Zortec 2024

Calendar Year End
W-2 Processing

REV. 01/08/2025

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W-2 Process

SECTION I: INTRODUCTION

About this manual:
This document is designed to help you carry out some important year end procedures (including printing W-2s) in the LGC Zortec Payroll/Personnel system. To gain the most assistance from this material, please take some time to read through the entire booklet and familiarize yourself with the "look and feel" of the procedures. That way you will have a general idea of the order and content of the steps involved before actually working through them.

***NOTE* LGC will <u>no longer</u> be filing W-2s for the tax year 2024 (and following tax years) and/or any W-2Cs on your behalf**. As of March 25, 2023 the Social Security Administration changed the process for accessing Business Services Online (BSO). You will need to register with BSO in order to access the W-2/W-2C online process. Per their guidelines "BSO users will need a Social Security online account. You can use your personal *my*SocialSecurity account that was created before September 18, 2021 or an existing Login.gov or ID.me credential." The updated registration process may be found at https://www.ssa.gov/bso/bsowelcome.htm#registration. If you have specific questions about the registration process, **please contact BSO directly at 1-800-772-6270.**

About the timing and sequence of year-end processes:
Before beginning your year-end processing, it is vital that you perform a daily or weekly backup. Of course, you should be doing this on a regular basis anyway, but it is particularly important before carrying out procedures such as these. The backup process for LGCOne Backup customers can be found here.

It is also important to understand the sequencing of the tasks involved. Section II, "Preparing for 2025" must be completed **before** your first payroll of the new year. Section V may be done any time after Sections III and IV.

Be sure to start the W-2 processes as early in January as feasible; if you wait until the last minute and run into problems, you might not get the proper forms, reports, etc. distributed by their required deadlines.

If you have questions concerning the software, call the customer support center. If you have questions concerning IRS/SSA regulations, refer to the appropriate agency's publications or contact your auditor or the IRS/SSA.

You can now mask the SSN on employee copies B, C, and Copy 2 of the W2 forms. You cannot mask Copy A. Check with state and/or local agencies to be sure it is okay to mask SSN on state/local forms. It is possible some agencies may allow it, and some may not. See notes under Printing W-2 Forms.

Forms are due to employees and IRS by January 31, 2025.

SECTION II: PREPARING FOR 2025

Certain items must be taken care of before your first payroll of 2025. These consist primarily of:

1. Clearing year to date leave (if necessary)
2. Rolling Excess Leave (if necessary)
3. Loading 2025 tax tables
4. Verifying FICA/Medicare rate tables
5. Verifying Federal tax tables
6. Verifying State tax tables
7. Creating the Payroll Calendar for 2025 (if you use the Calendar module)

The above steps **must** be completed before your first payroll of the new year. Each step is covered in the following pages.

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. The IRS provides a Q & A document on their website regarding the reporting. Employer-Provided Health Coverage Informational Reporting Requirements: Questions and Answers.

If you have any questions on this, you should contact your auditor or IRS/SSA. If you are interested in starting the new year by tracking your employer sponsored health coverage, contact LGC support immediately.

Step 1: Clearing Year-to-Date Leave

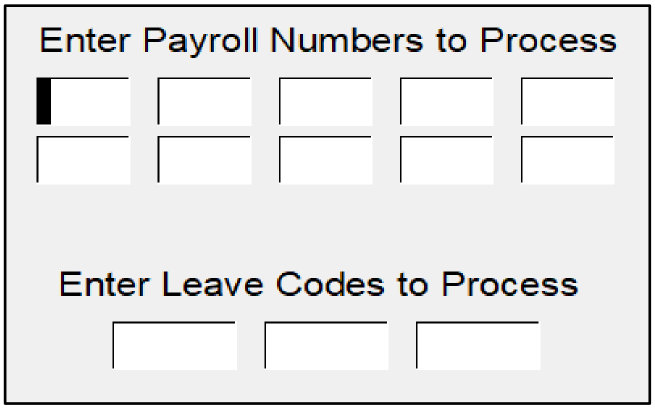
NOTE: If you do not base your annual leave accrual and clearance on the calendar year (January thru December), skip this step and go on to step 3.

The clear year-to-date leave option resets the leave fields for year-to-date taken and year-to-date earned on the employee master leave record to zero.

This option will be processed on leave current in the employee master file. The leave report from the payroll information menu should be printed before this process is executed.

The execution time of this process is important in that all leave accrued and taken for the current year must be completed and no leave earned or taken is applied for the new year.

From the Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From the Period End menu, choose Option 2, **Clear Y T D Leave**. The screen shown below will appear. Enter the numbers of the payroll(s) and leave codes for which you need to clear leave. Before clearing the leave from these payrolls, the system will ask you to confirm that you wish to continue.



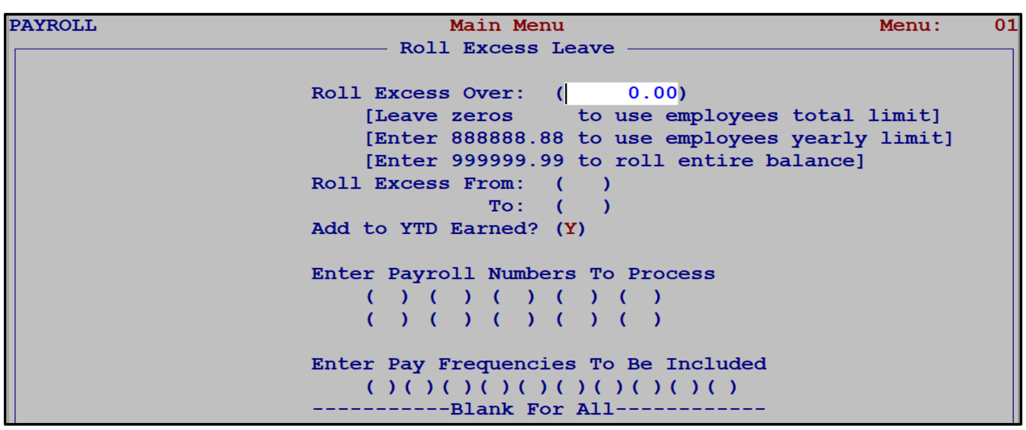
Step 2: Rolling Excess Leave

The roll excess leave option allows you to move any leave above a certain amount to another leave code. Before this is run, all leave should be current and correct.

Rolling excess leave is a time critical operation and should be performed before any leave is accrued or taken for the new year.

The leave report from the Payroll Information Menu should be printed prior to and after the Roll Excess Leave Option is run to provide a hard copy of the status of leave for each employee.

From the Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From the Period End menu, choose Option 4, **Roll Excess Leave**. The screen shown below will appear. Enter the roll excess over amount and roll excess from/to leave codes. If you want the amount of leave that will be rolled to be added to the new year's Earned YTD leave field on screen 6, answer Y in the Add to YTD Earned field. If you do not want the hours/days added to the Earned YTD field on screen 6, answer N to the question Add to YTD Earned field. Enter the payroll number(s) and pay frequencies for the leave code you wish to process. Before rolling the leave, the system will ask you to confirm that you wish to continue.



Step 3: Loading 2025 Tax Tables

From the Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From this Period End Process menu, choose Option 58, **Update Tax Tables**. A message on the screen will explain that "This option will load the 2025 FICA, Medicare, Federal, and State tax tables." The system will then ask if you are ready to continue with this process. When you instruct the system to continue, it will load the tax tables.

