or a SEQUENTIAL file: W2LIST will automatically adapt to either format.

2. Identify the OUTPUT file.

After the first Input File has been identified, W2SPICE will ask you to identify the Path or Drive for the OUTPUT file. Normally, this will be a floppy disk drive. Put a blank, initialized diskette in the output Drive before identifying the OUTPUT file Drive.

W2SPICE will then ask you whether the output file is to be a RANDOM file.

If you want a SEQUENTIAL file (for compatibility with another program), answer "N". If you are sending a file to SSA, we recommend answering "Y" to this question (this default can be selected by simply hitting ENTER). W2SPICE will convert any mixture of RANDOM or SEQUENTIAL input files to the output file form you select.

Next you will be asked whether the output file is to be TEST ONLY.

If you answer "Y", the entire file will be tagged with the TEST indicator, which will prevent the SSA from processing this entire file as "Real" data. **MAKE SURE YOU DO NOT CREATE A 'TEST ONLY' FILE FOR YOUR 'REAL' W-2 DATA SUBMITTAL TO SSA!** If you add more files to this submittal, all data will be treated as test data.

W2SPICE will then test the Output Path or Drive to see if a W2REPORT file already exists there. If it finds a W2REPORT file, it stops with an error message: the existing W2REPORT file will not be modified or replaced. If no pre-existing W2REPORT file is found, the output W2REPORT file is created.

```
W-2 UTILITY PROGRAMS (W-TOOLS) vs 2.0                (C) 1989 By DATASMITH, Inc.
===== For use with Diskette Files conforming to
<< W2SPICE >>                SSA Pub 42-007 dated October, 1988
                                and Revisions through 7/91
                                SP LICING TWO OR MORE MAGNETIC W-2 FILES TOGETHER
```

```
Input File: W2REPORT                Length = 39 Records
            RANDOM [no CR-LF]
```

Output File: d:\W2REPORT
RANDOM [no CR-LF]

TEST ONLY

Input Record Output Record
 24 21

Output Media will hold 8315 more Records

END OF INPUT FILE: Do you want to add another file (y/n) ?

SPLICING

The INPUT file is then transferred to the OUTPUT file. During the transfer process, totals for the FINAL record of the file are accumulated. When the INPUT file has been read completely, W2SPICE asks:

Do you want to add another file?

If you answer "Y", you will again be asked for the INPUT file Drive or Directory. The second and subsequent INPUT files do not have to be the same RANDOM or SEQUENTIAL form as any previous INPUT file: the OUTPUT file will be in the format you originally requested. The additional INPUT files may represent additional payrolls from the same employer, or may be W-2 files from different employers which are being submitted together by one preparer (the Transmitter).

WARNING: REMOVE THE OUTPUT DISK ONLY WHEN INSTRUCTED TO DO SO BY THE PROGRAM!! If you remove a diskette before the program asks you to do so, you may end up with an unreadable diskette which will be REJECTED by SSA!

When a multi-volume W-2 file is produced, W2SPICE will give you the labeling instructions (DISK x OF y) as each volume (diskette) is completed. Mark each diskette as instructed.

COMPLETING THE OUTPUT FILE

After you have added the last file, answer "N" to the question:

Do you want to add another file?

Make sure you REMOVE THE OUTPUT DISK ONLY WHEN INSTRUCTED TO DO SO BY THE PROGRAM. The program does not write the Final Record, containing the File Totals, until AFTER you tell it that no more files are to be added.

DU DUMP W2 from disk to printer This selection is provided to allow the operator to diagnose a variety of problems associated with W-2 diskettes. It produces an unformatted listing (or "Dump") of any file named "W2REPORT". The listing will be readable as long as the file in question contains only ASCII characters, as required by all versions of the governing SSA specifications. The contents of each record can be audited by counting characters and using the TIB-4 to interpret the contents.

