

**Compu-Power, Inc. TRACSJ Payroll:
Tax Updates and End of Year Procedures**

IMMEDIATE ATTENTION REQUIRED

December 30, 2002

A. W2 Reporting and Magnetic Media W2 Reporting

Prior to printing your W2s or filing via magnetic media, there are two important steps you need to follow for payroll year 2002.

1. **FOR MAGNETIC MEDIA ONLY:** Employers must obtain a Personal Identification Number (PIN) and Password from the Social Security Administration prior to processing the magnetic media. You may call (800) 772-6270, Monday-Friday, 7 AM to 7 PM, or log on to www.ssa.gov/employer (employer services online registration).
2. **FOR BOTH PRINT & MAGNETIC MEDIA REPORTING:** The format in which your employees' names are entered into the TRACS Payroll system **MUST** be either of the following two ways:

FirstName MI LastName Suffix (i.e. Sr. or Jr.)
This is the preferred format.

LastName FirstName MI Suffix (i.e. Sr. or Jr.)

If an employee has **two** middle initials, enter them without spaces or commas between the initials (i.e. "J.P.", *not* "J. P."). ONLY periods are accepted as punctuation.

FOR MAGNETIC MEDIA ONLY: The data entered into the employee's master file, field #005, CITY, must be in the following format with no commas or any other form of punctuation:

City name [space] @@ [space] [space] zip code

@@ = the two-character U.S. Postal Service State Abbreviation

Example: Columbia MD 21045

If your employees' names [and CITY] data are entered in any other format, you need to correct them prior to printing or generating magnetic media W2 information.

B. Tax Changes and W2 Format Changes

Federal tax tables have been revised effective January 1, 2003 (see Circular E Employers=Tax Guide, Revised January 2003. If you haven't received your copy in the mail, you can get it from the Internal Revenue Service's website, www.irs.gov, by selecting "Forms & Publications" at the left of the page, and then selecting "Publications and Notices", publication "#0103 Publ 15".)

The format of W2 forms has not changed this year.

We will install the necessary program changes on your system via the modem and will notify you when that has been completed.

The timing of the update is critical – it can only be made:

1. **After** the last payroll of 2002, and
2. **Prior** to the first payroll of 2003.

NOTE:

REMEMBER to **backup** your 2002 payroll files prior to running your *first* payroll of 2003.

Please call Customer Support immediately after completing the following:

- \$ processing 2002's last payroll;
- \$ you have printed the 941 Report;

Let us know you are ready for the update, and let us know when your first payroll of 2003 is scheduled to be processed.

In order for us to install the tax updates, we must have access to your system. Your modem must be fully operational. If you are experiencing any difficulties, please make sure to have the modem repaired.

A timely response from you assures you that the updates will be on your system when you need them.

– REMINDER –

If you have received notification of 2003 tax changes affecting your state(s) or taxing jurisdiction(s), please **fax or mail** a copy of the notice to Customer Support. We need your assistance in providing this information to keep your tax tables current.

**COMPU-POWER, INC.
9017 RED BRANCH ROAD
SUITE 106
COLUMBIA, MD 21045-2106**

**SUPPORT HOTLINE # (410) 964-0414
FAX # (410) 964-1408**

City and County Tax Changes: Any changes to city and county tax percentages must be made **manually** in the Database Update/Inquiries, Master File Update/Inquiry, field #363 (**CITY #**) of the Employee Master Record ***after the last payroll run for 2002.***

C. *End of Year Procedures*

This set of instructions reminds you of some procedures to do following the last payroll run of the year and before the first payroll of 2003.

1. If you have not already done so, print the following reports **after** the last payroll of the year:

a. From the TRACS Payroll menu, select option #4 - **Standard Prints**

Print: **Master File** (All Employees)
Employee History

b. From the TRACS Payroll menu, select option #5 - **Special Prints**

Print: **941 Report***
W-2 Print**

* The 941 Report must be run before the update of the Tax Master File

** If you are not ready to run the W2s but need to run the first payroll of 2003, the W2s can be printed from the backup directory. (See step 3.)

W2s may be printed as often as needed. We recommend that you print them first on stock paper to review for potential errors to avoid wasting expensive forms.

