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News From GMS

G M S , I N C .

Dear Friends:

This special issue of News from GMS is devoted entirely to things you need to know about W2's, 1099's and 1098's. We encourage you to read it immediately, forward to all staff involved in these processes and to call us if you have any questions.

W2, 1099 and 1098 instructions are included in the Help manual. We are identifying the highlights in this newsletter and encourage you to refer to your Help manual for all of the specific technical details. This way you can focus your attention on the items that apply to you. Instructions for downloading your revised accounting software and Help manual will be emailed to you later this month. **You will want to load these as soon as possible so you will have the latest information.** The memo will describe the software updates and instruct you on loading.

Please note the article on Service Calls in this newsletter. We want to provide you with the very best service. To do so, we need your help.

Things You Must Do Before your First Payroll in January

Here is a simple checklist of those steps you must perform *after your last 2009 paycheck is issued and before issuing your first paycheck in January* - regardless of when you print your W2's. More details may be found in your Help manual.

- ✓ Check employee gross-to-net amounts on the YTD Payroll Register. Make sure all final adjustments have been entered and processed particularly for 3rd party sick pay, certain business expense reimbursements, or the cost of life insurance in excess of \$50,000.
- ✓ Check all last minute items like address changes, name spellings and social security numbers. You will have a chance to correct these later - but it will be easier now.
- ✓ Check your state tax code by

displaying to see that information is correct - state codes, names and reporting ID's.

- ✓ Print and review State and Local Tax Analysis.
- ✓ Complete all Quarterly Reporting activities.
- ✓ Install December software revisions before proceeding.

payroll and deduction tables.

2. Check employee files. You should find that year-to-date amounts are zero.
3. You may now proceed with processing your first payroll in January. W2 printing may take place at your convenience.

Follow these procedures on your Payroll - Annual Menu

1. Click on the Save/Prepare for New Year button. You will be asked to specify the drive and folder that your database is stored on. It will make a copy of that file and save it in the same folder called conversionXXXX.mdb (The XXXX represents the year). It will also copy the information from your year-to-date payroll and deduction tables into W2 tables and then zeros out the year-to-date amounts in the

Please Note:

W2, 1099 or 1098 forms will not be sent to any clients that ordered forms from GMS who have an outstanding balance for any charges prior to November 2009. They will be sent in December to those clients who have paid their balances due as of 10/31/09. Those agencies that requested GMS to print forms or prepare magnetic media for 2009 also must not have an overdue balance.



Service and Assistance

January is by far the busiest month in the year for our Service Staff -W2's, 1099's and 1098's are prepared and printed, tax and other software changes are being installed and many agencies are beginning their new fiscal year. Here are some things that you should know. Thanks in advance for your patience and understanding.

- ◆ GMS service hours are 8:30 am to 7:00 pm EST Monday through Thursday. On Fridays, our service hours are 8:30 am to 5:00 pm EST. It is GMS policy to respond to every service call within two hours of receipt (unless another arrangement is made). Calls received after 6:00 pm EST will be responded to no later than 10:00 am the following day.
- ◆ Calls are responded to on a first come - first served basis.
- ◆ You may place your service call by phone (800) 933-3501, via the website at www.gmsactq.com or by email to service4gms@gmsactq.com. Or if it is a quick question you can use the Service Chat via the web, the link is on our website.
- ◆ When you place a call, we need your name, client number, extension number and a brief (but specific) description of the problem so we can route the call most efficiently.

Note: All GMS offices will be closed on December 24 & 25, 2009 and January 1, 2010 for the Christmas and New Year's holidays.

For all of us and all of you, January can be a particularly stressful time. Our service call volume usually grows threefold. As we prepare, there are some things that you can do that will really help us serve all GMS clients.

1. Review your W2, 1099 and 1098 instructions this month - in December. Should you foresee questions or issues, please feel free to contact us now, when our service call volume is much lighter.
2. If a problem does occur, see if it is addressed in the Help Manual before placing a service call.
3. When you do call, please let us know the urgency of the issue and an extension number. If you have a deadline, tell us. If there is no urgency, we appreciate knowing that as well.
4. If you are returning a call from a member of the Service Staff, please let us know so your call can be routed ASAP. GMS clients and Service Staff members all share a common frustration - telephone tag.

Deadlines to Remember

Remember these important deadlines for W2's, 1099's and 1098's.

January 22, 2010

- Latest date you can send files to GMS for form printing and expect to receive them before February 1

February 1, 2010

- W2's are to be furnished to employees
- 1099's and 1098's must be given to recipients

February 19, 2010

- Latest date you can send files to GMS for preparation of IRS or Social Security Administration files to be submitted electronically.

