

Sage Timberline Office

2011 Year-End Procedures Guide

Canadian Supplement



Use this insert to replace the Payroll section of the *2011 Year-End Procedures Guide*.

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10/2011

Chapter 3: Canadian Payroll

If you use version 9.7.0 or later and are planning on eFiling, see the [eFiling Guide](#). You can find the *eFiling Guide* in Sage Knowledgebase article KB2011. Access the Sage Knowledgebase at <https://customers.sagenorthamerica.com>.

Checklist

This checklist provides a recommended sequence of steps only. Your actual sequence may vary, depending upon your organization's processes.

1. December Tasks, see [page 5](#)

- Order T4 forms.
- Run the final payroll for 2011.
- Post cheques for 2011.
- Set up T4s for your company.

2. Close the Year, see [page 5](#)

- Decide whether or not you want to retain totals for any pays, deductions, or fringes.
- Run the **Close Year** task.
- Download the year 2012 tax file and update taxes.

3. Run the First Payroll of 2012, see [page 6](#)

- Verify taxes are updated and the year-end date is 2012 prior to running payroll.
- Run the Modify Personal Tax Credit Amounts tool.

4. January - Prepare for Year End, see [page 7](#)

- Print all management reports.
- Reconcile Payroll to itself and to General Ledger.
- Optional—Move employees into one file if required for government reporting.
- Make a backup copy of all files.
- Decide when to print T4s—before or after you close the year.

5. Generate T4 Forms, see [page 8](#)

_____ Print a test run of T4s on plain paper or to a file.

_____ Print T4s.

_____ Optional - generate magnetic media.

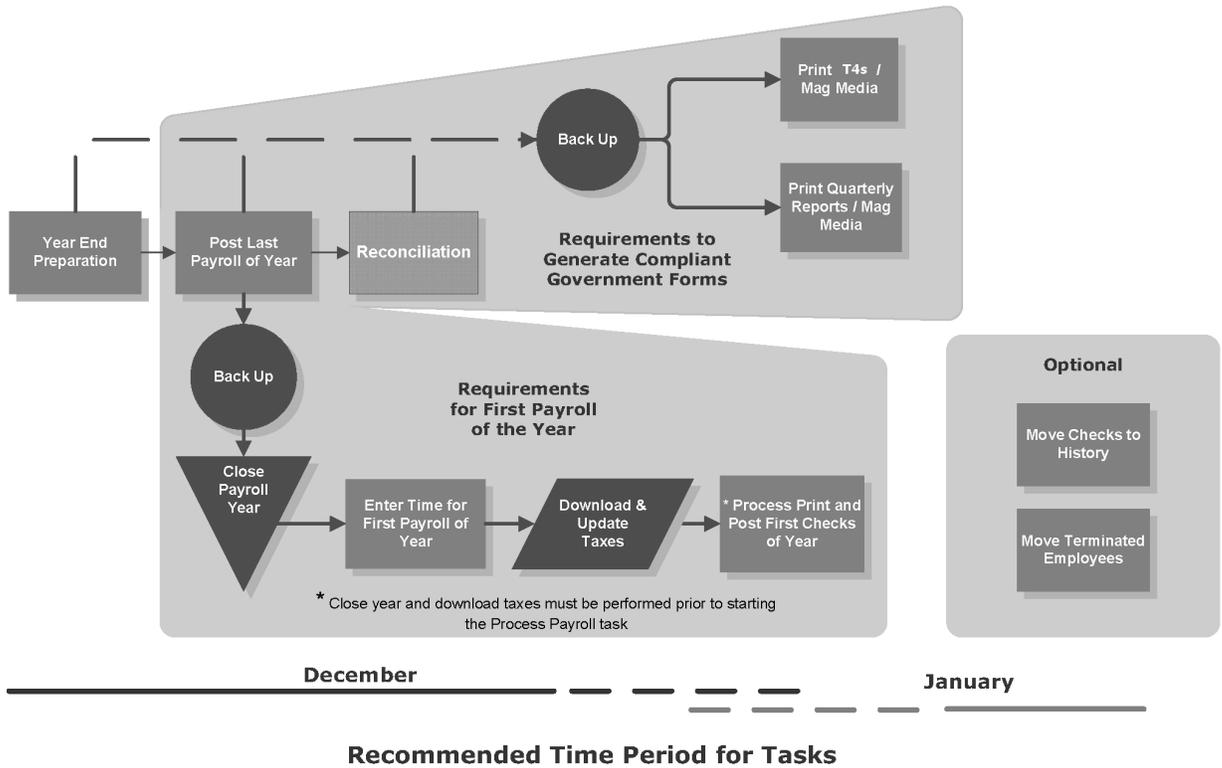
6. Move Cheques, Move Terminated Employees, and Compact Files, see [page 10](#)