PREPARING FOR SUBMITTAL ON MAGNETIC MEDIA

If you are required to file information returns on magnetic media, you must file form SSA-2480, Federal Annual Diskette Reporting Request for Authorization, giving your firm's name, the equipment you are using, and certain other information. At this writing, all 5.25" diskette formats used by the IBM PC and compatible machines are suitable for magnetic media reporting. You should also obtain SSA publication No. 42-033 [TIB 4-c], which provides details of reporting and filing requirements. This publication and the authorization form are available through the Social Security Administration.

NOTICE: **Despite the fact that you may be required to file on magnetic media, all filers of information on magnetic media must obtain authorization to report W-2 Copy A information on diskette.**

At the time of this writing, Authorization is requested via form SSA-2480, which is submitted to SSA (not IRS). In addition, you may be required to submit a test diskette before authorization is granted. **IT IS YOUR RESPONSIBILITY TO OBTAIN APPROVAL TO FILE.**

Magnetic Media (diskette) submittal has made the format of certain Employee and Employer data more critical than it was in the past. To assure that your Magnetic Media submittal can be processed properly by the SSA, you should check the following items:

1. State Codes: All State codes in the Company and Employee Records should be standard two-letter Postal Abbreviations. They **MUST** be all capital letters (i.e: "KS" - not "Ks"). Standard Postal Abbreviations are automatically enforced by Version 7.2 and later Custom Payroll during Company and Employee data entry.
2. Make sure that your Employer ID is correct. It should be entered in the Company Data as a number with **NO** spaces, hyphens, or other non-numeric characters.
3. Employee Social Security numbers should be checked: If a Social Security number is missing, the program will flag it as Missing in the magnetic submittal. DATASMITH Payroll allows you to enter spaces or hyphens into Social Security numbers for better legibility on reports: the program automatically removes all non-numeric characters from Social Security Numbers before writing your magnetic media W-2.

4. Employee first and last names **MUST** be properly separated in the Employee File. On the paper W-2's, it does not matter if both names appear in the first or last name field: but the magnetic media submittal **REQUIRES** separation in a consistent manner.
5. Make sure all your Company data is complete and accurate. Much of this data is not used on the paper W-2's: you submit a separate form with this information. But on the magnetic W-2's, this data is recorded in front of the Employee data.

Before attempting to make a W-2 diskette, we recommend that you print paper copies of the W-2 forms for your employees and your Employer records. Make sure the information is correct by spot checking a few employees against your records. **DO NOT** send paper copies of W-2 forms to the Social Security Administration if you are reporting on diskette. (Exception: Most corrections after your original filing are submitted on paper forms)

The Special Reporting items are controlled by the same Setup File (W2SETUP.PAY) used for the paper form in order to assure consistency between the paper and magnetic media submittals.

Certain items are reported differently on the two media because the IRS/SSA regulations are different or not entirely coordinated for the two media. Deferred compensation items coded D, E, F, and G in Box 12 on the paper W-2 form are lumped together and reported as "Deferred Compensation" on the magnetic form. There is no magnetic media "Box" for reporting of paper form Box 12 items coded C, K, or L. No Box 14 items are reported on the magnetic media.

The magnetic media W-2 program included with standard DATASMITH Custom Payroll 8.30 handles "Regular" type of employment. Handling of "Agriculture", "Household", "Military", "MQGE", and "Railroad" types of employment are available on special order.

OPERATING THE PROGRAM

The W-2 on diskette (WD) program is called from the W-2 printing menu. Most of the prompts are self-explanatory.

1. Specify the drive for the W-2 data file. By default, the program will place your W-2 data file in the same drive and directory as your payroll data, but you should specify a floppy disk drive containing a blank, formatted, 5.25 or 3.5 inch diskette (see current regulations for other PC-compatible media which may be acceptable at the time of your actual filing).

If you have more employee records on file than will fit on a diskette, you **MUST** write all files directly to diskette (rather than to a hard disk and copying the files to a diskette later) so that the program can write the continuation diskettes properly and

tell you how to label them. The program will report the approximate capacity of the selected diskette to the operator when "Prepare W2" is chosen.

