CLS II 2.21 Update is Scheduled for Release December 4th

CLS II 2.21 contains a number of payroll forms that have been updated for year-end and fourth quarter filing. *See Page 2 for more details.*

CLS has been updated to accommodate new state filing requirements. Make sure that you order the add-ons needed to get the job done! Here are a few of this year's additions:

- *W-2/1099 Magnetic Media* (**TM**) has been modified to support the file layouts required for the following states:

  ◦ **Iowa**: Electronic filing of W-2s and 1099s will be required for all employers.

  ◦ **Kentucky**: Electronic filing of W-2s and 1099s will be required for employers with 25+ employees.

  ◦ **Louisiana**: Electronic filing of W-2s will be required for employers with 50+ employees. **TM** already supports W-2 filings for Louisiana; it now includes the reconciliation information reported on form *L-3*.

  ◦ **North Carolina**: Electronic filing of form *NC-3* reconciliation information will be required for all employers. **TM** already supports W-2 filings for North Carolina; the reconciliation information is now also included.

  ◦ **Oregon**: Electronic filing of W-2s and 1099s will be required for all employers. W-2 filings also include the reconciliation information reported on form *OR-WR*.

- Other payroll reporting changes:

  ◦ **Federal W-2s**: SSA is working to resolve employee name/SSN mismatches. Employers who submit 2018 W-2s with mismatches will receive notices beginning in March 2019 indicating the number of mismatches reported and will be referred to the SSA website where they will be able to view the employees with errors and instructions for making the required W-2c corrections. More information and a sample of this notice is posted on www.ssa.gov/employer/notices.html.

  ◦ **California**: Electronic filing of *DE-9* and *DE-9C* information has been required for all employers since January 2018. The state recently announced that penalties will be assessed for all paper filings received beginning **Q1 2019**. Use *Suta Magnetic Media* (**SM**) to create the approved electronic filings; the CLS continuation sheets and *Unemployment Plus* (**UP**) will *only* provide printed file copies.

  ◦ **Oregon**: CLS will report the *Statewide Transit Tax* on paper W-2s and in electronic submissions created using **TM**. To report the tax withheld, enter those amounts in a "*D*" payroll column created in **PF 3**.

  ◦ **Washington**: CLS supports the state family and medical leave insurance which goes into effect in January, 2019. Enter employer and employee rates in **PF 4** (**4**) and employee deductions using a "*U6*" payroll column created in **PF 3**. **CT 3** and **CT 4** create adjustments for this new tax.

New and Improved Tax Package Interface

The *CLS Tax Package Interface* (**TX**) add-on has been improved, and support has been added for the *Drake 1120, 1120S* and *1065* tax programs. Some tax packages, like Drake, require that you pre-code each ledger before you export it to the tax package. Others will accept a trial balance with just account numbers and, once you've assigned the balances to lines on the tax return, will remember those assignments. The **TX** program has always used intermediate "templates" when coding ledgers. Now, however, you have the option of using templates or coding the ledgers directly.

2018 Year-end Payroll Tax Form Reminders

New formats for the 2018 W-2 and 1099/1098 laser-printed plain-paper and preprinted forms are included in CLS II 2.21. *Remember, you must update CLS II if you plan to print federal or state payroll tax forms on plain paper.*

For W-2/W-3 forms, and for any 1099-MISC forms that include Non-Employee Compensation, the federal filing deadline is now 1/31/19.

All W-2 and W-3 forms (**including Copy A**) may be printed on plain-paper. *For 1099, 1098 and 1096 forms, all copies* (**except Copy A**) may be printed on plain paper. When filing using paper forms, Copy A must be filed using "official" scannable forms – the IRS may impose a penalty if black & white forms are used. Submittable 940, 941, 943, 944 and 945 forms may also be printed on plain paper.

The IRS has clarified that employers are still required to file and provide employee copies of ACA forms. Electronic submissions and forms may be prepared using the *Affordable Care Act Reporting* (**AC**) add-on.

The *W-2 and 1099 Worksheets* (**TF 6**) should be used before ordering and printing W-2s and 1099/1098s. Worksheets provide counts of the W-2 and 1099 required, lists of employees and vendors with incomplete name or SSN information, and an audit report of the first, middle and last names of each employee.

