



**Payroll Control Systems**

*Payroll Processing & Human Resources Management Systems*

## 2009 Year-End Packet and Checklist

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**Because this packet contains deadlines and reply forms, we strongly encourage you to read it and respond by December 14, 2009.**

In an effort to help your 2009 year-end process run smoothly, we have prepared this packet full of important notices and reminders. The information on the following pages will discuss these year-end issues and concerns:

- Verification of Federal and State tax identification numbers
- Missing W-2 information (Social Security Numbers and addresses)
- Year-end bonus runs and adjustment payrolls
- Fringe benefits
- Third Party Sick Pay
- Holiday and bank schedule
- Tip Allocation

We also want to make certain that you are aware of our policy regarding year-end adjustments made **after** your last payroll of 2009. Any requested changes made after December 31, 2009 will require us to re-process your year-end returns and W2 information. This cost will be the same as your original billing, plus the cost of an additional payroll run. This may also result in you receiving your final year-end information later than expected. Any changes made after January 31st will require amended forms produced. These amended forms will not be completed until after the month of February at a cost of \$50 per form.

**THEREFORE, IT IS CRUCIAL THAT YOU NOTIFY YOUR  
CLIENT ACCOUNT MANAGER OF ALL ADJUSTMENTS FOR 2009  
BEFORE YOU PROCESS YOUR LAST PAYROLL.**

*Thank you in advance for helping to make this year-end process  
run as smoothly as possible.*

**Payroll Control Systems**  
**6040 Earle Brown Drive Suite 250 Brooklyn Center, MN 55430**  
**Phone: 763-513-5951 Fax 763-513-5968**  
**[www.pcspayroll.com](http://www.pcspayroll.com)**

## **Following is a list of items that you need to either return to us or take into consideration:**

- ❖ Verify all Federal and State identification numbers and notify PCS of any required changes. These numbers appear on your payroll summary report included with every payroll. If you need to make changes, notify the tax department in writing. Also, if you want to close any of these accounts, you will need to notify the tax department.
- ❖ Correct all missing W-2 information, employee social security number, name, and address if applicable. If you use software, you will need to make these changes before you submit your last payroll of the year. If you are a fax-in or call-in client, you will need to notify your Account Manager of your changes before your last payroll.
- ❖ If your company uses a Third Party Sick Pay provider, check with your representative to see when the earliest date is you can receive your information. If you are unable to receive the information before your last payroll of 2009, contact your Client Account Manager immediately to let them know. Remember, any third party sick payment information entered after the end of the year will most likely result in late tax payments and penalty and interest charges for your company.
- ❖ Review your payroll history to make certain that you do not have any additional void or manual checks that need to be entered into the system.
- ❖ Review the following pages for more information on third party sick pay, fringe benefits, tip allocation and bonus or unscheduled payroll runs.
- ❖ The 2010 tax update for the Millennium software will be available for download on our website. These updates will be available sometime in late December. Please watch for further instructions regarding this update.
- ❖ Mark your calendars for bank holidays and the Payroll Control Systems holiday schedule. Please take these days into consideration when processing your payrolls with PCS to avoid any late deliveries, direct deposits etc.

## Do these questions apply to your company?

1. Are your employees covered by a 401k, Simple Sep, or other pension plan?
2. Do you have additional wage information (i.e. Fringe Benefits, Third Party Sick Pay, Group Term Life Insurance, Void/Manual Checks, etc.)?

**If you answered “YES” to any of these questions, read on because special regulations apply to YOU!**

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### THIRD PARTY SICK PAY

Federal legislation requires the reporting of sick pay payments made to employees from a third party, as well as any taxes withheld on those payments. These payments must be included on the employee W-2 form, or on a separate form provided by the third party.

**IMPORTANT:** Be sure to obtain this information from the appropriate third party provider as soon as possible. These entries must be processed on or before your last 2009 payroll to ensure that your forms 941 and W-2 will be accurate. Additional charges will be applied if this information is received after your last payroll.

