

Notice: This memo was updated on January 13 with the 2012 tax tables.

PROMPT BUSINESS SYSTEM Payroll

M E M O

To: PROMPT System Payroll Users – This memo has 6 pages -

From: George Arvin

Subject: W2 preparation for 2011 and 2012 Payroll Taxes

Date: December 2011(Revised January 13, 2012)

When you have processed the last payroll for 2011, and have run the following options on the End of Period Menu you are ready to begin the end of year processing:

- 1 -- End of Month Reports and Initialization
- 2 -- End of Quarter Reports and Initialization

To reduce the risk of problems with the end of year processing we suggest you run a payroll unlock prior to year-end processing as follows:

- From the Payroll Main Menu chose option 2 – Display Run Cycle Menu
- Next, chose option 9 – Backup/Unlock Payroll Files
- Run Option **rol** then **PRF**, Then **PRR**
- If you get the error message “Error Encountered Opening Screen Image Data Set go to **PD** then **JLM**, then **C**, then **BSPR.MENUFPRB.MENU**
BSPR.DIRECTORY put * in output file and * in output directory path. Next use the down arrow key to get to **#P/RULBK** and change the / to a _ giving **#P_RULBK**. Then **press enter** and place an **S** into Enter Selection and **press enter** and **F7**. Now you can run the unlocks!
- Special note – If you are running companies in multiple directories the above unlock procedure only works for the company off the main directory. Call If you need help in running the unlock for multiple companies with PROMPT.

You are now ready for end of year processing

Go back to the End of Period Menu and run this option:

- 4 -- End of Calendar Year Reports, Establish W2 Files, Initialization

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The first phase of this procedure involves printing annual reports similar to the monthly and quarterly reports. Do not press enter to run the initialization until the reports have printed successfully. When you press enter to execute the initialization you should see employee numbers displayed on the screen as the procedure executes. **Only run this option once, as it cannot be rerun!**

Check your data carefully

After you have run the option 4 explained above, select option 5 to go to the W2 processing menu and do the following before you do any 2012 payroll processing:

- Select Option 3 – Edit W2 YTD File and do a review to be sure your data is okay. Look at a few employees YTD amounts, and locate your first and last employee number to be sure the data transferred properly to the W2 processing. Call if problems.
- Select Option 4 – Edit W2 Control File and enter or maintain the following:
 - Enter the company number (1), W2 year (2011) and federal ID number. The federal ID used last year can be found in option 5, but must be entered here.
 - If all of your employees work in one state enter the state ID number for this state and the 2-digit payroll code associated with this state. (For example KY is 18).
 - If you have payroll deductions for more than one state **DO NOT** enter the state ID or associated code! Instead, go to PR, 8, 8 and scroll to the states that are to be reported on the W2 forms and enter the state ID code for all three marital status records for each state you use. This is a one-time task and might be okay from last year's processing. Then return to Edit W2 Control File using option on the Annual W2 Menu
- Enter this data in these required screen fields:
 - Terminating business (0) numeric zero
 - First/Surname on W2 (F)
 - Merge Dup W-2's? (N)
 - Company Prep:(A)
 - Submitter Code:(0) numeric zero
 - Contact Pref.....:(1)

Press F4 to save the information on the screen.

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- Pay careful attention to the lower section of the screen that refers to Summary Levels **if you have deductions other than taxes to be reported on the W2**. You can locate the Summary Levels that you use in menu PR 1, 8, 4. Also we suggest you get a 2011 W2 to look at and you will be ready to deal with the lower section of the screen. The back of W2 form copy B explains what goes in each box on the form.
- Remember, we allow the consolidation of two deductions into one reporting box. For example if deduction 4 and 6 are for the same purpose and you want to consolidate them. If you put 4 in the first field and 6 in the second (to Summary Level) they will be totaled into 6 and 4 will become zero. Therefore if you refer to this combined amount in the screen fields below that map a Summary Level to a W2 box you would use 6.
- If you have benefits such as "Dependent Care" (Box 10 of W2) or "Benefits" (Box 12b of W2) AND data is accumulated in the PROMPT payroll system for these benefits, enter the appropriate payroll summary level (1-5) for these benefits to appear properly on the W2. If you have fringe benefit for box 12b, enter the literal as explained in IRS publications instructions to be printed on the W2. There is NO editing of the literals by our software therefore be sure they are right.
- If you have deductions for a Non-qualified plan (Box 11), or Deferred Comp, Box 12a, enter the appropriate deduction summary level number along with the Deferred compensation literal (D) and these values will appear on the W2.
- Box 12c can be used to map any deduction along with a one or two character literal.
- Box 14a (the top part of box 14) and 14b (the lower part of box 14) can be used to map any deduction along with a literal of your choice up to 5 characters long.
- Finally, select option 5 to review the company name and address, as this text will print on each W2. As in the past, we only print a 4-line company address on the W2 and a 4-line employee address.

When can you do 2012 payroll processing?

At this point the 2011 payroll data is secured in the W2 processing area. You can now modify your tax tables for 2012 and do 2012 payroll processing even though W2's have not been run. See page 5 for the 2012 tax tables.

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If you desire you can do the W2 processing before processing any 2012 payrolls but this is not a requirement.

W2 processing procedure. Carefully follow this procedure!

First, run option

6 -- Generate W2 Print file. You only need to enter the company number.

This option takes data from the menu selections option 2, 3, 4, 5 and 5A and consolidates it into a print file for printing W2's.

