

# Focus

## on Client Ledger System™ Software

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### CLS II 2.31 Update is Scheduled for Release December 5<sup>th</sup>

CLS II 2.31 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:

- **North Dakota:** Electronic filing of W-2s and 1099s will be required for employers with 10+ employees.
- **West Virginia:** Electronic filing of W-2s and 1099s will be required for employers with 25+ employees. These filings will also include the reconciliation information reported on form *IT-103*.
- **Wisconsin:** Electronic filing of W-2s and 1099s will be required for employers with 10+ employees.

Other payroll reporting changes:

- **District of Columbia:** Electronic filing of SUTA information will be required for all employers.
- **Missouri:** Electronic filing of SUTA wage information will be required for employers with 50+ employees. *SUTA Magnetic Media (SM)* prepares the electronic filing and *Unemployment Plus (UP)* prepares the quarterly tax return, *MODES-4*.

### 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*.

### Helping to Simplify Payroll Reporting

FMSI is an active member of the National Association of Computerized Tax Processors. On behalf of FMSI, Vicki Massey attends several NACTP meetings each year to work with others in the payroll industry on federal and state reporting issues. Through NACTP, Vicki recently participated in a working session with the IRS to review design issues with the new W-4; she's also participating in a focus group with SSA to discuss planned revisions to the BSO website used for W-2 filing.

# 2019 Year-end Payroll Tax Form Reminders

New formats for the 2019 W-2 and 1099/1098 laser-printed plain-paper and preprinted forms are included in CLS II 2.31. **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 1/31/20.**

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 forms 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 **2020** will be part of the March 2020 update. For more specific information about the changes affecting federal and state forms, please refer to the current version of the *CLS Release Notes*.

## Want to Know More About 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 from CLS.

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.

Nelco has put together a training video that walks you through the steps on their website for completing the filing process. Be sure to check out <https://vimeo.com/191037944> if you'd like to know more. Current pricing for Nelco's services can be found at [https://clientledgersystem.nelcoportal.com/Content/Filing\\_Information](https://clientledgersystem.nelcoportal.com/Content/Filing_Information).

## Looking Ahead to CLS II 2.4 and Beyond

We're already aware of some legislative changes that will affect payroll reporting in the future. Expect to see these changes in CLS II 2.4 to be released in December, 2020 and in CLS II 2.5, the following year.

### Payroll Year 2020 changes

- For several years, the IRS has allowed masking of SSNs on vendor copies of forms 1099 and 1098. Next year, SSNs may also be masked on employee copies of W-2s. CLS II 2.4 will support this printing option.
- Currently, 1099-MISC forms which contain Non-Employee Compensation are due earlier than other 1099-MISC forms. To simplify reporting, the IRS will revive a form next year that hasn't been used since the early 1980's. The 1099-NEC will be used for reporting Non-Employee Compensation; the 1099-MISC will continue to be used for all other amounts. CLS II 2.4 will introduce a new payroll series type for 1099-NEC and your existing 1099-MISC series that include amounts for column type 7 will be automatically converted to the new series type.

### Payroll Year 2021 change

- Legislation was recently passed reducing the electronic filing threshold for information returns over the next few years. Guidance is still being developed to clarify which forms will be affected; the forms being reviewed are W-2, 1099, 1098 and ACA returns. Thresholds will be lowered from 250 to 100 for Payroll Year 2021 and to 10 the following year.

# How to set up CLS II correctly in Windows 10

Many accounting firms are in the process of upgrading their computers to Windows 10, and some have asked if CLS II will be compatible with it. The answer is yes, CLS II runs very well in Windows 10, but the following additional installation steps must be taken to ensure that CLS runs correctly; it's important that these steps be performed in order. This set of one-time changes should take about 10 minutes per workstation. If you have any questions or need help, just call us; there is no charge.

## First, install CLS II on each workstation

This is necessary even if you plan to run CLS from a copy installed on your server. The installation process creates the *CLS PDF Printer* on a workstation and also installs a set of fonts used by CLS.

## Next, install Adobe Reader DC or another application that can read PDF files

Windows 10 defaults to using the *Edge* browser to read PDF files; while sufficient for some purposes, CLS cannot use it to display payroll tax forms. *Adobe Reader DC* may be downloaded from <https://get.adobe.com/reader>. Make sure it (or another application able to read PDF files) has been installed before continuing.

## Modify Windows 10 Default Settings

Right-click the Windows Start Button and choose *Settings*. Select *Devices (Bluetooth, Printers, Mouse)*, then choose *Printers & Scanners*. Scroll down until you see **Let Windows Manage My Default Printer** and uncheck the box next to it. Next, select the *CLS PDF Printer*, choose *Manage*, and *Print a test page*. This will ensure that both the CLS PDF Printer and the PDF reader are working correctly. Close the Settings window.

Again right-click the Start Button and choose *Settings*. This time choose *Apps* and select *Default Apps*. Scroll down on the right-hand side of the screen and select *Choose default apps by file type*. Scroll down until you see *.pdf*, and make sure that the correct PDF application has been selected (normally this will be *Adobe Reader DC*) – do not choose *Edge*. When finished, close the Settings window.

