



on Client Ledger System™ Software

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CLS II 1.91 Update is Scheduled for Release December 8th

The year-end update for CLS II is currently scheduled for release December 8th. CLS II 1.91 includes the following new features:

An updated version of the CLS PDF Printer. The new PDF Printer is compatible with all versions of Windows from XP to 10.

An updated version of the Word®-like text editor used for cover pages, transmittal letters, etc.

The ability to transfer Cash-Flow Statements to Microsoft Excel (prior versions added the ability to transfer Balance Sheets and P&Ls).

The 2015 W-2 and 1099/1098 formats for laser-printed plain-paper and preprinted forms.

Formats for the standard, two-up preprinted W-2, and W-3 forms are basically unchanged for 2015.

The 1099-MISC, 1099-INT and 1099-DIV form alignment has been changed, and a new check-box has been added for FATCA transactions involving a foreign bank (**EF 1**, Employee Option "**F**"). A new box 13 (Bond Premium on Tax Exempt Bond) has been added to the 1099-INT form, and box 15 has been renumbered as box 17 (CLS II will automatically make this change for you). The 1099-A, 1099-B, 1099-R, 1099-S and 1099-PATR form alignment has been modified *only for those using the "Universal" format*. The 1096 form alignment has also been changed.

All W-2 and W-3 forms (including Copy A) may be printed on plain paper. Submittable 940, 941, 943 and 944 forms may also be printed on plain paper.

For 1099, 1098 and 1096 forms, all copies except Copy A may be printed on plain-paper. Copy A must be filed using "official" scannable forms (the IRS may impose a penalty for using non-scannable forms).

CLS II 1.91 also includes any required changes to the federal 940, 941, 943 and 944 forms for the 2015 year-end. The 941 form for **2016** will be included in the March 2016 update.

Alabama, Connecticut, Idaho, Iowa, Louisiana, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania, Texas and **Vermont** all require electronic filing of quarterly state unemployment tax wage information. **Arizona, Colorado, Ohio** and **Wyoming** accept electronic filing, but don't require it. Many other states have different filing thresholds, while other states still accept only paper forms. The *SUTA Magenetic Media (SM)* program is available to create the files required by each of these states. The *Unemployment Plus (UP)* add-on program lets you print **SUTA** cover pages for each of the states supported by CLS II. You can find the complete list of the states supported by **SM** and **UP** and the electronic filing requirements for each on page 3.

Louisiana will require that the **Hourly Rate** and either an **SOC Code** or **Job Title** be included for each employee in electronically filed quarterly unemployment reports (from **SM**) beginning January 1, 2016. This information may be entered using **EF 1**. There is also proposed federal legislation that would require every state to modify its quarterly unemployment report to include employee SOC Codes, but this legislation has not been passed yet.

Remember: You must update CLS II if you plan to print submittable federal payroll tax forms on plain paper. Your CLS II update also entitles you to receive updates for payroll tax form changes during the first three quarters of 2016.

FUTA, Social Security and Medicare Rates

CLS II 1.91 will automatically use the correct rate (6.0%) when calculating FUTA taxes for the 2015 Form 940.

For 2016, the employee and employer Social Security contribution rates remain at 6.2%. The Social Security Wage Base also remains at \$118,500 for 2016. The Medicare tax rate of 1.45% still applies to both employees and employers; an additional employee rate of 0.9% still applies to "high wage earners" (currently this includes anyone with earnings over \$200,000).

Affordable Care Act Reporting

Affordable Care Act (ACA) reporting becomes mandatory for many (but not all) employers this year (calendar year ending December 31, 2015). The *Affordable Care Act Reporting (AC)* add-on supports paper and electronic filing of Forms 1094-B, 1095-B, 1094-C and 1095-C.

Form 1095-B must be issued by all self-insured employers with fewer than 50 full-time employees. A self-insured employer is an employer who sponsors its own insurance plan, and is both the employer and insurer. This form must be provided to all insured employees and to the IRS. Form 1094-B is the transmittal form that will be filed with Forms 1095-B. For IRS purposes, an employee is considered full-time if classified as full-time for at least one month during the year. Smaller employers who are not self-insured are not required to file ACA forms. These employees will receive a form from the insurance company.

Form 1095-C must be issued by all large employers with 50 or more full-time employees. This form must be provided to all full-time employees, all self-insured part-time employees, and to the IRS. Form 1094-C is the transmittal form to be filed with Forms 1095-C.

Employee copies of these forms must be furnished by January 31, 2016. The deadline for filing with the IRS is February, 29, 2016, for paper filing, or March 31, 2016, if filing electronically.

XML Filing of 94x Forms

The *XML Filing of 94x Forms (XM)* add-on supports the new IRS MeF (Modernized eFile) platform for electronically filing 940, 941, 943 and 944 returns. The previous legacy system has now been discontinued; beginning with the third quarter 2015, all returns filed electronically must be filed using MeF. For new XM users, the MeF registration process may take up to three months. Existing XM users should be able to complete the process in about two weeks.