NOTE: The process just described loads the new tax tables for 2025. It DOES NOT GUARANTEE data that is perfectly appropriate for your system.

You <u>MUST</u> verify the data in these tables. DO NOT OMIT THIS VERIFICATION.

The process of verification is explained in the following steps.

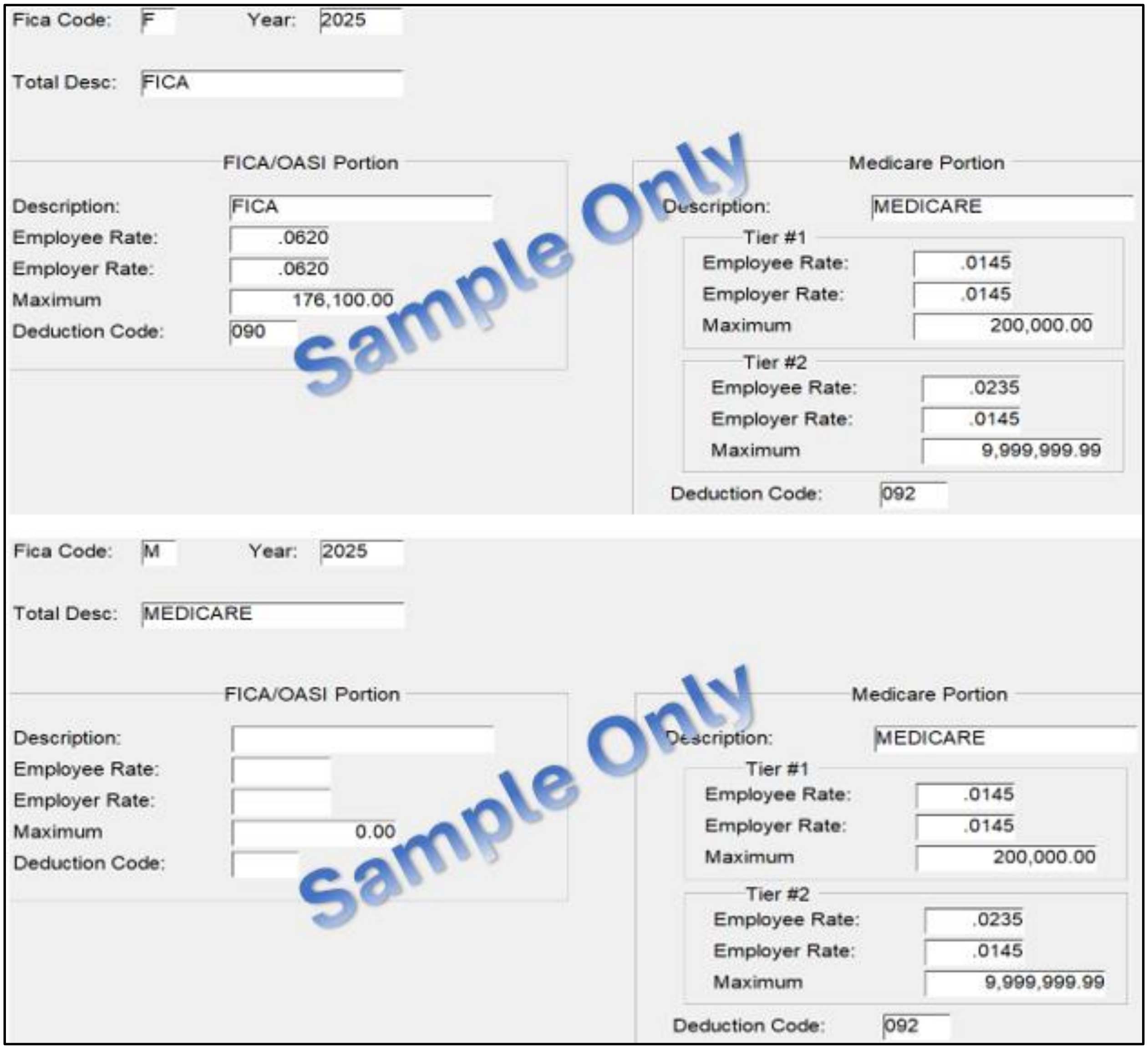
Step 4: Verifying FICA/Medicare Rate Tables

After performing step 3 above, you should find FICA/Medicare rate tables in place for 2025. However, it is vital that you verify these rates before continuing. If you do not have the necessary rate tables or if the existing tables are incorrect, you must create or correct them before running your first payroll of 2025.

From the Payroll/Personnel Master Menu, choose Option 9, **Office Manager**. From this menu, choose Option 5, **FICA/Medicare Rates**. To look at the existing tables, press "I" for Inquire mode; to change an existing table, press "U" for Update mode.

The data shown in the following screen images are for purposes of example only - be certain to use correct data from IRS or SSA to check this information. Verify the FICA Maximum amount, the employee's rate and the matching employer's rate with information from SSA. Also, do not change the Deduction Codes without first checking with Customer Support.

NOTE: Due to IRS changes, employees paid in excess of $200,000 pay an additional 0.9% in Medicare tax. Note the change to the FICA and Medicare tables now include Tier #1 and Tier #2 for Medicare portions.



Fica Code: F Year: 2025

Total Desc: FICA

FICA/OASI Portion

Description: FICA
Employee Rate: .0620
Employer Rate: .0620
Maximum 176,100.00
Deduction Code: 090

Medicare Portion

Description: MEDICARE

Tier #1
Employee Rate: .0145
Employer Rate: .0145
Maximum 200,000.00

Tier #2
Employee Rate: .0235
Employer Rate: .0145
Maximum 9,999,999.99

Deduction Code: 092

Fica Code: M Year: 2025

Total Desc: MEDICARE

FICA/OASI Portion

Description:
Employee Rate:
Employer Rate:
Maximum 0.00
Deduction Code:

Medicare Portion

Description: MEDICARE

Tier #1
Employee Rate: .0145
Employer Rate: .0145
Maximum 200,000.00

Tier #2
Employee Rate: .0235
Employer Rate: .0145
Maximum 9,999,999.99

Deduction Code: 092

Step 5: Verifying Federal Tax Tables

You should also find a Federal Income Tax rate table in place for 2025, but as with the FICA/Medicare tables, be sure to verify these rates before continuing. If you do not have a table for 2025 or if the existing table is incorrect, you must create or correct it before running your first payroll of 2025. The federal tax tables can be found in the IRS Publication 15-T, Circular E – Income Tax Withholding Tables – Percentage Method Tables for Automated Payroll Systems and Withholding on Periodic Payments of Pensions and Annuities.

From the Payroll/Personnel Master Menu, choose Option 9, **Office Manager**. From this menu, choose Option 3, **Federal Tax Tables**. To look at the existing table, press "I" for Inquire mode; to change an existing table, press "U" for Update mode.

You will need to verify 2025 federal tax tables. The 2025 tables will consist of three menu options for ‘A’fter (which means employee has completed a new W-4 after 2019) with filing statuses of ‘H’ead of Household, ‘M’arried Filing Jointly, and ‘S’ingle as well as three menu options for ‘B’efore (which means employee has not completed a new W-4 since 2019) with filing statuses of ‘H’ead of Household, ‘M’arried Filing Jointly and ‘S’ingle. System Z Payroll federal income tax search results screen will look like below. 2025 information for ‘A’fter and ‘B’efore will need to be verified with IRS published information, once released by IRS.