_____ Archive the 2011 cheques.

_____ Move terminated employees.

_____ Compact your Payroll master and current transaction files.

Payroll Year End Workflow



Common Payroll Questions and Answers

1 I have never closed my year before. Where do I start?

Read this guide, or participate in year-end training. For more information about training, visit Sage Software University at <http://www.SageU.com>. Select **Sage Timberline Office** as your product line and look for Anytime Learning options.

2 How can I run my first payroll in January and print T4s later?

Payroll can be processed for the new year *only if*:

- ▣ You have posted all cheques and adjustments for 2011.
- ▣ You have already closed the year.
- ▣ You have already updated taxes for 2012.
- ▣ Once the year is closed, verify all Payroll amounts are moved to "Prior Year" columns before processing new entries.

To print T4s after you close the year, select **Tasks > Generate T4 Forms**. Then select **Prior Year**.

3 How do I delete terminated employees from the Payroll master file at the end of the year?

After T4s have been printed, use **Tools > Move > Employees** to move terminated employees to a different master file. See "[Move Terminated Employees](#)" on page 10 for further information.

4 How do I modify personal tax credits?

See "[Modify Personal Tax Credits](#)," on page 6.

5 Will the period-end date of my last payroll affect my T4s?

Payroll always posts by cheque date. Because T4s should include only dollars paid during the year being reported, any cheques dated January 2012 or later, regardless of the period-end date, are not included in your 2011 T4s. These cheques are not posted until you close the year.

6 If I have multiple Payroll master files, should I move all my employees into one Payroll master file to print T4s?

You are required to combine employees in all master files only if both of the following apply:

- ▣ The same business number applies to all master files.
- ▣ You are submitting the data to the CRA on magnetic media.

7 I just received notification of the availability of a new payroll tax file for 2012 tax changes. When should I install it?

Install this tax file after the last payroll for 2011 but before you process cheques for the first 2012 payroll. When you are ready to install the taxes, select **Tools > Download Taxes** and remember to either select the **Update taxes after download is complete** check box while running download taxes or select **Tools > Update Taxes** after you download the new taxes and prior to processing your first payroll for 2012.

8 When I ran Payroll > Tools > Update Taxes, I got an error message that reads, "NEW.PRX not found." What does it mean?

This message usually means that you have already selected **Update Taxes** or you have not yet downloaded the new tax files. The New.prx file is installed during **Download Taxes** and deleted after you select **Update Taxes**.

Prepare for Payroll Year-End: December Tasks



NOTE: In this insert, default file names are used (for example, Current.prt and Master.prm). If you use named files, substitute your named files for these default names.

Perform the standard steps for a normal month-end closing. You should also add the following steps:

- 1 Order T4 forms.
- 2 Run the final payroll for cheques dated in 2011.



NOTE: As an optional step, if you have entered time in Payroll and your pay period extends beyond the calendar year-end date of 31/12/2011, you may want to use the **Generate Accrual Entries** command on the **Tasks** menu in Payroll. This command creates Billing, Equipment Cost, General Ledger, and Job Cost accrual entries for the earnings expense portion of time entered. This will give you a clearer picture of year-end costs. Accrued entries may be a part of your reconciliation process at year-end, but they do not affect your T4 employee totals. Payroll files are updated by cheque date rather than period-end date. For more information about the **Generate Accrual Entries** command, refer to "Generating Accrual Entries" in Payroll Help.

