

# Sage HRMS U.S. Payroll

## Year-End Checklist

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Whether you are processing W-2 forms or installing the latest release, we want to ensure that you have easy access to all of the information and resources available.

Use this checklist to guide you through preparing your year-end payroll information.

This year-end checklist includes information about year-end payroll reports, and how to process your federal and state tax forms including W-2, W-3, 940, 941, 1099, and 1096 forms.

## Step 1: Download the product update

Start by downloading the product update for year-end from the Sage Knowledgebase. For access to the updates you must have a valid business care plan and log in to [support.na.sage.com](https://support.na.sage.com).

**Note:** The updates are usually available in the middle of December. We will send you an in-product message to let you know when your year-end product update is available to download.

## Step 2: Update earnings, deductions and taxes

Make sure to review wage caps and rates for earnings, deductions and taxes.

Use the **Update Earnings/Deductions** window to change an earning or deduction rate, amount, start date, or other field at the employee level. Use the **Federal/State Tax Codes setup** window to update unemployment tax rates and caps. Use the **Workers' Compensation Codes setup** window to update those rates and ceiling amounts.

For more information about updating earnings, deductions, and taxes:

- Review the online help topics [Using Update Earnings/Deductions](#), [Changing a Tax](#), and [Updating Taxes for All Employees](#).

Review the following Knowledgebase articles:

- [Using the Update Earnings/Deductions function](#) (ID 224924150050530)
- [Workers' Compensation rates and ceilings](#) (ID 230914154307223)

### Step 3: Validate year-end reports and transaction history

With Sage HRMS, year-end requires a little effort to validate the amounts reported for tax filing purposes. Verify the year-to-date values are correct for gross wages, earnings subject to tax, earnings subject to tax (no ceiling), employer expense, and employee withholding. Two reports you can use to validate this information are **Earnings and Hours** (select Reports > Payroll > Transaction Reports), and **Tax Calculation Analysis** (select Reports > Payroll > Transaction Reports).

## Compare Earnings and Hours to Tax Calculation Analysis

Using the Earnings and Hours and Tax Calculation Analysis reports, select the Report Type of **Calendar Year Totals** to retrieve year-to-date information. Use the Report Summary pages and Year To Date columns in the reports to balance the following taxes:

Tax Code	Report: Tax Calculation Analysis Report Style: Calendar Year Totals	Report: Earnings and Hours Report Style: Calendar Year Totals	Comment
<b>USFIT</b>	Earnings Subject to Tax (no ceiling)	Calculate the wage base by subtracting base deductions from base earnings.	If the base earnings or base taxes were changed because they were set up incorrectly, the earnings subject to tax will be incorrect. Adjustments can be made on the employee's Transaction History Detail.
	Employee Withholding	Confirm amounts for each employee USFIT.	
<b>USSS</b>	Earnings Subject to Tax		Earnings subject to tax should not exceed the Federal limit for each employee.

Tax Code	Report: Tax Calculation Analysis Report Style: Calendar Year Totals	Report: Earnings and Hours Report Style: Calendar Year Totals	Comment
	Employee Withholding	Confirm amounts for each employee USSS.	Employee withholding must not exceed the annual maximum amount.
	Employee Expense		Employer expense must not exceed the Federal limit per employee.
<b>USMED</b>	Earnings Subject to Tax (no ceiling)	Calculate by subtracting base deductions from base earnings.	Employee withholding and employer expense amounts should match.
	Employee Withholding	Confirm amounts for each employee USMED.	
	Employer Expense		

Tax Code	Report: Tax Calculation Analysis Report Style: Calendar Year Totals	Report: Earnings and Hours Report Style: Calendar Year Totals	Comment
<b>USFUTA</b>	Earnings Subject to Tax		Verify the limit has not been exceeded for each employee.
	Earnings Subject to Tax (no ceiling)	Calculate by subtracting base deductions	
	Employer Expense		Multiply earnings subject to tax by the employer rate to verify
<b>SUTA Wages</b>	Earnings Subject to Tax		Verify the limit has not been exceeded for each employee.
	Earnings Subject to Tax (no ceiling)	Calculate by subtracting base deductions	
	Employer Expense		Multiply earnings subject to tax by the employer rate to verify
<b>Section 125</b>		Verify the Year To Date amounts listed.	Add section 125

Tax Code	Report: Tax Calculation Analysis Report Style: Calendar Year Totals	Report: Earnings and Hours Report Style: Calendar Year Totals	Comment
			deductions
<b>Other Deferred</b>		Verify the Year To Date amounts listed.	Add other deferred deductions.