When filing 94x returns electronically, you file as either a Reporting Agent or an Electronic Return Originator (ERO). Reporting Agents are issued a single Personal Identification Number (PIN), which is used for signing all returns. EROs use the PIN assigned to each employer for signing returns. The MeF system fully supports filing as a Reporting Agent. EROs may file using MeF for employers who were previously assigned PINs using the legacy system. The IRS will begin accepting registrations for new employer PINs beginning in January 2016.

Detailed instructions for registering for MeF can be found in the *CLS II XM Manual*. You may access this document by entering DOC (or pressing **F1**) at the *CLS II Program Selection Menu* and then selecting 5 – *CLS II Add-On Programs*. In the XM Manual, please review the information in the section *Application for XML Filing*. Instructions are included for both existing XM users (still using legacy) and new XM users. Also included in the manual are instructions for filing and retrieving acknowledgments using MeF.

Nelco Web Center Reporting

A new CLS II add-on is now available! *Nelco Web Center Reporting (NW)* simplifies W-2 filing and the distribution of employer and employee copies. Nelco is FMSI's preferred provider of payroll tax forms and this add-on lets them take over some of the work that makes year-end so busy. NW allows you to direct Nelco to handle as much of the W-2 filing process as you would like. Options include electronic filing of federal and state returns and employee W-2 distribution, which includes online form retrieval and a print and mail service. All services provide employer reports including "file copy" W-2s and a summary report.

Nelco's fees are based on the volume of W-2s they will process for you. The following chart shows the pricing per W-2 filed for tax year 2015.

Nelco Processing Fees for Tax Year 2015						
Service	1-50	51-100	101-250	251-500	501-1000	1001+
Federal E-file	\$1.20	\$0.90	\$0.70	\$0.55	\$0.50	\$0.45
State E-file	\$1.60	\$1.15	\$0.90	\$0.80	\$0.70	\$0.65
Recipient Print/Mail/Online W-2 Retrieval	\$4.10	\$3.15	\$2.45	\$2.00	\$1.45	\$1.15
<i>Recipient Print/Mail/Online W-2 Retrieval (peak 2/2/15)</i>	\$5.10	\$4.15	\$3.45	\$3.00	\$2.45	\$2.15
Federal/State E-file & Print/Mail/Online W-2 Retrieval	\$5.25	\$4.45	\$3.60	\$2.85	\$2.05	\$1.55
<i>Federal/State E-file & Print/Mail/Online W-2 Retrieval (peak 2/2/15)</i>	\$6.25	\$5.45	\$4.60	\$3.85	\$3.05	\$2.55
Federal E-file & Print/Mail/Online W-2 Retrieval	\$4.75	\$3.95	\$3.15	\$2.50	\$1.80	\$1.40
<i>Federal E-file & Print/Mail/Online W-2 Retrieval (peak 2/2/15)</i>	\$5.75	\$4.95	\$4.15	\$3.50	\$2.80	\$2.40

Updates for CLS II Payroll Add-on Packages

If you are using any of these add-on payroll packages, they must be kept “current”:

The **Affordable Care Act Reporting (AC)** program, added summer of 2015, has been updated to include reporting of 1094 and 1095s.

The **Nelco Web Center Reporting (NW)** program, new for version 1.9, allows W-2 filing and forms distribution to be handled by a third party.

The **W-2/1099 Magnetic Media (TM)** program has been updated to reflect file format changes for 2015.

The **XML Filing of 94x Forms (XM)** program lets you create 940, 941, 943 and 944 XML files to be submitted to the IRS electronically. **Note:** New **XM** users must complete the online IRS application 45 days prior to filing returns electronically.

The **SUTA Magnetic Media (SM)** program, *for filing state unemployment tax wage information on magnetic media*, has been updated to reflect current file formats. With the **SM** program, you can submit *wage continuation sheet information* electronically. A few states also require a printed tax return (**UP**) or transmittal form (**SM**). Except for **Kansas** and **South Carolina**, filing requirements are per employer.

The **Unemployment Plus (UP)** program, *which provides the ability to print submittable unemployment tax cover pages for certain states*, has been updated. Several states require electronic filing for all employers and those electronic submissions contain both wage and tax information; for those states noted below, you may only use **UP** to print a *file copy* of the tax return.