2. The W-2 data file format requires general information on the company doing the reporting as well as the Employer:

- a. **TRANSMITTER NAME & ADDRESS**

The "transmitter" is the person or organization submitting the diskette report. Normally, this is the same as the employer, but may be different if the diskette is being submitted by a payroll service, CPA, or other third party. Change this information if appropriate.

- b. **MEDIA RETURN ADDRESS**

You may specify a separate name and address for the return of your (floppy disk) media. Unless you manually change this, the company name and address is used here. You will also be given the opportunity here to enter an "Other EIN" you may have used during the subject tax year.

3. The program places the information in a file named "**W2REPORT**" in the drive you have specified. You should have a blank, newly-formatted disk containing no other files in the specified drive. When submitting this information, make sure you use correct forms and labels as provided by the government. The program may ask you for additional blank, formatted diskettes for a continuation of this file if you have more than 1392 employees: make sure you label each diskette "1 of ...", "2 of ...", etc. as they are produced (the program will prompt you with the correct sequential labeling information).
4. If you experience any difficulty such as power interruptions or hardware failure while you are producing the magnetic media W-2's, simply re-format the affected diskettes and start over.

WHERE TO GET HELP

If you have any questions about our software or encounter any difficulties with the program, please do not hesitate to call us. We have additional tools available to help you produce and check your magnetic media submittals. However, any questions regarding rules and regulations should be directed to the appropriate government agency.

Currently, the Social Security Administration has Magnetic Media Coordinators in each Region to answer questions regarding media formatting, labelling, and submittal procedures. Offices in major cities have a Magnetic Media Coordinator: see your local phone book. Questions regarding the required content of various data fields are referred to the IRS:

1-800-829-1040. Most of the publications you will need can be obtained over the Internet from the IRS site at:

<http://www.irs.gov>

SUMMARY REPORTS FOR W-2 RELATED FORMS

W-2 Summary: Form W-3

A Form W-3 and/or a W-3 Feeder Report can be printed from the W-2 Printing Menu. The W-3 Feeder Report is a plain-paper report which contains all of the information on the W-3, plus some helpful supplemental information.

On the W-3 Feeder Report, the number of automatically-produced Continuation forms is stated separately. The operator can determine the number of employees receiving W-2 forms by subtracting the number of Continuations from the Number of Statements. A Continuation is an extra form containing only Box 12 data which did not fit on the primary form.

HINT: You can determine the number of W-2 forms you will need by running the W-3 Feeder Report first.

The W-3 Feeder Report will display totals for each of the states or localities for which wages are reported in the W-2 run. On the actual W-3 form (2001 Version), there is no space for only one State and one Local set of totals. For this reason, the program will ask you to identify the specific State and Locality you wish to report on the W-3 form. If necessary, you may rerun the W-3 for additional states and localities: the W-3 is only a report and does not alter the data files in any way.

The program will also print an actual W-3 on a blank form.

MAGNETIC MEDIA W-2's: Substitute Form 6559

After Magnetic Media W-2's are prepared, a Substitute Form 6559 Report is automatically produced by Payroll on your printer. The form produced by DATASMITH Payroll can be submitted as produced in lieu of the actual preprinted Form 6559. Actual submittal of a Form 6559 may or not be required, depending upon your submittal method.

W-2 SPECIAL REPORTING

Here are some suggestions for setting up the new Special Reporting Items which appear on the W-2 form for 2001 and later years. Because of the versatility of DATASMITH Payroll, there usually is more than one way to achieve a given result, so setup methods different from the ones listed are not necessarily "wrong": yours may even be better!

THE FOLLOWING EXAMPLES MAY NOT BE APPLICABLE TO YOU! The Tax Treatments suggested may not be correct for your payroll, and regulations affecting these items change relatively frequently. Always consult a tax adviser who is familiar with your specific situation and current tax laws before using the Tax Treatment Codes. Note that the box numbers may change from year to year.

