



Sage Payroll Essentials

2018 Year-end processing guide

October 2018

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Last updated: October 11, 2018

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Introduction

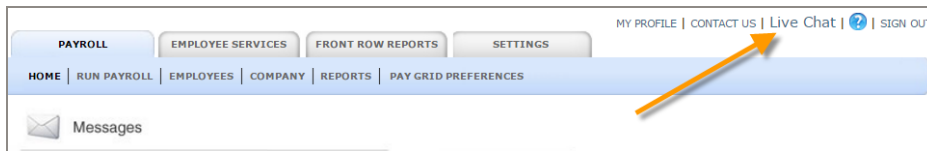
This guide provides information you need to know about year-end payroll processing with Sage Payroll Essentials.


Support and resources

Sage strives to provide you with the best help and support in the industry. If you have a question, we're here to help!

- **Customer Services.** Contact Customer Support using Live Chat or call 888-651-3144 (option 2), Monday through Friday, from 9 a.m. to 7 p.m. ET.

Click the Live Chat link within Online Payroll to open a window and chat with Customer Support.

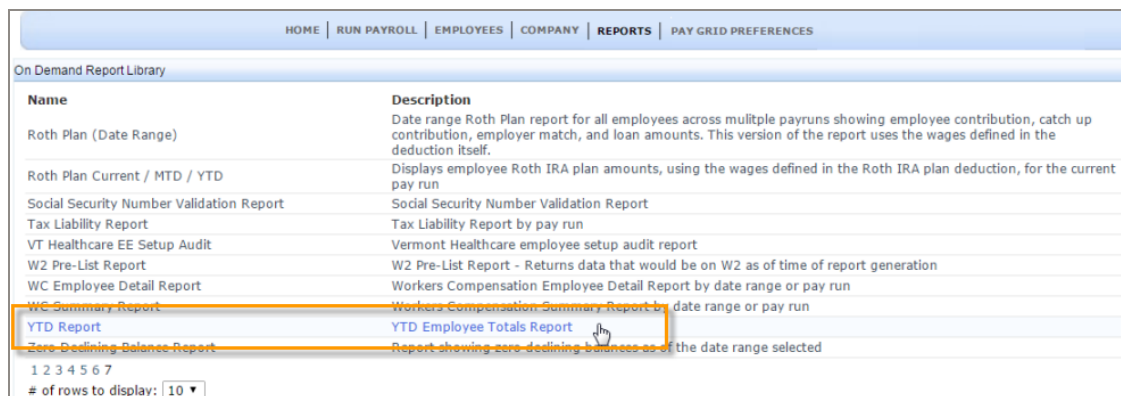


- **Sage Knowledgebase.** Search articles for answers to common questions and problems. Visit support.na.sage.com
- **Sage City.** Join industry peers, certified partners, and Sage pros online 24/7 to ask questions and share product tips and tricks. Visit sagecity.na.sage.com/support_communities/spr/
- **Sage Year-End Center.** Bookmark the Sage Year-end Center for 24/7 access to the latest year-end information—including informative articles; task checklists, and interactive discussions. Visit www.sagecity.com/yearend
- **Help and documentation.** Many answers to common questions can be found in online help. Click  in Online Payroll to open help or visit <http://help-payrollservices.na.sage.com>.

Review earnings, taxes, and deductions

Carefully review each employee's total earnings, taxes, and deductions for the calendar year. Review, and if necessary, enter amounts for fringe benefits, group-term life insurance (GTL), third-party sick pay, taxable auto allowances, and employer cost of health insurance when you process payroll. Also be sure to record all paychecks written manually (or in-house), any paychecks voided in 2018, and any special 1099 additions.

To review employee earnings, taxes, and deductions for the year, go to **REPORTS** and use the **YTD Report**. When prompted for report parameters, enter 2018 in the Year field before viewing the report. The report also lists employer contributions to taxes and deductions for each employee.