	Year			Pers Exemp	Jobs/Spouse	Credit 17<	Credit Other
1.	2025	A	H	4300.00	8600.00	2000.00	500.00
2.	2025	A	M	4300.00	12900.00	2000.00	500.00
3.	2025	A	S	4300.00	8600.00	2000.00	500.00
4.	2025	B	H	4300.00	8600.00	2000.00	500.00
5.	2025	B	M	4300.00	12900.00	2000.00	500.00
6.	2025	B	S	4300.00	8600.00	2000.00	500.00

As of publication of this document, IRS has not released approved federal tax tables; therefore, the data shown in the following screen images are for purposes of example only - be certain to use correct data from IRS to check this information. You should also verify the tables against your 2025 Circular E (IRS Publication 15-T).

2025 ‘A’fter tables – means employee completed a new W-4 after 2019.

Tax Year: 2025 Before/After 2019: A Married/Single/Head of House: H

Personal Tax Exemption:	4300.00	Tax Credit - 17 or <:	2000.00
Multiple Jobs/Spouse Wk:	8600.00	Tax Credit - Other:	500.00

Not Over: 11250.00 0.00

Over		But Not Over				Of Excess Over
11250.00	–	19750.00	[illegible]		[illegible]	11250.00
19750.00	–	43675.00	850.00	+	.120	19750.00
43675.00	–	[illegible]	3721.00	+	.220	43675.00
62925.00	–	[illegible]	7956.00	+	.240	62925.00
109900.00	–	136500.00	19230.00	+	.320	109900.00
136500.00	–	324425.00	27742.00	+	.350	136500.00
324425.00	–	999999.99	93515.75	+	.370	324425.00
0.00	–	0.00	0.00	+	.000	0.00
0.00	–	0.00	0.00	+	.000	0.00

Tax Year: 2025 Before/After 2019: A Married/Single/Head of House: M

Personal Tax Exemption:	4300.00	Tax Credit - 17 or <:	2000.00
Multiple Jobs/Spouse Wk:	12900.00	Tax Credit - Other:	500.00

Not Over: 15000.00 0.00

Over		But Not Over				Of Excess Over
15000.00	–	26925.00	[illegible]		[illegible]	15000.00
26925.00	–	63475.00	1192.50	+	.120	26925.00
63475.00	–	[illegible]	5578.50	+	.220	63475.00
118350.00	–	[illegible]	17651.00	+	.240	118350.00
212300.00	–	265525.00	40199.00	+	.320	212300.00
265525.00	–	390800.00	57231.00	+	.350	265525.00
390800.00	–	999999.99	101077.25	+	.370	390800.00
0.00	–	0.00	0.00	+	.000	0.00
0.00	–	0.00	0.00	+	.000	0.00

Tax Year: 2025 Before/After 2019: A Married/Single/Head of House: S

Personal Tax Exemption:	4300.00	Tax Credit - 17 or <:	2000.00
Multiple Jobs/Spouse Wk:	8600.00	Tax Credit - Other:	500.00

Not Over: 7500.00 0.00

Over		But Not Over				Of Excess Over
7500.00	–	13463.00	[illegible]		[illegible]	7500.00
13463.00	–	31378.00	596.25	+	.120	13463.00
31738.00	–	[illegible]	2789.25	+	.220	31738.00
59175.00	–	[illegible]	8825.50	+	.240	59175.00
106150.00	–	132763.00	20099.50	+	.320	106150.00
132763.00	–	320675.00	28615.50	+	.350	132763.00
320675.00	–	999999.99	94384.88	+	.370	320675.00
0.00	–	0.00	0.00	+	.000	0.00
0.00	–	0.00	0.00	+	.000	0.00

2025 ‘B’efore tables – means employee has not completed a new W-4 since 2019.

Tax Year: 2025 Before/After 2019: B Married/Single/Head of House: H

Personal Tax Exemption: 4300.00 Tax Credit - 17 or <: 2000.00

Multiple Jobs/Spouse Wk: 8600.00 Tax Credit - Other: 500.00

Head of Household

Not Over: 13900.00 0.00

Over		But Not Over			Of Excess Over
13900.00	--	30900.00	[illegible]		13900.00
30900.00	--	78750.00	1700.00 +	.120	30900.00
78750.00	--	[illegible]	7442.00 +	.220	78750.00
117250.00	--	[illegible]	15912.00 +	.240	117250.00
211200.00	--	264400.00	38460.00 +	.320	211200.00
264400.00	--	640250.00	55484.00 +	.350	264400.00
640250.00	--	999999.99	187031.50 +	.370	640250.00
0.00	--	0.00	0.00 +	.000	0.00
0.00	--	0.00	0.00 +	.000	0.00

Tax Year: 2025 Before/After 2019: B Married/Single/Head of House: M

Personal Tax Exemption: 4300.00 Tax Credit - 17 or <: 2000.00

Multiple Jobs/Spouse Wk: 12900.00 Tax Credit - Other: 500.00

Married Person

Not Over: 17100.00 0.00

Over		But Not Over			Of Excess Over
17100.00	--	40950.00	[illegible]		17100.00
40950.00	--	114050.00	2385.00 +	.120	40950.00
114050.00	--	[illegible]	11157.00 +	.220	114050.00
223800.00	--	[illegible]	35302.00 +	.240	223800.00
411700.00	--	[illegible]	80398.00 +	.320	411700.00
518150.00	--	768700.00	114462.00 +	.350	518150.00
768700.00	--	999999.99	202154.50 +	.370	768700.00
0.00	--	0.00	0.00 +	.000	0.00
0.00	--	0.00	0.00 +	.000	0.00

Tax Year: 2025 Before/After 2019: B Married/Single/Head of House: S

Personal Tax Exemption: 4300.00 Tax Credit - 17 or <: 2000.00

Multiple Jobs/Spouse Wk: 8600.00 Tax Credit - Other: 500.00

Single Person

Not Over: 6400.00 0.00

Over		But Not Over			Of Excess Over
6400.00	--	18325.00	[illegible]		6400.00
18325.00	--	54875.00	1192.50 +	.120	18325.00
54875.00	--	[illegible]	5578.50 +	.220	54875.00
109750.00	--	[illegible]	17651.00 +	.240	109750.00
203700.00	--	256925.00	40199.00 +	.320	203700.00
256925.00	--	632750.00	57231.00 +	.350	256925.00
632750.00	--	999999.99	188769.75 +	.370	632750.00
0.00	--	0.00	0.00 +	.000	0.00
0.00	--	0.00	0.00 +	.000	0.00

2025 Percentage Method Tables for Automated Payroll Systems and Withholding on Periodic Payments of Pensions and Annuities

STANDARD Withholding Rate Schedules
(Use these if the Form W-4 is from 2019 or earlier, or if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 is **NOT** checked. Also use these for Form W-4P from any year.)