- 3 Post all new payroll transaction files. Only posted cheques are included in the T4 totals.
- 4 Set up T4s for your company.
- 5 Decide whether you want to print T4 forms now or after the first of the year.
- 6 Make a year-end backup copy of your payroll files. For backup instructions, see Appendix B: Backup and Copy Procedures" in the *2011 Year-End Procedures Guide*.

Payroll Year-End Closing Procedures



NOTE: We recommend you back up your entire database, creating an annual archive before closing your year. This archive can be used for restoring data or reporting purposes. See "Appendix B: Backup and Copy Procedures" in the *2011 Year-End Procedures Guide* more for information.

- 1 Determine whether you need to retain year-to-date totals for any pays, fringes, or deductions. For example, you may want to retain totals for accrued vacation time or employee loans that have not been

paid in full. When you retain year-to-date totals, the retained amounts become the accumulated totals in the employee setup for the new Payroll year.

- 2 If you have any pays, deductions, or fringes that need to be retained, select the **Pays, Deductions, or Fringes** command from the **Setup** menu and select the **Retain YTD totals at close year** check box.
- 3 Select **Tasks > Close Year**. This task:
 - Reminds you to back up your Payroll master file.
 - Clears month-to-date, quarter-to-date, and year-to-date totals in the Payroll master file.
 - Moves employee totals to the prior period fields.
 - Changes the **Current Month** field in **Payroll Settings** to January and changes the year-end date to 2012.
- 4 Select **Tools > Download Taxes** to download and update the 2012 Payroll Tax file before you process your first payroll for 2012. Remember to select **Tools > Update Taxes** in Payroll prior to processing your first payroll for 2012 if you did not update the taxes immediately after you downloaded them.
- 5 If you updated taxes too early, then you should restore prior payroll taxes with **File Tools**.

The First Payroll of the New Year

You can enter time for the new year, however, do not process your payroll until you have:

- Performed the **Close Year** task to reset all employee year-to-date accumulators to zero.
- Downloaded and updated taxes for the new year.

Update taxes for the new year only when you have:

- Completely finished cheque processing for the prior year.
- Performed the **Close Year** task to reset all employee year-to-date accumulators to zero.

Payroll calculations are based on year-to-date totals. Therefore if you did not close the year prior to processing payroll, your pays, taxes, fringes, and deductions may not calculate correctly. For example, an employee may have already met the limit for a tax so it does not calculate.

If you processed payroll without closing the year or updating taxes, you can still perform those two tasks. Then perform the **Process Payroll** command again with the cheque box **Reprocess cheques** selected.

Modify Personal Tax Credits



CAUTION: Back up your Master.prm file before you perform this procedure. This process overwrites amounts in the **Personal tax credits** field and the **as of date** on the **Employee Info** tab on the **Employee Setup** window or the **Per tax credit** field and the **as of date** on the **Employee Setup- Province** window for the corresponding province.

- 1 From the **Tools** menu, select **Modify Personal Tax Credit Amounts**.
- 2 Select a **Tax level**. If you select **Province**, select the tax group from the drop-down list.
- 3 Enter the current basic personal amount.
- 4 Enter the new basic personal amount.

- 5 Select the **PR Master file has been backed up** check box.

What happens when you modify Personal Tax Credits

When you use Modify Personal Tax Credits to adjust the personal tax credit amounts, the following changes take place:

- If federal tax credits are being adjusted and an employee's personal tax credits amount equals the amount in the **Current Basic Personal Amount** box, the amount in the **Personal tax credits** box (**Setup > Employees > Entry Info**) changes to the amount entered in the **New Basic Personal Amount**.
- If provincial tax credits are being adjusted and an employee's personal tax credits amount equals the amount in the **Current Basic Personal Amount** box, the amount in the **Personal tax credits** box (**Setup > Employees > [Provinces]**) for the corresponding province changes to the amount entered in the **New Basic Personal Amount**. The date of the personal tax credit adjustment appears to the right of the **Personal tax credits** box.
- If an employee's personal tax credits amount does not equal the amount in the **Current Basic Personal Amount** box, you must adjust the personal tax credits amount manually.
- If an employee has been terminated (his termination date is not blank) and if the termination date is later than the rehire date (a rehire date exists), then that employee's personal tax credits do not change (**Setup > Employees > Misc Info**).