You may directly access the Nelco website for ordering CLS-compatible W-2, 1099/1098 and ACA forms from CLS using **TF 8**, *Order Forms from Nelco*.

The 941 form for **2019** will be part of the March 2019 update. For more specific information about the changes affecting federal and state forms, please refer to the current version of the *CLS Release Notes*.

Need Electronic Filing?

Did you know that there are CLS add-ons available which allow electronic filing of W-2s, 1099/1098s, Federal 94x forms, Illinois IL-941s, and SUTA reports for selected states? Many federal and state agencies now require electronic filing – and CLS add-ons allow you to easily provide these services to your clients. Not only is electronic filing required in many cases, you may find that you prefer filing electronically! Electronic filing has many advantages as compared to filing using paper forms...

It's quicker! Simply create and upload the file, as compared to printing, signing and mailing the form.

It's cheaper! Save money on paper, envelopes and stamps. With the exception of *Nelco Web Reporting Center* (**NW**), there are absolutely NO per-form filing fees. The additional costs for **NW** are based on the services that you request Nelco to perform – such as uploading electronic filings or mailing forms to employees or vendors.

It's safer! Most electronic filing applications provide immediate confirmation numbers and information about any errors that need to be corrected.

More information about available add-ons can be found on *Page 4*.

After a Windows 10 update, CLS II runs slow on a Network

There have been several reports that, after upgrading to Windows 10 Build 1803, CLS runs very slow in a network environment. It was found that a change to the "SMB Protocol" (for enhanced security) created an unacceptable delay when accessing shared folders on a server. Microsoft has made a solution available, but it must be implemented by an IT professional. Please call FMSI support for more information.

Where to Find the CLS Documentation

Complete CLS II documentation (in the form of PDF files) is included with CLS – even for add-ons that you may not own. Be sure that Adobe Reader (or a similar program) is installed, and then press **F1** at the main CLS menu. There are installation instructions (including specific steps for installing CLS in Windows 10), Release Notes for the current year, year-end payroll processing tips, complete program documentation, and copies of CLS Focus newsletters. If, for some reason, pressing **F1** does not work, you can find the PDF files in the folder "\CLSII\CLS Manuals".

Nelco Web Reporting Center

By using the CLS add-on *Nelco Web Reporting Center* (**NW**), you can transfer the burdens of printing, mailing and filing W-2s and 1099s to *Nelco*, FMSI's preferred forms provider for many years. **NW** supports W-2, 1099-MISC, 1099-INT, 1099-DIV and 1099-R reporting, and it provides a simple interface for transferring your data between CLS and the Web Reporting Center.

NW and the *CLS W-2/1099 Magnetic Media (eFile)* (**TM**) add-on both help with W-2 and 1099 filing and cost the same amount to purchase. So which one is the better option for you? That depends on how much of the year-end filing process you would like to be handled by someone else.

For those familiar with the **TM** add-on, using **NW** is similar. In **NW**, as with **TM**, you create an intermediate file, select the ledgers and payroll series to be included, and build a file containing the W-2 or 1099 data to be submitted. From within CLS, **NW** then connects to Nelco's website and transfers the data file(s), and you select the services you want Nelco to perform. Available services include recipient processing (which includes printing, mailing and providing immediate online retrieval of W-2 and 1099 forms) and federal and state electronic filing.

In both cases, the same amount of effort goes into getting the forms ready for submission, but here are the main differences between the two approaches:

- **NW**: You select the filing services you want. Depending on the services selected, federal and state filing can be done automatically, and recipient copies can be printed, mailed *and made available for immediate online retrieval – a feature not provided by the TM program*. Providing online access to employee W-2 forms could be a new billable service you can offer your clients!

  Once you've transmitted the files and submitted the batch, your work is done! Nelco takes care of filing with federal and state agencies and printing and distributing all employee copies. Employer copies of the forms are made available to you as PDF files. The cost of the forms, envelopes and postage (and the labor involved in the printing and mailing process) is all included.