SUTA Magnetic Media (SM)			Unemployment Plus (UP)	
State	e-Filing Requirement	UP Form Required	Form(s)	File Copy Only
Alabama	All employers		UC-CR4	✓
Arizona	Not required	Yes	UC-018	
Arkansas	250+ employees		DWS-ARK209B	
California	250+ employees		DE-9	
Colorado	Not required	Yes	UITR-1	
Connecticut	All employers		UC-2	
District of Columbia	5+ employees		DOES-UC30	
Florida	All agents, 10+ employees		RT-6	
Georgia	100+ employees	Yes	DOL-4	
Idaho	All employers		TAX-020	✓
Illinois	25+ employees		UI 3/40	
Iowa	All employers		65-5300	✓
Kansas	50+ employees (all employers)		K-CNS-100	
Kentucky	10+ employees		UI-3	
Louisiana	All employers		ES4-B/C	✓
Maryland	100+ employees	Yes, unless filing online	DLLR/OU-15	
Massachusetts	All employers		*Not supported by UP*	
Michigan	All employers		UIA-1020	✓
Minnesota	All employers		DEED-1	✓
Mississippi	250+ employees	Yes	UI-2/3	
Nebraska	Payroll of \$100,000 or more		UI-11T	
Nevada	*Not supported by SM*		NUCS-4072	
New Jersey	All employers		*Not supported by UP*	
New Mexico	All employers	Yes	ES903A	✓
New York	All employers		NYS-45	✓
North Carolina	100+ employees		UI-101	
Ohio	Not required	Yes	JFS-66111	
Oklahoma	All employers		*Not supported by UP*	
Pennsylvania	All employers		*Not supported by UP*	
South Carolina	100+ employees (all employers)	Yes	UCE-120/101	
Tennessee	10+ employees	Yes	LB-0456/0851	
Texas	All employers		C-3	✓
Utah	*Not supported by SM*		33H	
Vermont	All employers		VTC-1011	✓
Virginia	100+ employees		VEC-FC-20	
Wisconsin	All agents, 25+ employees	Yes	UCT-101	
Wyoming	Not required		*Not supported by UP*	

Processing Payroll Tax Forms at Year-End

Can I submit plain-paper W-2, W-3, 1099, 1098 and 1096 Forms? For the most part, yes - however, Copy A of the 1099, 1098 and 1096 Forms *may only be submitted on pre-printed forms!* This is an IRS requirement, not a CLS limitation, and the penalty for not using the correct forms is severe.

Can I submit W-2 and 1099 forms electronically using CLS II? Yes, a CLS II add-on (*W-2/1099 Magnetic Media eFile*) is available for this purpose.

My firm's information isn't being automatically included on the 940 and 941 forms - why not?

Be sure that the correct firm information has been entered using program **SI**, menu selections **1,3,1** and **1,3,2**. Also check your settings in **SI** menu selection **1,3,4**. If CLS II is installed on multiple workstations, be sure to check these settings on each one.

On federal payroll tax forms (940, 941, W-2 and 1099 Forms), CLS II normally leaves zero-amount-fields blank; can I print zeros instead?

Yes, use program **SI**, menu selection **1,3,4** to choose this option.

Can I get an estimate of the number of W-2 and 1099 forms I need to order?

You can use program **TF**, menu selection **6** (*W-2 and 1099 Worksheets*) for this purpose. You can also use this selection to check for missing employee or vendor information or to see how employee names will be printed on different copies of the W-2 forms.

Save \$\$\$

... on your CLS II update

On your order form you can choose to download your CLS II update and save the shipping charges. Plus, you get your software faster by eliminating shipping time. For customers in Georgia, there is an added benefit: *no sales tax is charged on downloaded software.*

... on your next Nelco order

We wanted to remind you of a valuable resource available to you as a user of CLS. Nelco is our AUTHORIZED SOURCE for CLS-compatible W-2 & 1099 forms, checks and envelopes.

We are excited to announce a special offer for CLS users - you can get **\$25 off** your next order if you spend \$100 or more. Order by 12/31/2015 and mention code **BT8** to receive this special offer.

To order CLS-compatible forms and supplies:

Online <http://ClientLedgerSystem.NelcoSolutions.com>
Email..... Nelco@NelcoSolutions.com
Call 800.266.4669

CLS~CheckWriter Payroll Tax Updates

CW 3.41 includes new federal and state payroll tax tables for 2016. The new version will be released just before Christmas.

FMSI Holidays

Please take note! Financial MicroSystems will be closed on November 26th - 27th for Thanksgiving, and December 24th - 25th, 31st and January 1st for the holidays.

Update Reminders

- Order confirmations will be emailed as orders are entered. Please verify that the correct email address is listed on your order form and correct it if necessary.
- CLS II add-on programs are compatible *only* with the CLS II version for which they are released. If you use the *Affordable Care Act Reporting, Tax Package Interface, W-2/1099 Magnetic Media, Unemployment Plus, SUTA Magnetic Media or XML Filing of 94x Forms* add-on products, remember to update them also. Update prices for add-on products apply *only* if you own licensed versions of those products.
- Place your order early! Orders are processed and shipped in the order received. Once CLS II is released, orders are processed *during* shipping, which increases the turn-around time. During the holiday season, delivery delays are beyond our control.
- Updates for CLS II bug fixes are available free of charge from our website. If you would prefer to receive those bug fixes by US Postal First-Class Mail, you may subscribe to CLS II updates-by-mail for \$89. Please note that only "important" updates will be mailed.
- Review your order form for accuracy. Is your credit card number correct, including the expiration date and CVV code? If you charge the update to a personal credit card, be sure to provide the billing address associated with that card.
- Do not include sales tax *unless* you are located in *Georgia* and are *not* downloading the CLS II update.

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