

End of Payroll Year

Last Modified on 03/10/2022 1:45 pm CST

End of Payroll Year Checklist

If attendance tracking is used, all attendance information should be entered before ending the payroll year. This archives the attendance records into the previous payroll year for future reference.

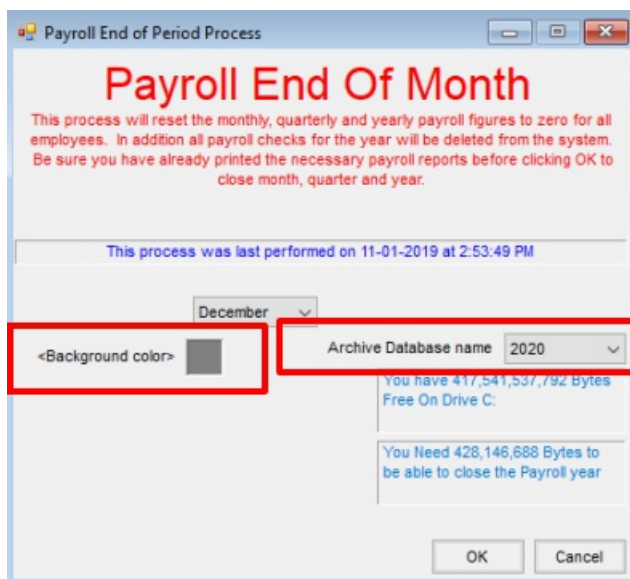
___ Verify all paychecks including special situation checks such as bonus and fringe benefit checks have been entered.

___ Verify all attendance entries have been entered for the year.

___ Verify the numbers are accurate by running the Employee Totals report twice:

- Run it with *Period to Date* selected in the *Select Source* frame and *Year to Date* chosen in the *Select Period* frame.
- Run the report a second time with *By Check* selected. Enter the date range for January 1st through December 31st in the *Select Range* frame. Totals on these reports should match. If these reports do not match, contact SSI support for assistance.

___ Ending the payroll year happens when the payroll month of December is ended. At *Accounting / End of Periods / Payroll Month*, select *December* for the payroll month to be closed. This archives the data so the payroll information can be accessed later. *W-2s* can be processed from this archived dataset if there wasn't time to process them earlier. Select the *Background color* for the archived payroll year dataset. The *Archive Database name* should be the year of the payroll information being archived. If the correct year does not default into the screen, select from the drop-down.



Note: This process may be lengthy depending on the size of the database. Do not end (Ctrl-Alt-Delete) the process even if the program says it is not responding.

Note: Once the payroll tax tables are updated (see the Update Payroll Tax Tables section below), payroll checks for the new year may be processed. If the fiscal month of December has not yet been closed, do not post the January paychecks to the general ledger.

___ In the current year data, run the Employee Totals report again using the *Period to Date* and *Year to Date* options. After ending the payroll year, all employees should have a zero balance. Go to *Accounting / Payroll / Edit a Paycheck*. There should be no paychecks displayed.

___ Agvance makes a new directory called \PYAVXXXX where AV is the first two letters of the data directory and XXXX is the year selected as the *Archive Database name*.

___ After the data is copied, Agvance ends the payroll year in the current year dataset. Following are a few details.

- Employee totals are cleared for month, quarter, and year.
- All payroll checks are deleted.
- All processed timecards are deleted.

Special Situations

After the last payroll of the year, check for necessary special situation adjustments such as bonus checks or fringe benefit adjustments. If so, process these checks, post to G/L, and submit any necessary tax payments.

Addressing Taxable Fringe Benefits on W-2s

These situations might include things such as the personal use of a company vehicle or a life insurance premium on an individual that is paid by the company. The objective is to bring the value of that benefit into the gross wage total, so it is reflected on the employee's W-2. Since the employee does not receive cash for this benefit, a zero-dollar paycheck is created for each employee affected by one or more of these fringe benefits to get the value of the benefit into the employee's wages.

This is the suggested procedure; please read through these instructions and have an accountant review the process. Please call for clarification if necessary.