Also, if you cannot get your information to Payroll Control Systems before your last payroll of 2009, be sure to contact your account manager to let them know. Otherwise, additional charges may be applied for tax returns that need to be rerun.

**If your third party is paying your taxes and preparing the W-2's on your behalf, Do not provide PCS with the payment information!**

### FRINGE BENEFIT/PERSONAL USE OF AUTO/GROUP TERM LIFE INSURANCE REPORTING

The Tax Reform Act of 1984 mandated that, under certain circumstances, the value of some non-cash fringe benefits be reported on the 941 and the employees W-2. Taxable Fringe Benefits are included as wages, making them subject to Federal Income Tax, FICA, FUTA, and possibly some State Income and Unemployment Tax. The Internal Revenue Service has issued regulations defining what is considered a Taxable Fringe Benefit and how to arrive at its value. The taxing on these benefits varies by each company's interpretation of the law. If you require advice on this, please contact your CPA, as Payroll Control Systems cannot legally advise you on this matter.

**REMEMBER:** When reporting these benefits, you must insure that your employees have adequate pay from which to withhold the taxes, thus relieving you of the potential liability of paying the employee taxes. **Fringe Benefits need to be submitted by the time your last payroll for 2009 is processed.** Additional charges will apply for any required reporting of these benefits after that time.

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## ADDITIONAL W2 INFORMATION

Box 12W will contain HSA contributions from the employer as well as **Pre-tax** contributions made by the employee

Box 13 on the W2 includes these categories:

-Statutory employee, retirement plan, and third-party sick pay.

The Retirement Plan box will be automatically checked if you have any plan funded via payroll deduction. (401k, 403b, Simple, SEP, etc.) Payroll Control Systems must be notified if any other categories must be checked.

Box 14 may be used for other information. This box is not mandatory.

Allocated Tips: If, after completing your restaurant Form 8027, you determine that sufficient tips were not reported, contact your Account Manager to report an adjustment and add allocated tips for the affected employees.

### YEAR-END TAX RETURNS AND W2's

We will start working on your quarter-end and annual returns on the first of January, and we expect to have all packages completed and delivered by January 27, 2010. This is a very busy time of year for all of us, and extra phone calls will only slow us down. **If you don't receive your package by January 27, please call then to let us know.** Thank you for your patience.

#### **For year 2010 we need the following information:**

1. Any filing frequency notices you may receive from the IRS. If your frequency is changed, and you do not notify Payroll Control Systems, we will not be responsible for any penalties or interest that may be charged to you. If you are not sure, we suggest you contact the IRS for the information at 1-800-829-4933.
2. Any filing frequency notices you may receive from states that you have employees working in. If you have had a substantial increase in the wages paid in any state, you may want to contact a tax representative with that agency to ensure that your withholding deposit frequency has not changed.
3. Any state unemployment rate notices for 2010. Again, Payroll Control Systems will not be responsible for any penalties or interest that may be charged if your rate is incorrect. Most states send out notices of your unemployment rate towards the end of the year.
4. Notify the PCS Tax Department of any state withholding and unemployment ID numbers that you are no longer using and plan to close.

**PLEASE FAX OR MAIL ANY NOTICES THAT REGARD RATE OR FREQUENCY CHANGES TO (763) 513-5968 ATTENTION TAX DEPARTMENT. FAILURE TO PROVIDE US WITH THIS INFORMATION MAY CAUSE YOUR TAXES TO BE DEPOSITED INCORRECTLY.**

## BONUS/UNSCHEDULED PAYROLL RUNS

If you choose to process a bonus or other type of unscheduled payroll during this time of year. Here are a few important reminders:

- It is very important to notify your Client Account Manager and submit payroll information at least two business days prior to your special payroll run check date.
  - If the federal tax liability on this payroll is in excess of \$100,000, taxes must be deposited by the next banking day.
  - Year-end payrolls with a 2009 check date will be included in your quarter 4-2009 wages and on your 2009 W2.
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Company ID \_\_\_\_\_ Company Name \_\_\_\_\_