If the Adjusted Annual Wage Amount on Worksheet 1A or the Adjusted Annual Payment Amount on Worksheet 1B is: At least—	But less than—	The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Annual Wage or Payment exceeds—
A	B	C	D	E
Married Filing Jointly				
$0	$17,100	$0.00	0%	$0
$17,100	$40,950	$0.00	10%	$17,100
$40,950	$114,050	$2,385.00	12%	$40,950
$114,050	$223,800	$11,157.00	22%	$114,050
$223,800	$411,700	$35,302.00	24%	$223,800
$411,700	$518,150	$80,398.00	32%	$411,700
$518,150	$768,700	$114,462.00	35%	$518,150
$768,700		$202,154.50	37%	$768,700
Single or Married Filing Separately				
$0	$6,400	$0.00	0%	$0
$6,400	$18,325	$0.00	10%	$6,400
$18,325	$54,875	$1,192.50	12%	$18,325
$54,875	$109,750	$5,578.50	22%	$54,875
$109,750	$203,700	$17,651.00	24%	$109,750
$203,700	$256,925	$40,199.00	32%	$203,700
$256,925	$632,750	$57,231.00	35%	$256,925
$632,750		$188,769.75	37%	$632,750
Head of Household				
$0	$13,900	$0.00	0%	$0
$13,900	$30,900	$0.00	10%	$13,900
$30,900	$78,750	$1,700.00	12%	$30,900
$78,750	$117,250	$7,442.00	22%	$78,750
$117,250	$211,200	$15,912.00	24%	$117,250
$211,200	$264,400	$38,460.00	32%	$211,200
$264,400	$640,250	$55,484.00	35%	$264,400
$640,250		$187,031.50	37%	$640,250

Form W-4, Step 2, Checkbox, Withholding Rate Schedules
(Use these if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 **IS** checked)

If the Adjusted Annual Wage Amount on Worksheet 1A is: At least—	But less than—	The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Annual Wage exceeds—
A	B	C	D	E
Married Filing Jointly				
$0	$15,000	$0.00	0%	$0
$15,000	$26,925	$0.00	10%	$15,000
$26,925	$63,475	$1,192.50	12%	$26,925
$63,475	$118,350	$5,578.50	22%	$63,475
$118,350	$212,300	$17,651.00	24%	$118,350
$212,300	$265,525	$40,199.00	32%	$212,300
$265,525	$390,800	$57,231.00	35%	$265,525
$390,800		$101,077.25	37%	$390,800
Single or Married Filing Separately				
$0	$7,500	$0.00	0%	$0
$7,500	$13,463	$0.00	10%	$7,500
$13,463	$31,738	$596.25	12%	$13,463
$31,738	$59,175	$2,789.25	22%	$31,738
$59,175	$106,150	$8,825.50	24%	$59,175
$106,150	$132,763	$20,099.50	32%	$106,150
$132,763	$320,675	$28,615.50	35%	$132,763
$320,675		$94,384.88	37%	$320,675
Head of Household				
$0	$11,250	$0.00	0%	$0
$11,250	$19,750	$0.00	10%	$11,250
$19,750	$43,675	$850.00	12%	$19,750
$43,675	$62,925	$3,721.00	22%	$43,675
$62,925	$109,900	$7,956.00	24%	$62,925
$109,900	$136,500	$19,230.00	32%	$109,900
$136,500	$324,425	$27,742.00	35%	$136,500
$324,425		$93,515.75	37%	$324,425

Step 6: Verifying State Tax Tables

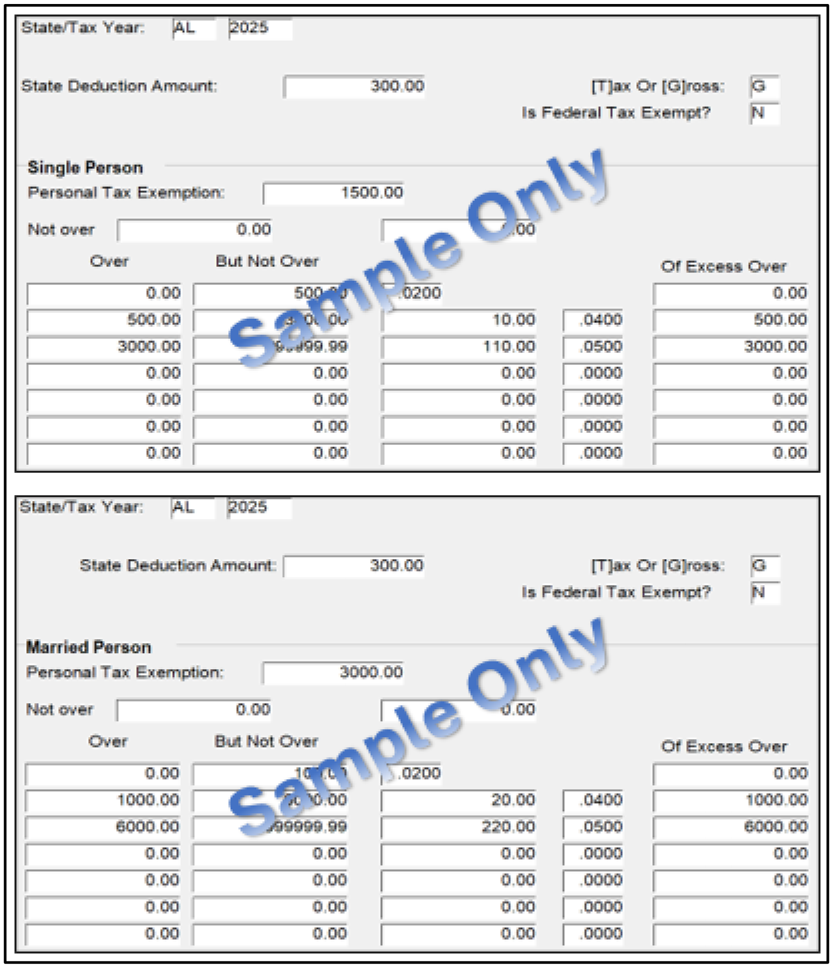
NOTE: If your site is not subject to a state income tax, you may skip this step and proceed to the next section.

As with the tables verified in the previous steps, you must also verify your State Income Tax Rate Table. If you do not have a table for 2025 or if the existing table is incorrect, you must create or correct it before running your first payroll of 2025.

From the Payroll/Personnel Master Menu, choose Option 9, **Office Manager**. From this menu, choose Option 4, **State Tax Tables**. To look at the existing table, press "I" for Inquire mode; to change an existing table, press "U" for Update mode.

The State Income Tax Table consists of two screens, one for single persons and one for married persons. Both screens must be complete and correct. Following are sample tables of a state tax table. **The data shown in the following screen image is for purposes of example only - be certain to use correct data provided by your state government.**

Since rates vary from state to state, you should consult your state's published tax tables to determine the correct values for 2025.



State/Tax Year: AL 2025

State Deduction Amount: 300.00

[T]ax Or [G]ross: G

Is Federal Tax Exempt? N

Single Person

Personal Tax Exemption: 1500.00

Not over 0.00 [illegible].00

Over	But Not Over			Of Excess Over
0.00	[illegible]	.0200		0.00
500.00	[illegible]	10.00	.0400	500.00
3000.00	[illegible]	110.00	.0500	3000.00
0.00	0.00	0.00	.0000	0.00
0.00	0.00	0.00	.0000	0.00
0.00	0.00	0.00	.0000	0.00
0.00	0.00	0.00	.0000	0.00

State/Tax Year: AL 2025

State Deduction Amount: 300.00

[T]ax Or [G]ross: G

Is Federal Tax Exempt? N

Married Person

Personal Tax Exemption: 3000.00

Not over 0.00 0.00

Over	But Not Over			Of Excess Over
0.00	[illegible]	.0200		0.00
1000.00	[illegible]	20.00	.0400	1000.00
6000.00	[illegible]	220.00	.0500	6000.00
0.00	0.00	0.00	.0000	0.00
0.00	0.00	0.00	.0000	0.00
0.00	0.00	0.00	.0000	0.00
0.00	0.00	0.00	.0000	0.00

Step 7: Creating the Payroll Calendar for 2025

NOTE: Proceed to Section III if your site does not use the payroll calendar.