If amounts are incorrect, you can use the **Transaction History** task to make adjustments.

**For more information about using Transaction History:**

- Review the online help topic [Using Transaction History](#).
- Review the Knowledgebase articles, [How to create a transaction history record](#) (ID 223924950047670) and [Transaction history and general ledger](#) (ID 222924650021088).

## Step 4: Review taxes and employee information

1. Review your tax codes (**Setup > Payroll > Federal/State Tax Codes** and **Local/Other Tax Codes**) to make sure the Reporting IDs and W-2 reporting boxes are correctly listed.
2. Update employee information such as:
  - a. **Address**. On the Demographics detail page (select, **Employees > View/Edit Employee > Personal tab > Demographics**) or Termination detail page (select, **Employees > View/Edit Employee > Personal tab > Termination**).
  - b. **Social Security Number (SSN)**. On the Demographics detail page (select, **Employees > View/Edit Employee > Personal tab > Demographics > Personal tab**).
  - c. **Pension Plan and Third Party Sick Pay indicators**. On the Taxes page (select, **Employees > View/Edit Employee > Payroll tab > Employee Payroll > Taxes tab**, select the tax, and then click the **Tax Info...** button).
3. Print Forms W-2 (select **Reports > Payroll > Government Reports > W-2 Forms**). Totals are provided at the end of the report. There should not be negative amounts for employees. **Note:** After you click the **Print** button on a tax form or file window in Sage HRMS, the system processes the information, creates a file, and the Sage Payroll Tax Forms and eFiling by Aatrix window opens. If your forms are not current, you will be prompted to update them.





## Step 5: Using Sage Payroll Tax Forms and eFiling by Aatrix

With Sage Payroll Tax Forms and eFiling by Aatrix, you can file more than 300 state, provincial, and federal unemployment, withholding, and new hire reports from the data produced by Sage HRMS. Using Aatrix enables you to print W-2s and make electronic W-2 forms available to employees through the Aatrix website, accessed directly from Sage HRMS.

### To eFile federal forms 940, 943, 944, and 945

1. Select **Reports > Payroll > Government Reports > Federal Tax Filing**.
2. Select the form you want to file.
3. Click **Display** to start the process. The Sage Payroll Tax Forms and eFiling by Aatrix window opens and walks you through the process of validating the information and creating and filing the form.

### To file supported state forms

1. Select **Reports > Government Reports > State Tax Filing**.
2. Select the state for which you want to file. The supported forms for that state will appear.
3. Select the form you want and click **Display**. The Sage Payroll Tax Forms and eFiling by Aatrix window opens and walks you through the process of validating the information and creating and filing the form.

For demos, instructions, and webcasts about using Aatrix for eFiling your payroll tax forms in Sage HRMS, go to <https://partner.aatrix.com/sage-hrms>.

If you haven't already registered, review the following online help topic for instructions: [About Sage Payroll Tax Forms and eFiling by Aatrix](#).

## Step 6: Prepare for next year's payroll

After you complete year-end processing and before you process payroll for the new calendar year, complete all of the following:

1. Review the tax rates and wage caps for next year's taxes.
2. Update next year's tax settings (for example, W4 information) for employees.
3. If you need to update employee wage caps, use the **Update Earnings/Deductions** task to update the annual and lifetime maximums for multiple or all employees at once.
4. On the **Employees > Payroll** detail pages, review earnings and deductions that have reached their maximum amounts. For the earnings and deductions to calculate again this year, set the **Calculate** field to **Yes**.
5. Review accrual balances. You can use the **Accruals** report (**Reports > Payroll > Transaction Reports**) to validate each employee's accruals as they were earned and taken by date.
6. Define the next fiscal year if you haven't already done so (**Setup > Payroll > Fiscal Year Calendar**).