Contact Name \_\_\_\_\_ Email Address \_\_\_\_\_

***To process a bonus or unscheduled payroll, please complete this form and fax it to your Client Account Manager at 763-513-5968.***

- What will be the check date of your bonus/unscheduled payroll? \_\_\_\_\_
  - On what day will you submit the payroll information? \_\_\_\_\_
  - Any special delivery instructions? \_\_\_\_\_
- 

Circle Input Method:

MILLENNIUM PC      PAYENTRY.COM      CALL-IN/FAX-IN

### **Before beginning this payroll, please determine whether or not these items apply:**

- Block Auto Pay Salary, Benefit Accruals, and or Auto Labor Distribution.
- Block Direct Deposits and issue checks for employees.
- Special payment flag/Supp tax rate (This includes Federal (25%), State (MN is 6.25%, percent varies for other states), Social Security, Medicare, and any local taxes.
- Block 401K/403B/Simple/SEP Deductions.
- Block all other recurring Deductions and Earnings.

***PC clients: Please remember that Printing a Pre-Process Register before transmitting will help eliminate errors.***

## **Bank Holidays**

*Please remember the following bank/federal holidays:*

- **Friday, December 25th (Christmas)**
- **Friday, January 1st (New Years)**

*Remember, if your payroll would normally fall on a bank/federal holiday, your check date will be moved back 1 day in observation of that holiday.*

## **PCS Holiday Schedule**

*Please remember Payroll Control Systems is CLOSED on these days:*

- **Thursday, December 24, 2009 at 1:00pm**
- **Friday, December 25, 2009**
- **Friday, January 1, 2010**

## **Important Direct Deposit Information:**

- If your payroll date falls on **Monday, December 28**, we will need to have your payroll information no later than 2:00pm on Wednesday, December 23.
- If your payroll date falls on **Monday, January 4**, we will need to have your payroll information no later than 2:00pm on Wednesday, December 30.



**Request for Exception Payroll**  
Absolution Letter – Responsibility for Penalty and Interest

Company # \_\_\_\_\_

Company Name \_\_\_\_\_

Tax Year \_\_\_\_\_ Check Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Processing Date \_\_\_\_/\_\_\_\_/\_\_\_\_

I authorize Payroll Control Systems to initiate/process the above adjustment payroll. I understand that by asking Payroll Control Systems to process this payroll, due to the timing of this adjustment I understand that PCS cannot guarantee timely deposits of taxes. PCS will make every effort to deposit the tax liabilities timely; however, certain Federal or State tax deposits may be considered late and penalties/interest may be imposed. I understand that Payroll Control Systems will not be held liable for any late tax deposits caused by this action and I will accept responsibly for these charges.

\_\_\_\_\_  
Name of person requesting payroll **(please print)**

\_\_\_\_\_  
Date of request

\_\_\_\_\_  
Signature of Corporate Officer

***Please fax to your Client Account Manager at 763-513-5968.***

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**For internal use only**

|   |                               |
|---|-------------------------------|
| Received on ____/____/____                | CAM _____                     |
| Manager authorization _____               | Payroll completed by _____    |
| Additional tax deposit completed by _____ | Date completed ____/____/____ |

# Year End To Do List

- Verify PCS has all tax ID numbers and that they are accurate
- Verify employee demographic information is correct, i.e. addresses, social security numbers, correct name spelling
- Verify all manual and voided checks have been entered into the payroll system
- Forward any Federal or State filing frequency notices to PCS
- Forward all State Unemployment rate change notices to PCS
- Process any payroll adjustments with PCS before December 31, 2009 to avoid additional fees
- Return Bonus/Adjustment payroll form as soon as possible so it can be added to your payroll schedule
- Please review the payroll processing schedule for the holidays to avoid late direct deposits and deliveries
- Audit Third Party Sick Payments made to your employees during the year 2009
- Review and submit any applicable fringe benefits

If you have any questions regarding these or any other Year End issues, please refer to your Year End Packet or contact your Account Manager at 763-513-5951.