Box 8: Allocated Tips

Set up a Tax Exempt (Tax Code "C") Non-Cash User-Defined Pay Category to capture Allocated Tips. Amounts entered into this category will not affect any State or Federal tax basis.

Box 9: Adv. EIC Payment

Simply mark the affected employee as "eligible" or "spouse also eligible" in the Employee Record. The benefit amount will be automatically calculated each pay period, included in the employee's check, and shown as a credit against the Federal Deposit due for the period.

Box 11: Nonqualified plans

Set up a User-Defined Pay Category with the appropriate Tax Treatment Code (Usually Fully Taxable: Code "A") to capture the contribution to Nonqualified Pension plans.

Box 10: Dependent Care Benefits

Isolate this item in either Deductions or Pay Categories or both.

Box 12, Code A: Uncollected Social Security Tax on Tips

Box 12, Code B: Uncollected Medicare Tax on Tips

Isolate these items in Tax Exempt (Tax Code "C"), Non-Cash User-Defined Pay Categories for "Reporting Only" treatment. If uncollected Tax already appears in Payroll as a "Carry Forward" for this employee in the amount of this uncollected tax, manually adjust the "Carry Forward" and the "YTD Tax" in the Employee Record by the same amount you enter as "Uncollected Tax on Tips".

Box 12, Code C: Group term life cost of coverage over \$50000

Isolate this item in a FICA-Only (Tax Code "B"), Non-Cash User-Defined Pay Category during one or more regular pay periods.

Box 12, Code D: Section 401(K)

Box 12, Code E: Section 403(b)

Box 12, Code F: Section 408(k)(6)

Box 12, Code H: Section 501(c)(18)(D)

Box 12, Code S: Employee Salary reduction contributions under a section 408(p) SIMPLE

Isolate these items in either Deductions or Pay Categories or both.

Usually, you will want to use a FICA-Only (Tax Code B) Deduction for the employee contribution.

You can also report the Company Contribution to each employee on the pay stub. Simply set up a Tax Exempt, Non-Cash User-Defined Pay Category for the Company Contribution. This item can be entered automatically for Salaried or Regular employees via the Auxiliary Pay Component feature.

Box 12, Code G: Section 457 contributions

Isolate this item in either a Deduction or a Pay Category with the appropriate Tax Treatment Code.

Box 12, Code J: Sick Pay not includable as income

Include this item via a Tax Exempt (Code "C"), Non-Cash User-Defined Pay Category.

Box 12, Code K: Excess Golden Parachute payments

Isolate this item in a Taxable (Tax Code "A") User-Defined Pay Category. The 20% Excise Tax can be assessed in addition to regular withholding by any one of the following methods:

Method #1: Use Manual Check to increase the automatically-calculated Federal Withholding by the amount of the Excise Tax on the Excess Golden Parachute payment for the affected employees (lump sum payment).

Method #2: Temporarily change the Tax Tables to automatically assess the additional tax (lump sum payment).

Method #3: Change the Employee Record of the affected employees to change their Withholding Method to "Regular plus Extra Amount", and set the Extra Amount to the amount of the 20% Excise Tax on the Excess Golden Parachute payment (level periodic payments).

Box 12, Code L: Nontaxable part of Employee Business expense reimbursements

Isolate the amount of reimbursement in a Tax Exempt User-Defined Pay Category. If the paycheck is used to reimburse the employee, set up the Pay Category to use Regular handling; if reimbursement is paid in cash or by other means outside the Payroll system, set up the Pay Category to use Non-Cash handling.

Note that Taxable expense reimbursements paid via the paycheck can be entered as an extra Regular Pay item. Reporting of Taxable expense reimbursements paid outside of Payroll can also be done via the standard Non-Cash category.