March 1, 2010

- W2 information must be filed with Social Security Administration if filing paper forms or by magnetic media
- 1099 & 1098 information must be filed with IRS if filing paper forms.

March 31, 2010

- W2 Information must be filed with Social Security Administration if filing electronically.
- 1099 & 1098 information must be filed with IRS if filing electronically.

Common W2 Errors

- Not setting up the right box # and letter with no spaces next to the deduction for Box 12
- Not putting a Y under the retirement column next to the correct deduction
- Putting a Y under the W2 box column rather than putting the box number and letter
- Not saving the edits after adding box numbers and letters
- Going back to Edit/Prepare and answer Y to the override W2 question after saving edits
- After making changes in the W2 box setup, the proof listing doesn't reflect the changes because Y was not answered to the override W2 question
- Not reading the instructions
- Retirement box was not checked because they had no retirement deductions even if the employer contributed



Happy Holidays from All
of us at GMS!

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***Is GMS Printing Your
W2's, 1099's or 1098's?***

If so, follow the instructions and send us your files. Please allow a week turn around starting January 4, 2010. Forms will be printed in the order the files are received assuming there is no past due balance. Remember, the deadline for file submission to GMS is January 22, 2010.

When Should you Perform W2, 1099 and 1098 Activities?

As you set your timetable for performing these activities, here are some general rules to keep in mind.

- ◆ The proper time to follow W2 preparation procedures is after the last paid payroll in the calendar year and before the first paid payroll in the new calendar year. Paid payroll is defined by the date on the payroll check - **not by the pay period ending date**. If your paid payroll includes all or part of days worked in December, but checks are not dated and issued until sometime in early January, then W2 steps should be followed before January paychecks are issued.
- ◆ You **will** need to run certain steps to save the current calendar year payroll information and clear year-to-date amounts before issuing your first payroll in January. Once these steps are performed, you may print W2's at any time.
- ◆ You may perform normal 1099 activities anytime after you have issued the last accounts payable checks for the year. You **do not** have to print 1099's before issuing checks in the new year.
- ◆ If you will be preparing 1098's for your RLSS system, then you must make certain that transactions dated in the current calendar year are recorded before proceeding. 1098's review loan histories for specified dates allowing you to print 1098's at any time - even after new year transactions are entered.

GMS Tax Form Printing or Electronic File Preparation

For those agencies who have requested that GMS print their W2, 1099 or 1098 forms and/or prepare the electronic file, there are several important things you need to know.

- Print out the instructions that are in your Help manual under each appropriate section, Payroll Annual, Supplement #400 W2 Magnetic Media, Supplement #330 Complete 1099's and Supplement #804 RLSS 1098's.
- You must purchase or have already purchased the required 1099 and 1098 supplements in order for GMS to print the forms.
- If you have requested that GMS print both W2 and 1099 forms, make sure that both types of forms are ready to be printed when you transmit your database to us.
- Always include the transmittal form, which you have filled in and saved, exported to either a PDF or Excel format, with a copy of your database.
- Always include the Proof Listing, which has been exported to a **PDF format**, with a copy of your database. Excel formats may give incorrect amounts.
- There is a special electronic file format for the states of AL, GA, IN, KY, MD, PA and UT and also for the cities of Warren and Ravenna, OH. If your order form specified one of these states or cites, a separate file will be prepared and emailed to you.

Consider These Special Issues Please!

Double check to see if you are affected by one or more of these special issues now. If so, please review the Help Manual for details.

- ✓ Do you have a cafeteria plan?
- ✓ Will you have 3rd party sick pay that will need to be reported on your W2's?
- ✓ Did any of your present or terminated employees receive life insurance in excess of \$50,000?
- ✓ Have you made any expense reimbursements that are considered taxable?
- ✓ Are you subject to any Earned Income Credit notification requirements?
- ✓ Do you have a qualified pension plan?
- ✓ Did you withhold dependent care benefits from any employees that must be reported in Box 10 on W2's?
- ✓ Did you withhold any Ohio School District taxes?
- ✓ Did you have employees who made contributions to a deferred compensation retirement plan?

For some of the above issues you may wish to check with your CPA to be certain that you follow IRS reporting requirements properly.