1. Verify a fringe benefit deduction exists at *Setup / Preferences / Payroll*. If it does not currently exist, add the deduction, setting the *Default G/L Acct* to the salaries/wages expense account.
2. Edit the employee file. On the *Deductions* tab, choose the fringe benefit deduction in the first available deduction selection and verify the deduction's G/L account matches the gross wage G/L account for this employee.
3. All fringe benefit checks are processed from *Payroll / Process Hourly* regardless of how the paychecks are normally processed for this employee.
 - a. Enter the value of the benefit in the *Total* column of the normal pay category for the employee. Choose **Apply** to calculate the taxes.
 - b. At the *Deductions* tab, zero out all voluntary deductions such as insurance, retirement plans, or garnishments. Select **Change Deds**.
 - c. At the *Taxes* tab, zero out any *Fed, State, and Local Taxes*, but leave the amounts in the *FICA and Med taxes*. Choose **Change Taxes**. Note the *Net \$* calculated after adjusting the taxes.
 - d. The goal is to have the net amount of this check be zero. To do this, select the *Deductions* tab and enter the calculated net figure in the fringe benefit deduction area from Step 1 above. Select **Change Deds**.

- e. On the *Taxes* tab, edit the *Fed, State, and Local Taxes* to zero again. Make sure the net amount of the check is zero. Print the check on plain paper. A warning appears about the amount of the check being zero but selecting **Yes** saves the paycheck.
4. Post these checks to the general ledger in the same manner as a typical payroll.
5. Run the Check Register report for this fringe benefit payroll and make the appropriate 941 payment.

Addressing Tax-Sheltered Fringe Benefits on W-2s

Certain types of fringe benefits may be tax-sheltered fringe benefits. If the accountant has advised that a fringe benefit is a tax-sheltered benefit, the following procedure is recommended. This is the suggested procedure; please read through these instructions and have an accountant review the process. Please call for clarification if necessary.

1. Verify a tax-sheltered fringe benefit deduction exists at *Setup / Preferences / Payroll*. If it does not currently exist, add the deduction, setting the *Default G/L Acct* to the salaries/wages expense account. Mark the appropriate boxes in the *Exempt From* columns. If there are questions about which columns should be marked, verify the tax-exempt status with the accountant or plan administrator.
2. Edit the employee files for affected employees. Select the tax-sheltered fringe benefit on the *Deductions* tab. Confirm the general ledger account for the deduction posts to the regular salaries and wages account for the employee.
3. Process the zero-dollar paycheck from *Payroll / Process Hourly* regardless of how the paychecks are normally processed for this employee.
 - a. Enter the value of the benefit in the *Total* column of the normal pay category for the employee. Select **Apply** to calculate the taxes.
 - b. At the *Deductions* tab, zero out all voluntary deductions such as insurance, retirement, or garnishments. Enter the amount of the benefit in the tax-sheltered fringe benefit deduction. Select **Change Deds**.
 - c. At the *Taxes* tab, the taxes should not have calculated since this is a tax-sheltered fringe benefit. If taxes did calculate, the setup should be investigated. If the taxes are all zero, confirm the *Net \$* amount of the check is zero.
 - d. When the *Net \$* is zero, print the check on plain paper. A warning appears about the amount of the check being zero but selecting **Yes** saves the paycheck.
4. Post these tax-sheltered fringe benefit checks to the general ledger in the same manner as a typical payroll.
5. Run the Check Register report for this fringe benefit payroll and make the appropriate 941 payment.

Employer-Sponsored Health Coverage

Some companies are required to report Employer Sponsored Health Coverage on the W-2. Other companies fall within the government's transition relief and are not required to report, but accountants or auditors want the health coverage information added to the W-2s. To report this amount on the W-2s, it must be added to the employee file before processing the W-2s. Use one of the two following methods to update the amounts on the employee files.

Editing the Employees Individually

1. At *File / Open / Employee*, edit the employee.
2. Go to the *Totals* tab. Select *Year* to display the *Employer Sponsored Health Coverage* field. In this field, enter the amount to be reported on the selected employee's *W-2* and **Save**.

Batch Edit Employees Utility

The Batch Edit Employees utility displays a group of selected employees in a grid format like a spreadsheet.