NOTE: Flexible Benefits appear in Box 14: Other

2. If you have not already done so, create a backup payroll directory and a backup tape of your 2002 payroll data.

If you have multiple payroll filesets, log into each Fileset and create the back up.

a. Create a backup payroll directory:

(i) From the **Payroll Menu**, select #6, *Special Updates*.

(ii) Select #10, *Payroll Backup/Restore*

(iii) Select #1, *Backup Payroll Files*

The system will display:

"Enter directory name to use for backup (eg. pr02) [q to quit]

If it does not exist, it will be created in the current FILESET..."

[Enter **pr02**]

The system will display:

"\$FILESET/pr02 does not exist. Create it? (Y/N)"

[Enter **Y**]

"Backing up files to "\$FILESET/pr02"

When **DONE** appears, press Enter to continue. Proceed to step b.

b. Backup payroll data to a separate tape (*If you have multiple payrolls, call Support for assistance with this procedure.*):

(i) Place an available backup tape in the tape drive. **This must not be one of your regular backup tapes.** (The appropriate response to the following is in **boldface** type.)

➤ From the TRACS main menu, select TRACS Utilities

➤ Select Backup Files/Directories (Root)
(Enter root-s password, if required)

Backup Options:

- 1) backup fileset(s) (**A\$FILESET....@**)
- 2) backup selected directories/files.
- 3) backup system.
- 4) list contents of floppy/tape.

Enter option Number: **2**

➤ Activate run-level A4"? (y/n): **n**

➤ Enter the full path for the file/directory to be backed up

File/Directory: **\$FILESET/pr02**

File/Directory:

➤ Do you wish to proceed? (y/n): **y**

➤ Insert the medium in the tape drive. Press (CR) when ready.

[q]

When the process completes, the number of blocks displays and the # prompt returns. Remove the tape from the drive and label the tape Apr02" and record the number of blocks and the date the tape was made.

3. **To access the PR02 fileset, follow these steps:**

- a. Login with your normal login.
- b. Select #16, *Change Fileset*. (See NOTE below for multiple fileset instructions.)

System will display (@@ = fileset ID):

```
*
* Change File Sets
*
The present value for FILESET IS "data/trak/@@"
Enter the new value for FILESET:
    Enter: /data/trak/@@/pr02
*
* Change CISAMPATH Directory
*
The default value for CISAMPATH is /data/trak/@@/pr02/pr02.dbs
Enter the new value for the CISAMPATH:
    Depress return
```

- c. Print the W2s from the Payroll menu, **Standard Prints** submenu.

NOTE: Clients with multiple file sets, follow these instructions (@@ = fileset ID):

```
MM/DD/YY                Change Fileset                |0|

Choose from:
1 - /data/trak/@@
2 - /data/trak/@@

                Choose Fileset:

Choose fileset

Accept  Cancel                                Options
```

Press F2-cancel

Press F2-cancel again

Answer Yes to cancel

The following will display:

```
*
* Change File Sets
*
The present value for FILESET IS "data/trak/@@"
Enter the new value for FILESET:
    Enter: /data/trak/@/pr02
*
* Change CISAMPATH Directory
*
The default value for CISAMPATH is /data/trak/@ @/pr02/pr02.dbs
Enter the new value for the CISAMPATH:
    Depress return
```

If your company is required to file your W2s via magnetic media, follow the Magnetic Media W2 instructions provided separately.

D. Generation of Magnetic Media W2s Diskette

Internal Revenue Service regulations require certain W2 data to be submitted on IBM PC-compatible diskettes.

If your company is required to submit magnetic media W2s, Compu-Power, Inc. will generate two diskettes (for federal & state filing) for you at \$120 per hour, including the necessary media. The average time required is two hours, depending upon whether or not problems are encountered with your system or data.

Call Customer Support after generating the Magnetic Media W2 **file** per the attached instructions to let us know that you are ready for the diskettes to be generated. We will mail the diskettes along with our invoice.

E. Purging Terminated Employee Records

The purge must be run **AFTER** you've completed the following three steps:

- \$ Printing 941 Report
- \$ Printing W2s
- \$ Backing up the payroll data

The purge must also be run **PRIOR** to the **first payroll of the new year.**

NOTE: Terminated employee records are identified by the following:

- ***Class Code = Ø***
- ***Termination Date entered***