If you utilize the Payroll Calendar, you must create the new calendar for 2025. To make the 2025 calendar, first create the year 2025 itself, then proceed to defining the calendar.

From the Payroll/Personnel Master Menu, choose Option 8, **Calendar**. From this menu, choose Option 1, **Calendar Year Information**, then press "C" to choose Create mode and enter 2025 for the year. Specify the # of Days for February (28) and the Begin Year Day (“W”- Wednesday). The Payroll system will then create the calendar year 2025 and will display some information about it on your screen.

Year: 2025

# of Days for February: 28

Begin Year Day: W

SU..Sunday
M...Monday
T...Tuesday
W...Wednesday
TH..Thursday
F...Friday
S...Saturday

Days: 365

	# Of Days	Month Begin Day/Wk	Month Begin Julian
January	31	W	1
February	28	S	32
March	31	S	60
April	30	T	91
May	31	TH	121
June	30	SU	152
July	31	T	182
August	31	F	213
September	30	M	244
October	31	W	274
November	30	S	305
December	31	M	335

From the Payroll/Personnel Master Menu, choose Option 8, **Calendar**. From this menu, choose Option 3, **Create (System Calendar)**. The system will ask for a year; enter "2025" in the field. Then enter the appropriate Weekend Code (as defined in your System Calendar Codes). The field is a two-space field; be sure to enter the code exactly as it is defined in your system.

When you have completed the year and the weekend code, the system will build the calendar.

SECTION III: PARAMETERS

Since one of the main tasks of year end processing is reporting information of various types to the government, the importance of accurately setting up the parameters upon which this information depends cannot be over emphasized. The basic steps involved are:

1. Verify Deduction Code Parameters
2. Verify Retirement Department Parameters
3. Verify FICA Contract Parameters
4. Reporting Employer Provided Health Coverage

NOTE: It is vital that all steps be completed correctly. If any part of either is left undone or is done incorrectly, the results are likely to be incorrect.

THESE INSTRUCTIONS PROCEED ON THE ASSUMPTION THAT YOU OR SOMEONE AT YOUR SITE HAS SUFFICIENT KNOWLEDGE OF OR ACCESS TO IRS/SSA RULES GOVERNING SUCH TO BE ABLE TO PROPERLY DETERMINE THE CORRECT SETTINGS FOR DEDUCTIONS, FICA CONTRACT, ETC...

The software can print correct forms only if given correct data.

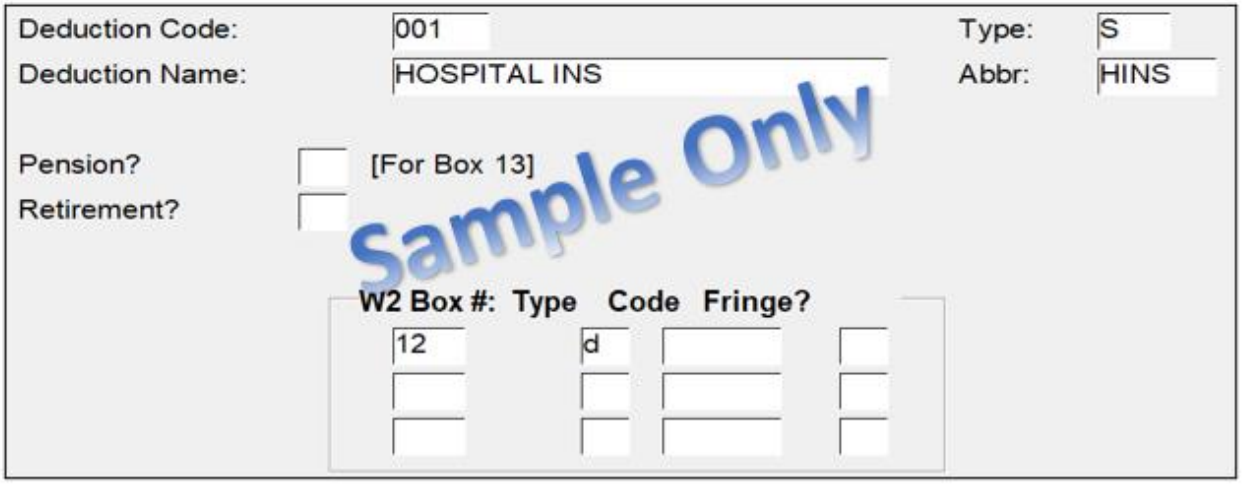
Step 1: Verify Deduction Code Parameters

Because you probably have many deduction codes to review, a printed copy of your deduction codes might be useful for your reference as you examine the W-2 parameters. To print your deduction code listing: from the Payroll/Personnel Master Menu, select Option 9, **Office Manager**, then Option 15, **Deduction Codes**. Enter “P” to print the deduction code listing. Specify the printer number. To print all deduction codes, enter through the Beg and End Number fields and specify the order in which you want the codes to print (“A” for alphabetical order or “N” for numerical order.)

Using this listing and the latest IRS W-2 instructions, you or the appropriate person at your site must determine which deduction code(s) are retirement codes and which ones should print in specific boxes on the W-2 forms. To setup deduction codes for printing in boxes 9, 10, 11, 12, or 14, from the Payroll/Personnel Main Menu select Option 6, **Period End Process**. From the Period End Process Menu, select Option 52, **W-2/1099 Processing**. From the W-2/1099 Processing Menu, select Option 1, **Deduction W-2 Parameters**. To properly fill in Boxes 9, 10, 11, 12, and 14 on the W-2, you must indicate which deduction codes, if any, should be included in each box. Do this by specifying, on each Deduction Code definition, the W-2 boxes affected by that deduction code.

For Box 12, each category will be totaled separately and will be printed next to its corresponding letter code. If an employee has more than three types as defined in the above table, the additional amount(s) will appear on one or more subsequent W-2s for that employee (with only the non-numeric data repeating). It is, therefore, possible to have more than one W-2 per employee.

NOTE: The type codes for Box 12 were summarized from recent IRS/SSA documentation. For more detailed information on these and other items, see IRS Publications 393, “2024 Federal Employment Tax Forms,” and IRS Publication 15, “Circular E”. [Publication 15 (Circular E), Employer's Tax Guide]



- To cause a deduction to mark an X in Box 13 for "Retirement plan": Enter a "Y" in the "Pension? [For Box 13]" field.

- To designate a deduction as a retirement deduction: Enter a "Y" in the "Retirement?" field. An "N" or a [blank] in this field indicates that the deduction is not a retirement deduction.

- To cause a deduction to be reported in a particular box (9, 10, 11, 12 or 14) on the W-2: Enter the W-2 Box #, Type (if applicable), Code (if applicable) and indicate Y or N if it is a Fringe type deduction.

  - For example, to cause a deduction to be reported in Box 14 on the W-2, enter "14" in the "W-2 Box #" field. Specify up to a 4-character Code for the deduction and "Y" or "N" as to whether or not the deduction is a Fringe deduction.