W2 Magnetic Media, 1099 and 1098 Supplement Prices

Following are the prices of the 3 supplements referenced throughout this special edition of the GMS Newsletter:

Supplement # 400 W2 Magnetic Media Reporting

1-2 Users	\$120.00/\$40.00 annual license/maint
3-4 Users	\$150.00/\$50.00 annual license/maint
5+ Users	\$190.00/\$63.00 annual license/maint

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Supplement # 330 Complete 1099's

1-2 Users	\$280.00/\$85.00 annual license/maint
3-4 Users	\$350.00/\$105.00 annual license/maint
5+ Users	\$440.00/\$135.00 annual license/maint

Supplement # 804 RLSS 1098's

1-2 Users	\$280.00/\$85.00 annual license/maint
3-4 Users	\$350.00/\$105.00 annual license/maint
5+ Users	\$440.00/\$135.00 annual license/maint



"This call may be monitored because some of our customers are really funny when they're angry."

First Year Magnetic Media Filers of 1099's and 1098's

Magnetic media submission is required for organizations submitting 250 or more 1099 or 1098 forms but is encouraged for all forms. All filers must obtain approval to file prior to submitting Form 1099 or 1098 returns on magnetic media. Form 4419, Application for Filing Information Returns Magnetically or Electronically, should be submitted to the Internal Revenue Service, Enterprise Computing Center Martinsburg, Information Reporting Program, 230 Murall Dr., Kearneysville, WV 25430, at least 30 days before the due date of the returns. You can request this form and instructions by calling 800/829-3676 or online under Forms and Publications at www.irs.gov. A separate form 4419 has to be submitted for each type of return. If you are submitting both 1099 and 1098 forms magnetically or electronically, you have to submit two 4419 forms. After ap-

proval of your Form 4419, you will be assigned a 5 character Transmitter Control Code (TCC), used to identify magnetic media/electronic filers. Magnetic media and electronically filed returns may not be submitted to IRS until the application has been approved and a TCC assigned. If any information on the form changes, you are to notify the Enterprise Computing Center in writing so the database can be updated. Be sure to include your TCC in all correspondence. You may be subject to penalties for failure to file timely, failure to follow the instructions, and failure to include correct information. If you have any questions on magnetic media or electronic filing, you may contact the Information Reporting Customer Service Site by calling 866/455-7438 between 8:30 a.m. and 4:30 p.m. Eastern Standard Time.

Need to Prepare Files for IRS or the Social Security Administration?

Many GMS clients report W2 information electronically to the Social Security Administration and/or 1099 and 1098 amounts to the Internal Revenue Service. Remember you have two options available:

1. Supplement #400, W2 Magnetic Media Reporting, Supplement #330 Complete 1099's and/or Supplement # 804 RLSS 1098's will enable you to prepare and submit these files yourself. You may order these supplements via the client section of our website at www.gmsactg.com.
2. You may choose to have GMS prepare the files for you to be electronically submitted. *Note - You must purchase, or have already purchased the 1099 and 1098 supplements in order for GMS to prepare the files.* Instructions for the file preparation and transmission to GMS can be found in the help manual under the appropriate sup-

IF YOU ARE SUBMITTING W2 FILES TO SSA, YOU NEED TO REGISTER FOR A USER ID AND PASSWORD



You must register with the Social Security Administration in order to use their Business Services on-line. Registering allows you to use the Employee Services to submit a wage file, W-2 on line, view status, view notices and view errors. It also allows you to use the SS number verification service. Registration is required if you plan to file using Electronic Data Transfer.

December 2009 is the preferred period for new registrations. You may register at <http://www.ssa.gov/employer>, select Business Services Online, select Registration. To register by phone, call the Employer Reporting Branch at 1-800-772-6270. Information you will need to register is (some of the information below is optional) company name, phone number, address and the Employer Identification Number of the

company you work for, your name (first name, middle initial and last name) as shown on your social security card and your mailing address, your social security number, date of birth, your work telephone number, e-mail address and fax number to contact you if they have a problem processing your file

If all of the information given is verified, they issue a User ID, formerly called your PIN#, immediately and mail you a password that you should receive within 10-14 days. For further information on registering, go to their web site to review other questions and answers about using the User ID and password.

If you previously received a User ID, you may be notified and reminded to change your pass-

word in order to keep your User ID issued by SSA valid. If you have not done so and the User ID# becomes invalid, a new User ID will have to be issued and can take up to 10 business days for reissue.

If you received this notification, please go to <http://www.ssa.gov/bsowelcome.htm> and click on login to change password or call SSA at 800/772-6270 to change the password, as that is what SSA is recommending for assurance purposes. The person who was issued the User ID is the one that should call to change the password.

Present versions of Software are:

Accounting	1.2.264
RLSS	1.0.0.2