## Modify Windows 10 to use the "Legacy Console"

CLS II is a "Windows" program, but it runs in the Windows Console and it needs to use what Windows 10 calls the "Legacy Console".

Left-click the Windows Start Button and enter `cmd` in the search box. When you see either *cmd* or *cmd.exe*, left-click the file name to open the "command prompt". Right-click on the command prompt "title bar" and select *Properties*. Check the box next to **Use Legacy Console (requires relaunch)** and click *OK*; then close the command prompt window.

## Create a new CLS II icon

In previous versions of Windows, CLS II was started using a program called *CLCLaunch.exe*, which determined the correct screen size to use before actually running CLS II. Unfortunately, this routine doesn't work correctly in Windows 10, so we need to bypass it.

Move the cursor to a blank spot on the Windows 10 desktop, right-click, and then select *New* and *Shortcut* from the menu. When you see **Type the location of the item:**, enter `C:\CLSII\CLCMenu.exe`. You can modify this if CLS is installed in different path or on a server. Click *Next*, then enter a name for the shortcut – we suggest `CLS II Menu`; don't use `CLS II` – this will conflict with the existing icon. Click *Finish*.

## Select the correct properties for the new icon

Right-click the new icon, then select *Properties* from the menu. Select the *Layout* tab and edit the values for the **Screen Buffer Size** and the **Window Size**. In both cases, enter 80 for the **Width** and 45 for the **Height**. *Apply* may be "grayed-out"; if so click *OK* to accept your changes. Re-open the icon properties so that we can select the correct font and font size for CLS II. Select the *Font* tab. In the **Font** box, select *Lucida Console*. Select 20 from the **Size** list. Again, *Apply* may be "grayed-out"; if so click *OK* to accept your changes.

## Select a new icon image for CLS II Menu

Again right-click the new icon, select *Properties* from the menu and click *Change Icon*. You will see an error message. Click *OK* and a set of Windows icons will be displayed. Scroll to the right and select the colorful tumbling-blocks icon, and then click *OK*. Click *Apply* and *OK* to close the window.

## Double-click the new CLS II icon and make sure that CLS works correctly

First, make sure that no scroll bars are displayed. If you see any, we'll need to exit CLS, edit the icon properties again and select a smaller font size. At the *Ledger Selection* screen, enter a *blank* Ledger I.D. and make sure that the "Invalid Ledger

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# Windows 10 Setup

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I.D." message is displayed at the bottom left corner of the CLS II screen. If it appears in the middle of the screen, the font size is too large. Next, select the JCC sample ledger, choose the **ET** program, and enter some test transactions. If the ET screen behaves normally everything else should be OK.

## Test the CLS PDF Printer

Try displaying the JCC balance sheet to the CLS PDF Printer. If you normally display CLS reports as PDF files, simply press **D** to display the statement. If you use the "traditional" viewer, press **P** to display the statement as a PDF file. If the balance sheet is displayed, we're finished. If you still can't display a PDF file from within CLS, please call Financial MicroSystems, Inc. support line (770-446-5709) for help.

## Delete the original CLS II icon

Right-click the *original* CLS II icon and choose *Delete*. Remember to always use the new icon to start CLS. If the original icon reappears after installing a CLS update, simply delete it.

## New W-4 to be Released in January

The Tax Cuts and Jobs Act eliminated the use of "allowances" when calculating individual federal income tax. The IRS is revising form W-4 to accommodate the required changes and to improve the ability of taxpayers to more easily and accurately complete the form. Current employees will not be required to complete new W-4s, but all newly completed W-4 forms must be done using the new form. Software packages which calculate payroll withholding, including CLS ~ CheckWriter, will support both the "old" and "new" tax calculation methods. CLS will be updated to include the new W-4 as soon as it is released by the IRS.

## 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 filing of state withholding information to **Illinois** and **South Carolina**. **SW** supports electronic filing of Illinois *IL-941* and paper filing of South Carolina *WH-1601, WH-1604* and *WH-1605*.

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**.

# 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.

<i>SUTA Magnetic Media (SM)</i>			<i>Unemployment Plus (UP)</i>	
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	All employers	Yes	UITR-1	
Connecticut	All employers		UC-2	Yes
District of Columbia	All employers		DOES-UC30	Yes
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	
Indiana	All employers		*Not supported by UP*	
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	
Missouri	50+ employees	Yes	MODES-4	
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	10+ 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	All employers	Yes, unless filing online	LB-0456/0851	
Texas	All employers		C-3	Yes
Utah	All employers		33H	Yes
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.

## CLS~CheckWriter Payroll Tax Updates

CW 3.81 includes new federal and state payroll tax tables for 2020. The new version will be released just before Christmas.

## FMSI Holidays

Please take note! Financial MicroSystems will be closed on November 28<sup>th</sup> - 29<sup>th</sup> for Thanksgiving, and December 24<sup>th</sup> - 25<sup>th</sup> and December 31<sup>st</sup> - January 1<sup>st</sup> 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.

## 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 12/31/2019 and mention code **DJ7** to receive this discount on your first order.

To order CLS-compatible forms and supplies:

Online.....<http://ClientLedgerSystem.NelcoSolutions.com>  
Email.....[Nelco@NelcoSolutions.com](mailto:Nelco@NelcoSolutions.com)  
Call.....800.266.4669

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