HOME | RUN PAYROLL | EMPLOYEES | COMPANY | **REPORTS** | PAY GRID PREFERENCES

On Demand Report Library

Name	Description
Roth Plan (Date Range)	Date range Roth Plan report for all employees across multiple payruns showing employee contribution, catch up contribution, employer match, and loan amounts. This version of the report uses the wages defined in the deduction itself.
Roth Plan Current / MTD / YTD	Displays employee Roth IRA plan amounts, using the wages defined in the Roth IRA plan deduction, for the current pay run
Social Security Number Validation Report	Social Security Number Validation Report
Tax Liability Report	Tax Liability Report by pay run
VT Healthcare EE Setup Audit	Vermont Healthcare employee setup audit report
W2 Pre-List Report	W2 Pre-List Report - Returns data that would be on W2 as of time of report generation
WC Employee Detail Report	Workers Compensation Employee Detail Report by date range or pay run
WC Summary Report	Workers Compensation Summary Report by date range or pay run
YTD Report	YTD Employee Totals Report
Zero Declining Balance Report	Report showing zero declining balances as of the date range selected

1 2 3 4 5 6 7
of rows to display: 10 ▾

Processing year-end payroll adjustments

Whenever possible, enter your taxable adjustments (fringe benefits and group-term life insurance, for example) with your payroll when you process online. This way the employees' wages from payroll can cover the taxes for any adjustments. [Learn more about entering adjustments with payroll.](#)

If you need new earnings or deductions set up in the system to record adjustments such as third-party sick pay and fringe benefits, contact Customer Support .

When to process adjustments

Important! If you have already processed your last scheduled payroll of the year, contact Customer Support no later than **Friday, December 28, 2018** using Live Chat or call 888-651-3144 (option 2) to request an additional payroll for 2018.

Adjustments received after close of business Friday, December 28, 2018 will require amended tax returns and W-2 form corrections at an additional cost to you. This is due to the accelerated filing deadline from the IRS and SSA to provide W-2 forms by January 31, 2019.

If you have Third-Party Sick Pay amounts to report, first verify with your Third-Party Sick Pay provider if they will provide W-2 forms for the amount paid. This information should be reported only once. If they do not file W-2 forms, enter the third-party sick pay amounts with your payroll.

Prepare for bonus payrolls

The recommended practice is to schedule your bonus payrolls in advance and pay them off-cycle from regularly scheduled payroll. To request an off-cycle bonus pay run for 2018, contact Customer Support.

When planning your bonus payroll, you must determine the following:

- **Will the bonus be paid as a specific net amount (with gross-up taxes)?** For example, if you want the employees to receive exactly \$500 for their bonuses, the taxes must be calculated up to determine the gross pay.
- **Will the federal tax liability exceed \$100,000?** If yes, we require you to wire transfer the tax liabilities.
- **Should deductions (health insurance, 401(k), and so on) be taken from bonus pay?** Typically, these deductions wouldn't apply to a bonus payroll if it's issued separately from your scheduled payrolls.
- **Should bonus pay be direct deposited?** Some employers prefer to hand out paper check bonuses.
- **Do you want to use the supplemental tax rate?** Per IRS regulations (and many state regulations), supplemental wages, such as bonus pay, should be taxed at the supplemental tax rate. For wages subject to federal income tax (under \$1 million), the current federal supplemental tax rate is 22%.

Tip: When you enter payroll online, you can stop (or disable) deductions and direct deposits for the bonus pay run when you set the pay run options. Use the Pre-Commit Register report to verify the accuracy and totals of your bonus payroll before you submit it.

Preparing for 2019

Monitor unemployment tax rates and deposit frequencies:

Every year, federal and state tax agencies send new tax filing frequencies and unemployment rate changes specific to your company for the following year. When you receive this information, please contact Customer Support and we will advise you how to send the information. Send us any recently-applied-for tax ID numbers, as applicable.