NOTE: Be sure to backup your Master.prm file before you use this tool. The amounts in Personal tax credits and the date of the personal tax credit adjustment (**Setup > Employees > Entry Info**) or the **Personal tax credits** box and the date of the personal tax credit adjustment (**Setup > Employees > [Provinces]**) for the corresponding province are overwritten.

For additional information on Modify Personal Tax Credit Amounts, see the KB205943 in the Sage Knowledgebase.

Prepare for Payroll Year-End: January Tasks

- 1 Print all management reports.
- 2 Reconcile Payroll to itself and to General Ledger.
- 3 Optional—If you intend to submit T4 data to the CRA on magnetic media and you use multiple master files such as Salary.prm and Field.prm, but you have only one business number, you must combine the files.

Create a new folder and use **Tools > File Tools** to copy Ts.ctl, Exec.prm, Salary.prm, and Field.prm to it. Use **Tools > Move > Employees** to move all employees into one Payroll master file (.prm) for year-end reporting.

Perform a Test Print Run of Laser T4s to Verify Alignment

To perform a test print run of laser T4 forms:

- 1 Select **Tasks > Print T4 Forms**.

- 2 To make a test of the printing alignment, select [**Ranges**] to select enough employees to print more than one page of T4s.

If the data prints too high or too low on the form, you need to make another test print run. For the next print run, after you select your **Form** option, select [**Page Setup**] and increase the top margin if the data printed too high or decrease it if the data printed too low. If you adjust the top margin, you may also need to adjust the bottom margin. You may also need to make minor adjustments to the left margin.

If the data prints too low with a zero top margin, your printer has a top clip region that is too large to print T4 forms. If the bottom couple of lines from the first page print on the second page and the rest of the second page is blank, your printer's bottom clip margin is too large to print T4 forms. In either situation, use a different printer to print your T4.



NOTE: Sage Timberline Office supports the use of business-class laser jet printers. We recommend that you use the PCL 5e printer driver. Sage Timberline Office no longer supports continuous-feed printers for year-end processing.

- 3 Follow steps 1 through 3 and make as many test print runs as necessary until you are satisfied with the alignment results. Make a note of any changes you make on the test print runs. You will make the same changes for your live print run.

Generate T4s

If you use version 9.7.0 or later and are planning on eFiling or using **Tasks > Federal Reporting > eFile and Reporting** to generate your government forms, refer to the *Sage Timberline Office 2011 eFiling Guide* for this information. You can find the *eFiling Guide* in Knowledgebase article KB2011. Access the Knowledgebase at <https://customers.sagenorthamerica.com>.

You can print T4 forms either before or after you close the year. Remember, however, that prior-year totals are stored for only one year.

- 1 For information on modifying and printing T4s, refer to "Modifying T4 formats" and "Printing T4 forms" in Payroll Help. You will also need to refer to Revenue Canada's publication *T4001 Employees' Guide - Payroll Deductions and Remittances* or contact your accountant for specific instructions regarding your company's reporting requirements.
- 2 Select **Tasks > Generate T4 Forms**.
- 3 For review purposes, print the T4 forms first on plain paper, rather than the preprinted forms.
- 4 Review the information and correct any errors.
- 5 Print the T4s on preprinted forms.
- 6 Make a backup copy of your Payroll files. For backup instructions, see Appendix B: Backup and Copy Procedures" in the *2011 Year-End Procedures Guide*.
- 7 If you have not yet closed the year, close your payroll year.

Generate Magnetic Media

In addition to printing T4 forms, you can use **Tasks > Generate T4 Forms** to generate magnetic media. If you want to generate a magnetic media file, select **Magnetic media** under **Type** in the **Generate T4**

Forms - Print Selection window. This option creates the magnetic media file to submit to the government in lieu of paper forms. If you select this option, print paper copies of the T4 forms for your employees. Sage Timberline Office also prints a Magnetic Media Status Report that lists missing or invalid employee information. This list is a reference to make the necessary adjustments to employee records.