Once option 6 has been run, use option 8 to view the print file data. Check carefully especially if you made entries in option 4 that maps benefits, and deductions to specific places on the W2 form. If you see big problems fix the data in options 2-5A and rerun option 6. You can rerun option 6 as many times as needed to get it right. If you see a minor problem that does not involve dollar values, edit the print file using option 8. Any dollar values must be fixed in options 2-5 and then rerun option 6.

We have provided for two items with literals to print that are not mapped, boxes 12d and 14c. If you use these boxes you must type the totals in the three total records as well as the data for the employees. Remember if you enter data for these two boxes, then rerun option 6 you will have to again enter the data and totals!

Finally, print W2's on stock paper using option 9, and carefully check prior to printing on the W2 forms. We suggest you do NOT use option 7 because it is better to print exactly as the W2's print.

Print the W2's at 17 CPI on the Okidata Printer.

If you are using the 12 Character Pitch W2 report a wide printer carriage is required and remember to set the printer accordingly and we also suggest using NLQ.

Most W2 forms are 5 or 6 copies and you will have to separate the forms into two separate sets of continuous form and print each set separately. Printing on a 5 or 6 part form is impossible!

After printing W2's you are finished with this menu. Do not use options 10-12.

If you use, or want to use, a laser or ink jet printer to print W2 forms go www.prompt-usa.com and look under Support → Free “do it yourself” support and training services → Administrative Support memos – how to do specific tasks → Payroll – How to do specific tasks → How to print W-2 forms with Laser or Ink Jet printers. If you have already done steps 1 – 5 in a prior year, don't overlook step 6 that must be done each year.

2012 payroll tax changes

You must edit the appropriate files (**or we will download the tables upon request**) after you have finished the last payroll for 2011, and before processing the first payroll for 2012. Do this as Follows:

- From the main Payroll menu, select option 1, then option 8, then option 6 – Misc Federal Tax Tables. Change these values:

Employee FICA Wages limit from 106,800.00 to **110,100**

Employee Medicare Wages Limit is unlimited so enter: **9999999.99**

The employee FICA rate remains to 4.2% thru Feb 2012

The Federal Unemployment tax (FUI) changes from .08 to .06

Under - Percentage Method Income Tax Withholding Table, One allowance

Change Daily from 14.23 to **14.62**

Change Weekly from 71.15 to **73.08**

Change Biweekly from 142.31 to **146.15**

Change Semimonthly from 154.17 to **158.33**

Change Monthly from 308.33 to **316.67**

- Next select option 7 and change **ONLY** the Federal Tax tables you use. The new rates for each are below. Single and Head of Household are the same rates. To save time, delete the Head of Household record, then edit the single record. Save it with F4, then change the description to include HD of House, change the Martial Status from S to H, and press enter to recreate the head of household record with the same values as the single record.

- Biweekly

Single and Head of Household			Married			
1.	83.00	0.00	10.0%	312.00	0.00	10.0%
2.	417.00	33.40	15.0%	981.00	66.90	15.0%
3.	1442.00	187.15	25.0%	3031.00	374.40	25.0%
4.	3377.00	670.90	28.0%	5800.00	1066.65	28.0%
5.	6954.00	1672.46	33.0%	8675.00	1871.65	33.0%
6.	15019.00	4333.91	35.0%	15248.00	4040.74	35.0%

- Monthly

Single and Head of Household			Married			
1.	179.00	0.00	10.0%	675.00	0.00	10.0%
2.	904.00	72.50	15.0%	2125.00	145.00	15.0%
3.	3125.00	405.65	25.0%	6567.00	811.30	25.0%
4.	7317.00	1453.65	28.0%	12567.00	2311.30	28.0%
5.	15067.00	3623.65	33.0%	18796.00	4055.42	33.0%
6.	32542.00	9390.40	35.0%	33038.00	8755.28	35.0%

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- Semimonthly

Single and Head of Household			Married			
1.	90.00	0.00	10.0%	338.00	0.00	10.0%
2.	452.00	36.20	15.0%	1063.00	72.50	15.0%
3.	1563.00	202.85	25.0%	3283.00	405.50	25.0%
4.	3658.00	726.60	28.0%	6283.00	1155.50	28.0%
5.	7533.00	1811.60	33.0%	9398.00	2027.70	33.0%
6.	16271.00	4695.14	35.0%	16519.00	4377.63	35.0%

- Weekly

Single and Head of Household			Married			
1.	41.00	0.00	10.0%	156.00	0.00	10.0%
2.	209.00	16.80	15.0%	490.00	33.40	15.0%
3.	721.00	93.60	25.0%	1515.00	187.15	25.0%
4.	1688.00	335.35	28.0%	2900.00	533.40	28.0%
5.	3477.00	836.27	33.0%	4338.00	936.04	33.0%
6.	7510.00	2167.16	35.0%	7624.00	2020.42	35.0%

If your state government or local government made a change in tax rates to become effective 01/01/2012 you should make the necessary change(s) in the State/Local Tax tables found at option 8 on the Payroll Control Files Maintenance Menu.

Finally, if you are running multiple companies in separate directories you can make the changes to the Federal Tax Tables in the company that resides in BSPR.DIRECTORY off the main directory, then copy the table to the other(s) companies using this procedure: From the PD menu, select option DU

```
Command(?) CO/R BSPR.PRFITFLE.DATA,BSPR.DIRECTORY press enter
Target: BSPR.PRFITFLE.DATA,BSPR.DIRECTORY,?????DIR press enter
Keydata: press enter
BSPR.PRFITFLE.DATA - 15 Records copied, 15 duplicates
Command(?): EN
```

?????DIR means the name of the directory you are copying to

This copy procedure does not include the Misc Federal Tax Table in option 6. You must edit this file for each company in a separate directory.

End of memo