Tip: You can verify your company's tax rates and IDs on the **Tax Liability Report** included with your payroll reports.

Verifying employee W-2 form information

Use the following guidelines and instructions to prepare and plan for your year-end payroll processing.

Important! In 2016, U.S. Congress passed a law requiring employers to file W-2 and 1099 forms with the Social Security Administration and IRS by January 31 of the new year. This accelerated deadline reduces the amount of time we have to prepare and file your year-end information, so please review this document carefully to make sure you're prepared.

Verifying your employees' W-2 form information

Review your employees' information to make sure W-2 information is correct. When reviewing, verify that all of the following is entered correctly for each employee in the online payroll program:

- First and last names
- Social security number
- Physical street address

Tip: If you don't know an employee's address, consider entering the company's address in the employee record. You are responsible for providing the W-2 form to the employee, but in this case you can provide it in person.

Updating permissions to display social security numbers

Each user who will review employee information must have permissions to view social security numbers in reports and online.

1. Click the **SETTINGS** tab to open the **USERS** list.
2. Select the username of the person who will retrieve the W-2 verification report from Online Payroll (it can be your own username).
3. In the **Display Options** section, next to the following options, **Allow User to View Full Social Security Numbers in Reports** and the **Allow User to View Full Social Security Numbers Online**, click **Edit**.
4. Use the drop-down menu to select **Yes** and click **Save**.

Display Options		
Allow User to View Full Social Security Numbers Online	No	Edit
Allow User to View Full Social Security Numbers in Reports	No ▼	Save Cancel
	Yes	
	No	

5. Click **USERS** and repeat steps 2 to 4 for each applicable user.

Using the W-2 Verification report

1. Open **PAYROLL > REPORTS** to open the On Demand Report Library.
2. Click through the pages of reports to locate the report named **Employee W2 Verification** and select the report name to open it. The report parameters opens in a new tab in your Internet browser.
3. In the **Parameters** pane select the report parameters you want to use to view the report.

Tip: The TIN is a Tax Identification Number, a term that also refers to Social Security Numbers.

4. Click **View in PDF** button to create the report in your active browser.
5. Download and save, or print the report using your browser options.

Preparing W-2 forms for 2018

Important! The deadline for employers to distribute W-2 and 1099 forms to employees and contractors is *January 31, 2018*. You must distribute W-2 and 1099 forms directly to your employees. Sage does not distribute these forms as part of your payroll service.

When your employee and employer W-2 and W-3 Transmittal forms are ready, you can download copies from Front Row. We will alert you when the documents are ready to download and print. If you have Employee Services and you want to make the W-2 forms available to employees online, your administrator can release them in **EMPLOYEE SERVICES > Company > Options** at that time.

Your company's W-2 form and year-end processing fees are billed separately after year-end processing is complete.

Important dates for year-end 2018

December 2018

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

January 2019

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November 2018

Typically, federal and state tax agencies send any unemployment tax rate and tax filing frequency changes to employers. Watch for these notices and send the information to Customer Services.

December 2018

- **Friday, December 7:** Review and update employee W-2 information. Prepare for year-end adjustments and bonus payrolls.
- **Monday, December 24:** Sage Payroll Services offices are closed.
- **Tuesday, December 25:** Federal Holiday. Sage Payroll Services offices are closed.
- **Friday, December 28:** Last day for 2018 payroll adjustments. Adjustments received after this date will result in amended returns and W-2C forms.

January 2019

- **Tuesday, January 1:** Federal Holiday. Sage Payroll Services offices are closed.
- **Monday, January 21:** Federal Holiday (Martin Luther King, Jr. Day). Sage Payroll Services offices are open.
- **Thursday, January 31:** Deadline to distribute W-2 and 1099 forms to employees. Filing deadline for Q4 2018 tax returns. Filing deadline for W-2 and 1099 forms.