1. The utility is found at *Hub / Utilities / Admin Utilities / Accounting / Batch Edit Employees*.
2. Select the employees to be edited. To select employees based on employee classifications, choose **Filter**. The **CIs** button displays.
3. Once the employees are selected, the *Employer Sponsored Health Coverage* column displays. The default location for this column is the last column of the grid.
Note: Optionally select the column heading and drag it closer to the employee name to make it easier to enter the data for the correct employees.
4. Enter the appropriate amount for the employees and choose **Save**.

Print W-2s and W-3s

Although *W-2* files can be created from archived payroll data after ending the year, it is best to verify the numbers carefully before ending the payroll month of December, and therefore ending the payroll year.

W-2s and *W-3s* can be printed/processed or submitted electronically using [Mag-Filer](#).

Attendance End of Year

After ending the payroll year, attendance balances may be reset on the *Reset Balances* tab at *Accounting / Payroll / Attendance* before entering new attendance and payroll information.

Attendance

Activity Setup Post Accruals Reset Balances

This process will DELETE ALL ATTENDANCE ACTIVITY entries and immediately create one beginning of year detail entry for each employee for each attendance category. Each category can be set to either create a detail entry to carry forward the balance from the previous year or can be made to set all employees to the same number which you specify. You should perform this process BEFORE posting your first accrual of the new year and after all activity for the previous year has been entered.

Vacation
 Carry Forward Balance
 Set all to specified days shown below
Units

Sick
 Carry Forward Balance
 Set all to specified days shown below
Units

Personal
 Carry Forward Balance
 Set all to specified days shown below
Units

Other
 Carry Forward Balance
 Set all to specified days shown below
Units

Select Employees All Select Classifications **Reset Balances**

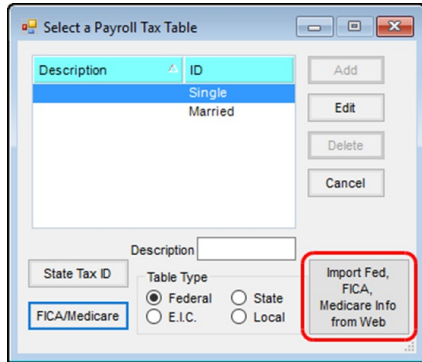
Balance Reset Date 01/01/2019

Done

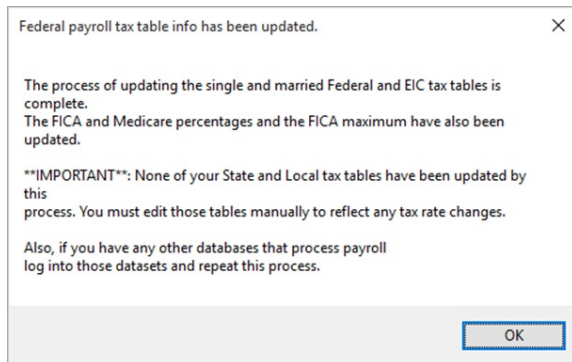
This process deletes all attendance activity. There are options to carry forward any remaining balance or to set the balances to a specified amount. Once this process is complete, on the *Activity* tab, a new *Beginning of year balance* entry is created in all attendance categories for the selected employees.

Update Payroll Tax Tables

After ending the payroll year, make any necessary revisions to the federal, state, or local taxes at *Accounting / Setup / Payroll / Payroll Tax Tables*. The federal tables can be updated by selecting **Import Fed, FICA, Medicare Info from Web** on the *Select a Payroll Tax Table* window.



Once the federal tax tables have been updated, the following screen appears:



Notice to users with multiple companies: This utility updates the federal tax tables in the company currently open. This process must be repeated in each company dataset that processes payroll.

The above web-based import updates the federal tables only. As state changes are found, state tax tables can be found [here](#). State and local tables must be updated manually. If state and/or local tax rates changed and assistance is needed making changes in Agvance, call SSI Support for assistance.

Data Clean Up

The beginning of a new payroll year is a good time to clean up the payroll data. Former employees may be deleted from *File / Open / Employees*. Pay categories and deductions that are no longer necessary may be deleted from *Setup / Preferences / Payroll* by marking the *Delete* checkbox in the grid and saving.

Note: Only one pay category and one deduction category can be deleted at a time. Agvance verifies the pay category



or deduction category is not being used before allowing the delete.