- **TM**: *You do it all*. For file(s) you've created, you'll submit federal and state filings using the allowable filing method (via website upload or mailed magnetic media) for each agency and you'll print and mail the recipient copies of forms. Electronic filing is ***free***, but you will buy the forms and envelopes, print the forms, pay the postage, stuff the envelopes and mail them. *Online access to employee W-2 forms is not available*.

Nelco Processing Fees for Tax Year 2018 – Per Form *Peak season* pricing is effective beginning 1/31/19.						
	Number of W-2/1099s Processed					
Service	1-50	51-100	101-250	251-500	501-1000	1001+
Federal eFile	$1.22	$0.92	$0.71	$0.56	$0.51	$0.46
State eFile	$1.63	$1.17	$0.92	$0.82	$0.71	$0.66
Recipient Print/Mail/Online Retrieval	$4.18	$3.21	$2.50	$2.04	$1.48	$1.17
Recipient Print/Mail/Online Retrieval (peak season)	$5.18	$4.21	$3.50	$3.04	$2.48	$2.17
Federal/State eFile & Print/Mail/Online Retrieval	$5.36	$4.54	$3.67	$2.91	$2.09	$1.58
Federal/State eFile & Print/Mail/Online Retrieval (peak season)	$6.36	$5.54	$4.67	$3.91	$3.09	$2.58
Federal eFile & Print/Mail/Online Retrieval	$4.85	$4.03	$3.21	$2.55	$1.84	$1.43
Federal eFile & Print/Mail/Online Retrieval (peak season)	$5.85	$5.03	$4.21	$3.55	$2.84	$2.43

Because the fees for Web Reporting Center are based on the volume of forms processed, there are noticeable financial benefits to processing large batches of forms. Instead of submitting employers individually, consider submitting a single batch containing multiple ledgers. If that's not practical, you can also benefit greatly from submitting your largest clients first. More information about Nelco's tiered pricing is included in the CLS 2.2 version of the **NW** manual, which will be available by entering **DOC** or pressing **F1** from the CLS menu, then selecting **5**.

Your Web Reporting Center benefits continue throughout the year *at no additional cost to you*. If an employee requests another copy of his or her W-2, simply login, select the form, and enter the employee's email address; an email will be immediately sent to the recipient allowing online access to the form.

Introducing Splashtop

A new support application is now built into CLS II – no more fumbling around trying to find the right version of TeamViewer to use. When requested to do so by FMSI support, simply press **F9** at the main CLS menu to start the process. It's safe and secure, and getting remote support could not be easier.

CLS II Now Tracks All User Access

We know that making sure your clients' data is secure is always a concern for you and your clients. To help alleviate any CLS security concerns, CLS now accumulates and maintains the last 90 days of login history. Use the *Login History Report* (**LR 3**) to periodically review the users who have accessed your system and the ledgers they worked on.

Updates for CLS II Payroll Add-on Packages

If you are using any of these add-on payroll packages, they must be kept "current". All add-ons have been updated to reflect current forms and file formats.

The **Affordable Care Act Reporting** (**AC**) program allows printing and electronic filing of the ACA forms required to be filed by employers. *Forms 1094/1095-B* must be issued by all self-insured employers with fewer than 50 full-time employees. *Forms 1094/1095-C* must be issued by all large employers with 50 or more full-time employees.

The **Nelco Web Reporting Center** (**NW**) program simplifies W-2 and 1099 filing and the distribution of employer and recipient copies. Supported forms include *W-2, 1099-MISC, -INT, -DIV* and *-R*. This add-on allows a third-party to handle electronic filing of federal and state returns, creation of employer "file copy" forms, and recipient form distribution, which includes online form retrieval and a print and mail service.

The **W-2/1099 Magnetic Media** (**TM**) program creates *W-2* files that can be transmitted to the SSA and *1099/1098* files that can be transmitted to the IRS. Additionally, files may be created for state submissions, for states which accept the federal format.

The **XML Filing of 94x Forms** (**XM**) program lets you create *940, 941, 943, 944* and *945* 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 allows you to submit wage continuation sheet information electronically to selected states. A few states also require a printed tax return, which may be printed using **UP**. State filing requirements are listed on *Page 5*.