Box 12, Code M: Uncollected Social Security Tax on cost of Group term life insurance coverage over \$50000

Box 12, Code N: Uncollected Medicare Tax on cost of Group term life insurance coverage over \$50000

Isolate these items in Tax Exempt (Tax Code "C"), Non-Cash User-Defined Pay Categories for "Reporting Only" treatment. If uncollected Tax already appears in Payroll as a "Carry Forward" for this employee in the amount of this uncollected tax, manually adjust the "Carry Forward" and the applicable "YTD Tax" in the Employee Record by the same amount you enter as "Uncollected Tax on cost of Excess Group Term Life".

Box 12, Code P: Excludable moving expense reimbursements paid directly to employee

Isolate this item in a Tax Exempt (Tax Code "C"), User-Defined Pay Category. If the reimbursements are not to be included in a payroll check, set the Handling Code to "Non-Cash" for "Reporting Only" treatment: otherwise, use Regular or Other Handling.

Box 12, Code Q: Military employee basic housing, subsistence, and combat zone compensation

Isolate this item in a Tax Exempt (Tax Code "C"), User-Defined Pay Category. If the reimbursements are not to be included in a payroll check, set the Handling Code to "Non-Cash" for "Reporting Only" treatment: otherwise, use Regular or Other Handling.

Box 12, Code R: Employer contributions to a medical savings account (MSA)

Isolate this item in a Tax Exempt (Tax Code "C"), Non-Cash User-Defined Pay Category for "Reporting Only" treatment.

Box 12, Code T: Adoption benefits

Isolate amounts which comprise this item in one or more User-Defined Pay Categories. You may need a Non-Cash category for amounts paid directly to third parties, another for assistance provided directly to the employee. You may also need to include a Deduction which represents some of the pre-tax contributions made by the employee to a section 125 (cafeteria) plan which have been used for adoption benefits.

Box 12, Code V: Income from the exercise of nonstatutory stock options

Isolate this item in a Tax Exempt (Tax Code "C"), User-Defined Pay Category. If the reimbursements are not to be included in a payroll check, set the Handling Code to "Non-Cash" for "Reporting Only" treatment: otherwise, use Regular or Other Handling.

a Control number 22222		Not <input type="checkbox"/>		For Official Use Only OMB No. 1545-0048	
b Employer identification number		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social Security wages		4 Social Security tax withheld	
d Employee's social security number		5 Medicare wages and tips		6 Medicare tax withheld	
e Employee's first name and initial		7 Social Security tips		8 Allocated tips	
Last name		9 Advance EIC payment		10 Dependent care benefits	
f Employee's address and ZIP code		11 Nonqualified plans		12a See instructions for box 12	
15a Employer's state ID number		12b		12c	
16 State wages, tips, etc.		17 State income tax		12d	
17 State income tax		18 Local wages, tips, etc.		19 Local income tax	
18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2** Wage and Tax Statement **2001** Department of the Treasury—Internal Revenue Service
 Copy A: For Social Security Administration—Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.
 For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.
 Do Not Cut, Fold, or Staple Forms on This Page — Do Not Cut, Fold, or Staple Forms on This Page

WHERE W-2 DATA COMES FROM

(Box Numbers refer to Paper forms for 2001 and later years, until revised)

Box #	Name of W-2 Data Item	Source of Data Item in Payroll
a	Control Number	Automatically produced by W-2 program
b	Employer's Id Number	Company Record
c	Employer Name & Address	Company Record
d	Employee's Soc. Sec #	Employee Record
e	Employee Name	Employee Record
f	Employee Address	Employee Record
1	Wages, Tips, other comp	Employee Record: YTD Fed W-2 Wages
2	Federal Income Tax W/H	Employee Record: YTD Fed Tax
3	Social Security Wages	Employee Record: YTD S. S. Wages less Tips
4	Soc. Security Tax W/H	Employee Record: YTD Soc Secrty
5	Medicare Wages & Tips	Employee Record: YTD Medicare Wages
6	Medicare Tax Withheld	Employee Record: YTD Medicare
7	Social Security Tips	Employee Record: YTD Tips
8	Allocated Tips	Operator Selected Deductions &/or Pay
9	Advance EIC Payment	Employee Record: YTD EI Credit
10	Dependent Care Benefits	Operator Selected Deductions and/or Pay