To generate a magnetic media file:

- 1 Select **Tasks > Generate T4 Forms**.
- 2 Under **Type**, select **Magnetic media**.
- 3 Select the year to print.
- 4 Click [**Mag Media Options**] to open the **Generate T4 Forms—Magnetic Media Options** window.
- 5 The **Mag media path** name defaults to the A:\T4TAX001.XML (in compliance with government requirements). Be sure you have a diskette in your A: drive, or change the drive as appropriate for your computer.
If you do not want to create the magnetic media file to diskette, you can change the path to a destination of your choice. Otherwise, accept the magnetic media file name of T4TAX001.XML.
- 6 After you have completed and verified the entries on the **Generate T4 Forms—Magnetic Media Options** window, click [**OK**] to return to the **Generate T4 Forms—Print Selection** window. Then click [**Start**].
- 7 Be sure to follow government instructions on diskette external labels, transmittal forms, file compression (for example, PKZIP, WinZip), and so on.



NOTE: Each time you create a new T4TAX001.XML file, it replaces any T4TAX001.XML file currently on that diskette or in that folder. If you need to create more than one T4TAX001.XML file, be sure to use multiple diskettes. If you save the file to a folder on your hard drive, copy the first T4TAX001.XML to a diskette before you produce the next magnetic media file.

Copy Magnetic Media Files to External Media

When you generate magnetic media, you have the option to create the magnetic media file (T4TAX001.XML) directly onto a diskette in drive A, a CD on drive D, or to create it on your hard drive.

If you created your T4TAX001.XML on your hard drive, copy it to a 3 1/2" diskette or a CD.

Edit the Magnetic Media File

If you need to make corrections to the magnetic media file, we recommend that you correct your data and then regenerate it. You can do this by selecting **Generate T4 Forms** again.



CAUTION: Although you can edit the magnetic media file manually, please remember that the values in the fields must comply with the schema (XSD) provided by Canada. Visit the Canada Revenue Agency web site at <http://www.cra-arc.gc.ca/esvc-srvce/ef/mgmd/menu-eng.html> for more information.

If you updated taxes too early, you should restore prior payroll taxes using **File Tools**.

File Maintenance Procedures

Move Cheques

You can move cheques to a current or history file to keep your historical cheques separate from your current cheques. Moving cheques also decreases the size of your data file and improves processing time. After the cheques have been transferred to history, they can still be used for reporting purposes.

Be sure to schedule adequate time before you move cheques because it can be time intensive.

- 1 Make a backup of your Payroll files if you have not already done so. For backup instructions, see Appendix B: Backup and Copy Procedures" in the *2011 Year-End Procedures Guide*.
- 2 Select **File > Data Folder Settings > PR Settings**. In the **PR Settings** window, verify that the **Retain distributions in history** check box is selected if you want to retain burden and daily distributions.
- 3 Move cheques from your Current.prt file to a History.prt file or to another Current.prt file in a 2011 backup folder by selecting **Tools > Move > Cheques > Current to History**. In the **Print Selection** window, click [**Conditions**] and select **Cheque Date LT 1/1/2012**. This ensures that you move only the cheques from 2011 and earlier.