- If you have specified a deduction to print in Box 11:

  - Box 11 – Non-qualified Plan - Section 457 Distributions or Contributions "Type" field should be "G".
  - Box 11 – Non-qualified Plan - **Not** Section 457 Distributions or Contributions "Type" field should be left blank.

- If you have specified a deduction to print in Box 12: Enter the correct code letter in the "Type" field to the right of the "W-2 Box #" field. General codes are listed in the tables below. For additional information, view your IRS Publication. For example, to specify a 401(k)-salary deferral in box 12, you would enter a "D" in the "Type" field.

Table for Box 12	
A	Uncollected Social Security or RRTA tax on tips
B	Uncollected Medicare tax on tips
C	Cost of group term life insurance provided to employee in excess of $50,000
D	Elective deferrals to section 401(k) cash or deferred arrangement (plan)
E	Elective deferrals under a section 403(b) salary reduction agreement
F	Elective deferrals and employee contributions to 408(k)(6) salary reduction SEP
G	Elective deferrals and employer contributions to section 457(b) plan
H	Elective deferrals to section 501(c)(18)(D) tax-exempt organization plan
J	Nontaxable sick pay
K	20% excise tax on excess golden parachute payments
L	Substantiated employee business expense reimbursements
M	Uncollected Social Security or RRTA tax on taxable cost of group term life insurance over $50,000 (for former employees)
N	Uncollected Medicare tax on taxable cost of group term life insurance over $50,000 (for former employees)
P	Excludable moving expense reimbursements paid directly to employee
Q	Nontaxable combat pay
R	Employer contributions to Archer (MSA)
S	Employee salary reduction contributions under a section 408(p) SIMPLE
T	Adoption benefits
V	Income from the exercise of non-statutory stock option(s)
W	Employer contributions (including employee contributions through a cafeteria plan) to a Health Savings Account (HSA)
Y	Deferrals under section 409A nonqualified deferred compensation plan.
Z	Income under section 409A on a nonqualified deferred compensation plan.
AA	Designated Roth contributions under a section 401(k) plan (In Zortec payroll, set up as Type code “a” [must be lower case] in Deduction W-2 parameters)
BB	Designated Roth contributions under a section 403(b) plan (In Zortec payroll, set up as Type code “b” [must be lower case] in Deduction W-2 parameters)
DD	Cost of employer-sponsored health coverage (In Zortec payroll, set up as Type Code "d" [must be lower case] in deduction W-2 parameters)
EE	Designated Roth contributions under a governmental section 457(b) plan (In Zortec payroll, set up as Type Code "e" [must be lower case] in deduction W-2 parameters)
FF	Permitted benefits under a qualified small employer health reimbursement arrangement (In Zortec payroll, set up as a Type Code “f” [must be lower case] in deduction W-2 parameters)
GG	Income from qualified equity grants under section 83(i) (In Zortec payroll, set up as a Type Code of “g” [must be lower case] in deduction W-2 parameters)
HH	Aggregate deferrals under section 83(i) elections as of the close of the calendar year. (In Zortec payroll, set up as a Type Code “h” [must be lower case] in deduction W-2 parameters)

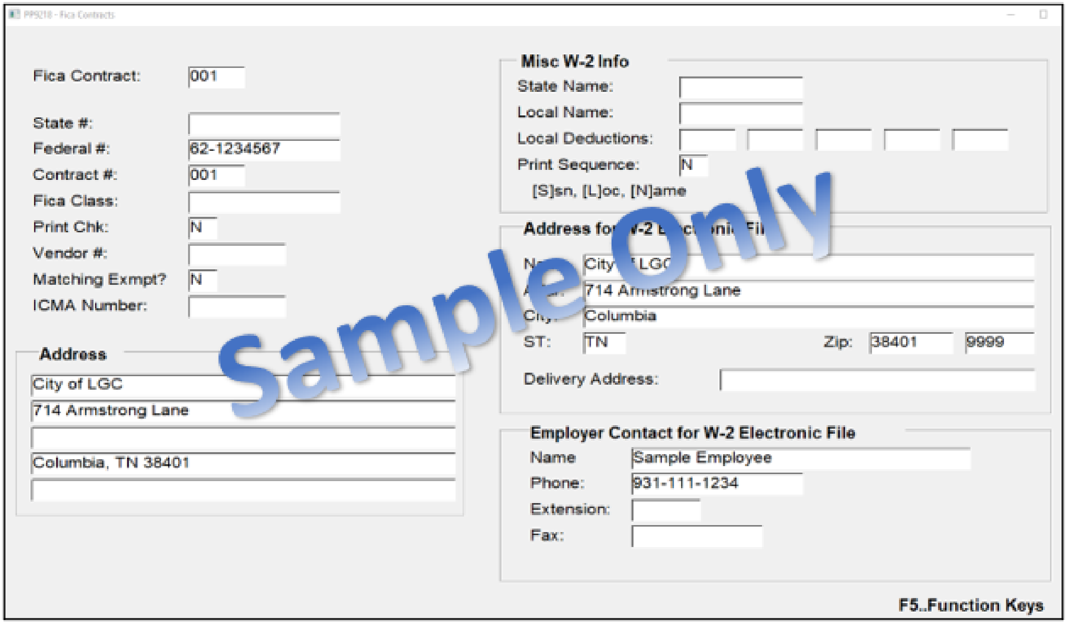
Step 2: Verify Retirement Department Parameters

From the Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From the Period End Process Menu, select Option 52, **W-2/1099 Processing**. From the W-2/1099 Processing Menu, select Option 2, **Retirement W-2 Parameters**. Enter “I” for Inquire mode to look at the retirement departments. To change a retirement department, press "U" for Update mode.

Enter “Y” in the show in W-2 Box 14? Y/N field if you want the retirement amount to be shown in box 14 of the W-2. In the Box 14 Code field, enter the 4-character code you wish to appear beside the retirement amount in box 14.

Step 3: Verify FICA Contract Parameters

From the Payroll/Personnel Master Menu, choose Option 9, **Office Manager**. From this menu, choose Option 6, **FICA Contracts**. To look at the FICA contracts, press "I" for Inquire mode. To change a contract, press "U" for Update mode. A sample of the FICA Contract screen appears below. Review the screen and complete or correct it as needed.



- On the left side, be sure that the State #, Federal #, Contract #, and Address (the address of your organization) are entered and are correct.
- On the right, the State and Local fields are needed only if state and/or local taxes will appear on your W-2s.
- The Print Sequence field determines the order in which the W-2 forms will be printed.
- If you will be reporting your W-2 data electronically, complete the “Address for W-2 Electronic File” section at the right of the screen.
- Complete the section “Employer Contact for W-2 Electronic File” with the name and phone numbers for your site’s main contact for questions regarding the electronic file.