11	Nonqualified Plans	Operator Selected Deductions and/or Pay
12 & 14	Special Reporting Items (up to 20 Box 12 items and 4 Box 14 items per employee supported) (OTHER tax & SDI/SUI may also be selected for reporting in Box 14)	Operator Selected Deductions and/or Pay
13	Statutory Employee	Employee Record
	Retirement Plan	Employee Record
	Third Party Sick Pay	Employee Record
15	Name of State	Employee Record
	Employer's State ID	Company Record
16	State Wages, Tips, etc.	Employee Record: YTD {State} Wages
17	State Income Tax	Employee Record: YTD {State}
18	Local Wages, Tips, etc.	Employee Record: YTD {Locality} Wages
19	Local Income Tax	Employee Record: YTD {Locality}
20	Name of Locality	Employee Record

SUPPORTED W-2 STYLES (11/2005)

- ! 1-Wide, dated continuous: Used to print "All-in-One", "Split Sets", "Twin Sets", and non-mailer magnetic media styles.
- ! 1-Wide continuous mailer forms.
- ! Laser 2/page Official form: Used for Copy A (red preprinted forms) or employee copies (black preprinted forms). Preprinted Copy B/C forms (one employee/page) are also supported.
- ! 2-Wide continuous: Used to print side-by-side non-mailer forms.
- ! Laser 4/page Substitute form: For preprinted employee copies only: cannot be used for Copy A. Requires a laser printer with a 16.67 CPI font at 8 lines/inch.
- ! Magnetic Media: For use instead of submitting a paper Copy A. Automatically adapts to all diskette formats currently allowed by IRS specifications and supported by your computer (DATASMITH Professional: optional in other configurations).
- ! Laser-Created W-2 forms (DATASMITH Standard, DATASMITH Professional): For producing copies B, C, D, 1, or 2 (the black forms): cannot be used to create a paper Copy A (the red form). Support for a laser-created copy B/C form (one employee/sheet) is included. A 4-up Employee form and employee instructions (for the back of Copy C) for both 2-up and 4-up styles are also included. This capability is fully integrated into Payroll, and is operated much the same as any other form selection. The necessary soft fonts and forms layouts are included: no special external fonts or font cartridge is required. An annual update is required for this option. For Tax Years 2005 and later, the USVI version (W-2VI) is also supported.

WHERE 1099-MISC DATA COMES FROM

(Box Numbers refer to Paper forms for 2001 and later years, until revised)

Box #	Name of 1099 Data Item	Source of Data Item in Payroll
4	Federal Income Tax W/H	Employee Record: YTD Fed Tax
7	Nonemployee Compensation	Employee Record: YTD Unadjusted Gross
16	State Tax Withheld	Employee Record: YTD {State}
17	State Payer's State no.	Employee Record Company Record
18	State Income	Employee Record

SUPPORTED 1099-MISC STYLES (11/2005)

- ! 1-Wide, dated continuous: Used to print all continuous, non-mailer styles.
- ! 1-Wide, mailer: Used to print continuous, one-wide mailer forms.
- ! Laser: Used to print 2/page Copy A (red preprinted forms) or employee copies (black preprinted forms).
- ! Laser-Created 1099-MISC forms (DATASMITH Standard and DATASMITH Professional): Used to print 2/page Copy B, Copy C, or Copy 2 (the black forms): cannot be used to print Copy A (the red form). A special laser-created Copy B/C on a single page is also included.
- ! Magnetic Media 1099 (Optional at extra cost): For use instead of submitting a paper Copy A. This option includes a link to payroll and a stand-alone program which can be used for entry, editing, and production of 1099 forms in continuous, preprinted laser, laser-created, and magnetic media formats. The necessary soft fonts and forms layouts are included: no special font cartridge required. The program includes 1099 preparation of most types of 1099: not just 1099-MISC. An annual update fee applies to this option.