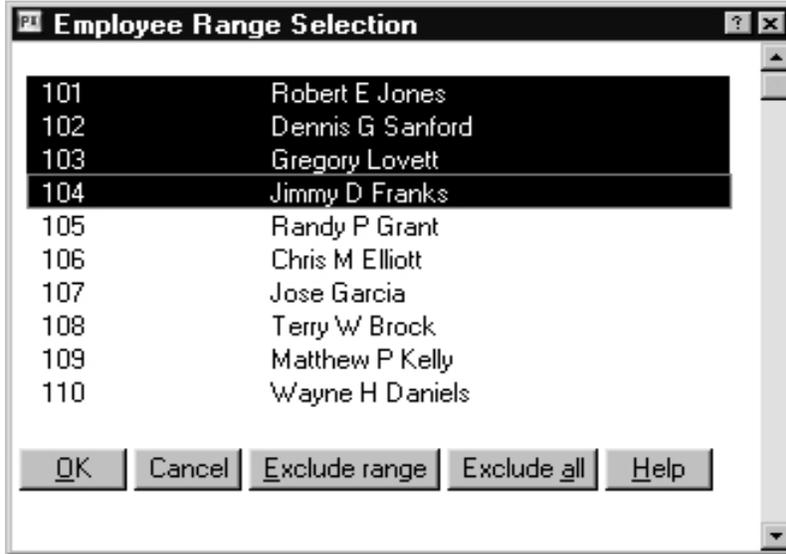
Move Terminated Employees



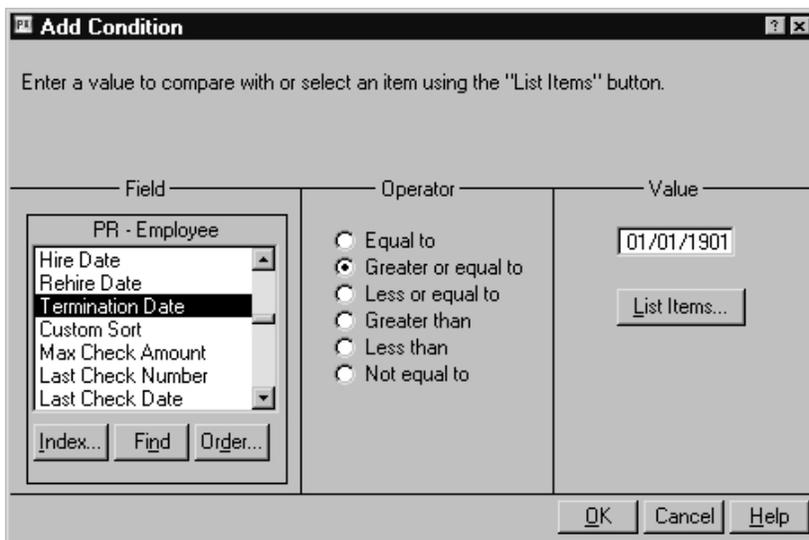
CAUTION: If you need to print T4s for terminated employees, do not move them until you have printed the T4s. Also, if you do not use conditions or ranges or if you use a single condition, all employees will be moved.

Sage strongly recommends that you back up all files in your data folder(s) before you perform the move terminated employees task. Moving the terminated employees to a new master file removes those records from the Payroll master file. This reduces the size of the master files and increases processing speed.

- 1 Select **Tools > Move > Employees**.
- 2 **Named master:** If you use named master files, you are asked for the name of the master file to transfer from and the name of the master file to transfer to.
Unnamed master: If you do not use named master files, you are asked for the name of the folder where you want to create a new master (.prm) file with the employees you move.
- 3 Click [**Open**]. If a Payroll master file does not exist in the destination folder, you are asked to create one.
- 4 To move terminated employees, accept the default to **Move only terminated employees**. Continue with step 8. Alternatively, if you want to designate employees to move manually, clear the **Move only Terminated Employees** check box and continue with steps 5, 6, and 7.
- 5 To move a range of employees, click [**Ranges**]. Select the individual employee or employees to move from the list and click [**OK**]. Continue with step 8.



6 Alternatively, to set up a conditional statement for moving employees, click [**Conditions**]. In the **Field**, **Operator**, and **Value** areas, set up the first condition for **Termination Date GE 01/01/1901**. Click [**OK**].



7 Click [**Add**]. Set up the second condition for **Termination Date LE 31/12/2011** and click [**OK**].

 **CAUTION:** If you need to print T4s for terminated employees, do not move them until you have printed the T4s. If you do not use conditions or ranges or if you use a single condition, all employees will be moved.

- 8 Click [**Start**].
- 9 After you move the terminated employees, review the journal to verify that the correct information was moved.
- 10 If you want to access terminated employee records in the archive data folder (for example, if you need to run reports or move an employee record back to your live data folder), use **File Tools** to copy the following files from your live data folder to your archive data:
 - ▣ ts.ctl
 - ▣ system.prs
 - ▣ tax.prx

 **NOTES:**

- Some reports require additional files such as the Master.glm and Master.cmm files. Use **File Tools** to copy these files into the archive folder.
- You can also use the **Move Employees** command to move seasonal employees, rehires, and so on, back to your original folder for T4 reporting purposes.

Compact Files

After you successfully move cheques and employees, see "Compacting Files" in the *2011 Year-End Procedures Guide* to compact the Payroll master file and the Payroll current transaction file. This step reduces the size of these files by compacting the unused space.