Step 4: Reporting Employer Provided Health Coverage

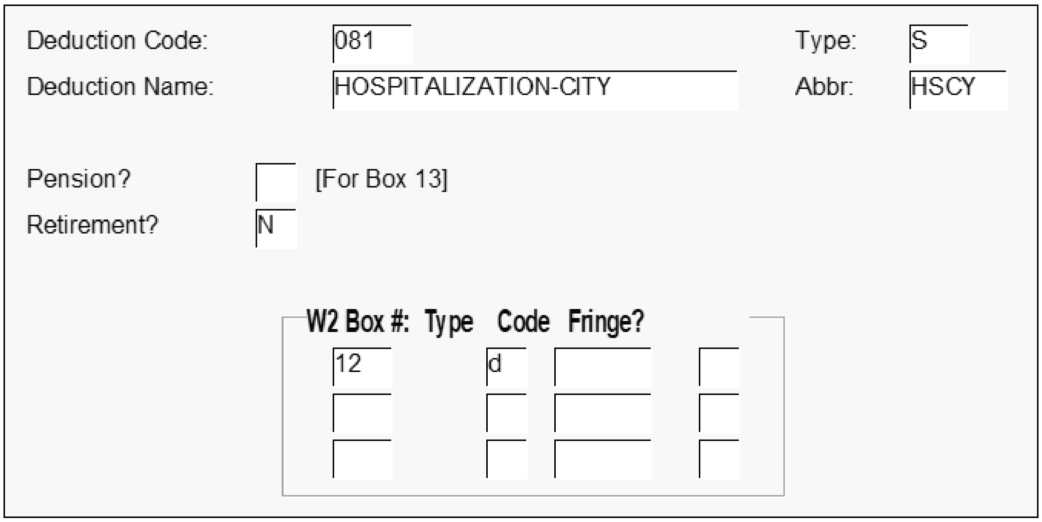
Employer portion CAN be tracked by deduction. If your site has already been tracking the employer portion the only thing that needs to be done is to set up the deduction codes for reporting on the W-2.

To set these up for reporting select Option 6, **Period End Process**. From the Period End process menu, select Option 52, **W-2/1099 Processing** menu, select Option 1, **Deduction W-2 Parameters**.

Update each Deduction Code(s) used to track any/all employer sponsored coverage.

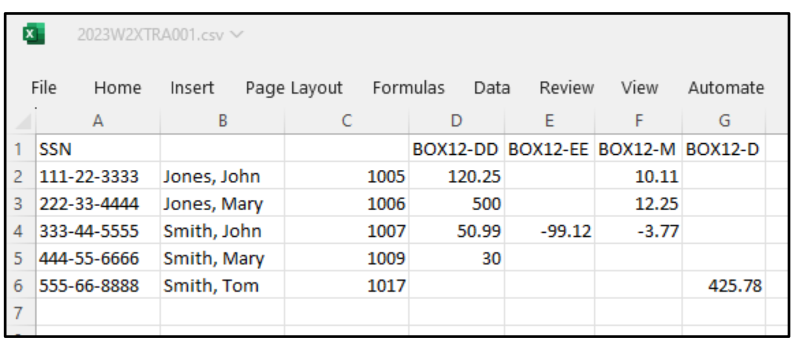
- Enter "12" in the W-2 Box # field.
- Enter "d" in the Type Box Field. This **MUST** be a lower case "d".
- Leave the Code and Fringe fields blank.

All deduction codes with the same box number and the same 'type' will be added together and reported as one amount on the W-2.



If your site has not tracked the employer cost through a deduction code all year long, AND you have not completed your last payroll of 2024, you can add code(s) with yearly amounts and include it on a payroll process that is done before the end of the calendar year. These do not have to be linked to general ledger nor do they have to be included in the payroll packet. If you would like additional information or assistance with setting this up, please contact Customer Support.

We can import this information from a csv file into box 12 when building the W-2 work file. You would need to have the annual amounts in a spreadsheet that matches the specific layout as shown below. If you would like help with this option, please contact Customer Support.



	A	B	C	D	E	F	G
1	SSN			BOX12-DD	BOX12-EE	BOX12-M	BOX12-D
2	111-22-3333	Jones, John	1005	120.25		10.11	
3	222-33-4444	Jones, Mary	1006	500		12.25	
4	333-44-5555	Smith, John	1007	50.99	-99.12	-3.77	
5	444-55-6666	Smith, Mary	1009	30			
6	555-66-8888	Smith, Tom	1017				425.78
7							

NOTE: Column headings must be left justified.

SECTION IV: REPORTS AND BALANCING

In this section, you will take the measures necessary to guarantee that your data and calculations are correct before proceeding to print your W-2s. There are two general steps to follow:

1. Rebuilding the alternate keys in the Payroll system
2. Balancing your data using the FICA/Withholding Report

Step 1: Rebuilding Alternate Keys

Before proceeding, you should rebuild the alternate keys in your payroll system. This process will help to ensure that the reports to be run in the following steps will be accurate.

BE SURE THAT NO ONE IS WORKING IN THE PAYROLL/PERSONNEL SYSTEM.

All other users should stay out of the Payroll system until these processes are complete.

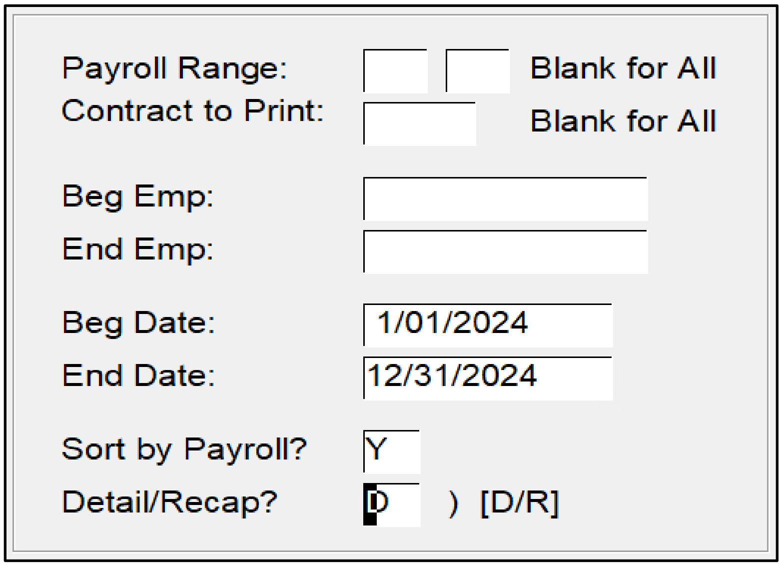
Please note that rebuilding the Payroll HISTORY alternate keys can be a lengthy process.

PAYROLL ALTERNATE KEYS: To rebuild the Payroll Alternate Keys, from the Payroll Master Menu, choose Option 50, **Utilities**. From the Utilities Menu, choose Option 1, **General/Rebuild Utilities**. Choose Option 01, **Rebuild Sub-Indexes**. Answer "Y" (Yes) to the "Create Alt Key File?" prompt. The system will ask if you wish to continue. Answer "Y" (Yes) and the process will begin. The Utilities Menu will return when the program ends.

HISTORY ALTERNATE KEYS: The next step is to Rebuild History Alternate Keys. From the Payroll Master Menu, choose Option 50, **Utilities**. From this menu, select Option 1, **General/Rebuild Utilities**. From this menu, choose Option 02, **Rebuild HIST Alt Keys**. Answer "Y" (Yes) to the question at the bottom of the screen to begin the procedure. The Utilities Menu will return when the program ends.

Step 2: Balancing with the FICA/Withholding Report

Before attempting to print and distribute W-2s, reports, etc., you must balance your 2024 payroll(s) to ensure their accuracy. From the Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From the Period End menu, choose Option 20, **FICA/Withholding Report**. Run this report for all payrolls and all contracts (leave the "Payroll Range" and "Contract to Print" fields [blank]), using the date range 01/01/2024 through 12/31/2024. Since this will cause the program to read the entire year's check history for each employee, it may take some time to build and print.