The **State Withholding** (**SW**) program supports electronic filing of **Illinois IL-941** quarterly withholding tax returns. A paper file copy of the tax return is prepared for your client's records.

The **Unemployment Plus** (**UP**) program provides the ability to print submittable unemployment tax cover pages for certain states. Supported states are listed on *Page 5*.

For more information on these add-on packages, product manuals are available by entering **DOC** or pressing **F1** from the CLS menu, then selecting **5**.

CLS Year End Sale, Plus Referral Discount

When you refer a new CLS user they get a 10% discount (even off of sales prices), *and you get a 20% discount on your next purchase.* Sale prices are valid through 1/31/19.

- *CLS General Ledger* – reg. $395, now $295 (2-user networkable version, all financial statements, no payroll)

- *CLS Limited Edition* – reg. $595, now $495 (non-networkable, but can be installed on multiple workstations)

- *CLS Single-User Version* – reg. $995, now $795 (5-user networkable version)

- *CLS Network Version* – reg. $1,295, now $995 (10-user networkable version, expandable to 255 users)

SM and UP Filing Requirements

Below is a list of the states supported by the *SUTA Magnetic Media* (**SM**) and *Unemployment Plus* (**UP**) add-on packages.

SUTA Magnetic Media (**SM**): eFiling requirements are listed for each state. Most states with an eFiling threshold specify the number of employees per employer. Filing requirements for **Kansas** and **South Carolina** are based on the total number of employees for all employers being filed by your office. States which also require a printed tax return (**UP**) are indicated in the list below.

Unemployment Plus (**UP**): For states which require electronic filing for all employers and those electronic submissions contain both wage and tax information, you may only use **UP** to print a *file copy* of the tax return. Those states are indicated below.

SUTA Magnetic Media (SM)			Unemployment Plus (UP)	
State	eFiling Requirement	UP Form Required	Form(s)	File Copy Only
Alabama	All employers		UC-CR4	Yes
Arizona	Not required	Yes	UC-018	
Arkansas	250+ employees		DWS-ARK209B	
California	All employers		DE-9	Yes
Colorado	Not required	Yes	UITR-1	
Connecticut	All employers		UC-2	Yes
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	Yes
Illinois	25+ employees		UI 3/40	
Iowa	All employers		65-5300	Yes
Kansas	50+ employees (all employers)		K-CNS-100	
Kentucky	10+ employees		UI-3	
Louisiana	All employers		ES4-B/C	Yes
Maryland	All employers		DLLR/OU-15	Yes
Massachusetts	All employers		*Not supported by UP*	
Michigan	All employers		UIA-1020	Yes
Minnesota	All employers		DEED-1	Yes
Mississippi	250+ employees	Yes	UI-2/3	
Nebraska	Payroll of $100,000 or more	Yes	UI-11T	
Nevada	All employers		NUCS-4072	
New Jersey	All employers		*Not supported by UP*	
New Mexico	All employers		ES903A	Yes
New York	All employers		NYS-45	Yes
North Carolina	100+ employees		UI-101	
North Dakota	All employers		12643	Yes
Ohio	All employers		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, unless filing online	LB-0456/0851	
Texas	All employers		C-3	Yes
Utah	*Not supported by SM*		33H	
Vermont	All employers		VTC-1011	Yes
Virginia	100+ employees		VEC-FC-20	
Wisconsin	All agents, 25+ employees		UCT-101	
Wyoming	Not required	Yes, unless filing online	*Not supported by UP*	

FAQs: Year-End Tax Forms

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**,**5**. 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**,**5** 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 first 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 **15% off** your first order of compatible W-2, 1099 & ACA 1095 forms, checks or envelopes. Order by 12/31/2018 and mention code **CT4** to receive this discount on your first order.

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 3.71 includes new federal and state payroll tax tables for 2019. The new version will be released just before Christmas.

FMSI Holidays

Please take note! Financial MicroSystems will be closed on November 22nd - 23rd for Thanksgiving, and December 24th - 25th and December 31st - 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.
- 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, Nelco Web Reporting Center, Tax Package Interface, W-2/1099 Magnetic Media, Unemployment Plus, State Withholding, 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 $99. 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.

FMSi Financial MicroSystems, Inc.