Balance the totals on this report to your quarterly 941 reports, FICA reports, Federal withholding reports, etc. Use any records you deem necessary to verify the accuracy of the totals. If you find any errors, it may be necessary to refer to the actual payroll registers for the year to determine the cause(s) of the errors.

When you are certain that the payroll totals are correct, return to the Master Menu and choose Option 1, **Payroll Information**. From the Payroll Information menu, print any other year end reports you may need, such as "*Employee Earnings*," "*Pay Type Earnings*," "*Deduction Report*," "*Leave Register*," etc.

NOTE: Do NOT proceed to Section V, Printing W-2 Forms, until you have balanced the FICA/Withholding Report with all other pertinent reports of your Payroll data. You must be certain that the payroll totals are correct before proceeding.

SECTION V: PRINTING W-2 FORMS

The process of printing W-2 forms in the Payroll system makes use of a "work file" which contains the working data that will be used to generate the W-2s in their printed form (the "print file"). The work file makes it quicker and easier for you to manipulate the final data that will be printed on the W-2s. There are several steps to printing the W-2 forms; each will be discussed below.

1. Building the W-2 Work File
2. Checking for Exceptions in the W-2 Work File
3. Manipulating the W-2 Work File
4. Printing All or Part of the Work File

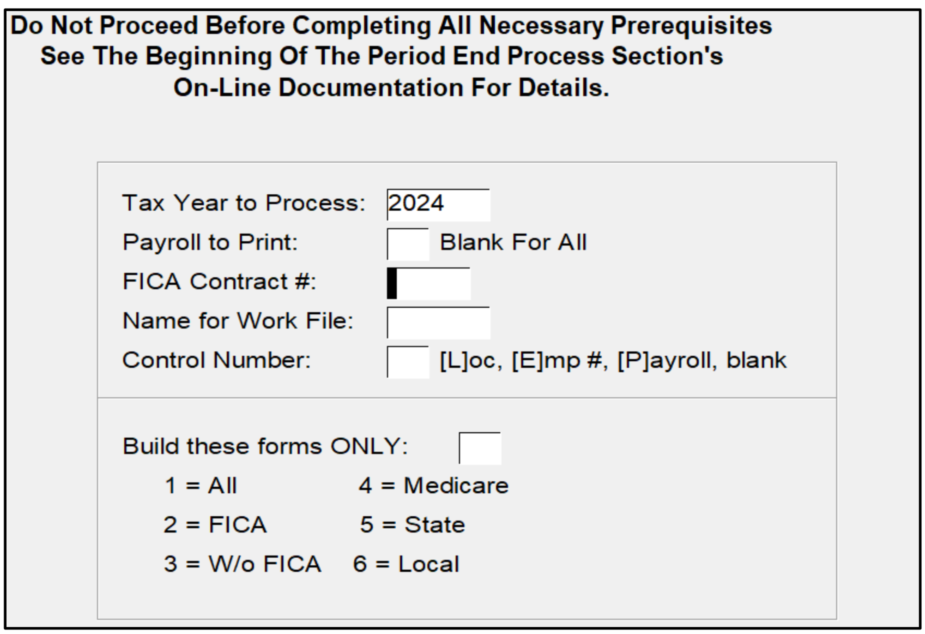
5. Creating the W-2 Print File
6. Printing and Verifying the W-2 Totals File
7. Printing and Verifying the W-2 Print File
8. Aligning and Printing the Actual W-2 Forms

As mentioned earlier, it is imperative that the deduction code, retirement departments and FICA contract parameters be completed correctly before beginning these steps.

NOTE: If any of your deduction codes have already been changed in some way for your 2025 payroll(s), each must be temporarily returned to its 2024 format for printing year end reports and W-2's; otherwise, the software may not give the desired results. The code(s) must then be changed back to 2025 formats after 2024 year end processes are complete and before the next payroll.

Step 1: Building the W-2 Work File

From the Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From the Period End menu, choose Option 52, **W-2-1099 Processing**. From the W-2 Processing menu, choose Option 3, **Build W-2 Work File**. You will see the following screen. Use the fields of this screen to specify how the W-2 work file is to be built.


Do Not Proceed Before Completing All Necessary Prerequisites
See The Beginning Of The Period End Process Section's
On-Line Documentation For Details.

Tax Year to Process: 2024
Payroll to Print: Blank For All
FICA Contract #:
Name for Work File:
Control Number: [L]oc, [E]mp #, [P]ayroll, blank

Build these forms ONLY:
1 = All 4 = Medicare
2 = FICA 5 = State
3 = W/o FICA 6 = Local

If you wish to process one payroll at a time, enter the number of the payroll you want to process in the "Payroll to Print" field. To process all payrolls at once (that is, all payrolls belonging to the FICA contract being processed), leave this field blank. Most users will process all payrolls at once.

In the "FICA Contract #" field, enter the number of your FICA contract you wish to build this work file for. You must enter a value in this field. If you have more than one FICA contract, you will have to run this process more than once to generate a separate work file for each contract.

You must also assign a name to the work file that will be created by this program. The name must contain four characters; any combination of letters and numbers is acceptable. If you are creating more than one work file, be sure to assign a unique name to each; if you repeat the name of an existing work file, the latest version will replace the older one. Examples of work file names could be 2024, W224, GA24.

If you wish to print a Control Number (optional) in “Box a” of the W-2, designate the control number to be used by entering the appropriate code in the "Control Number" field. The control number may be the employee's location number, employee number, or payroll number. To use no control number, leave this field blank.

Indicate which forms to build in the work file by entering the appropriate number in the "Build these forms ONLY" field. The valid options are listed on the screen. Normally you will choose Option 1, which generates all forms for the specified FICA contract.

Note: The optional process of importing employer sponsored benefit amounts into Box 12 happens during this step if the file exists in the payroll files directory and is in the correct format. If you need assistance with this step, contact Customer Support.

The system will begin to build the work file as soon as you press the number corresponding to your forms choice. As the system builds the work file, it will display work-in-process messages. Because this program reads the entire year's check history for each employee, it may take a while to run.

**If errors are found while building the work file, the errors will appear on the bottom of screen and work file will NOT be created. You will need to correct the errors and build the work file again. (Ex: Missing first or last names, SS# all the same numbers, invalid characters in name, etc.)

Step 2: Checking for Exceptions in the W-2 Work File

NOTE: Do not fail to run the W-2 Exception Report. This report tests certain data elements in your work file and indicates values that fall outside of valid ranges. You must use this report to help verify the data you report on W-2’s.

If you rebuild a work file, be sure to run the W-2 Exception Report again on the new file. If you use more than one work file, be sure to run the W-2 Exception Report on each work file.

As a part of giving you greater control over your reported data (through the work file system), we have made testing the data into a separate step in the process. You must execute this step to be certain that the data you will report falls within acceptable ranges.

From the Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From the Period End menu, choose Option 52, **W-2-1099 Processing**. From the W-2 Processing menu, choose Option 4, **W-2 Exception Report**. Enter the name of the work file that you created in Step 1. The system will then execute a battery of tests and report any errors it finds.

Each exception listed on the report will include a Social Security number (if the exception pertains to an employee), the name of the employee or a general error name, a descriptive error message, and the current contents of the field where the error was found. Use the information on this report to locate and correct the errors.

The W-2 Exception Report may locate errors in control records (such as the FICA Contract) or in the payroll data. Correct errors in control records by updating the appropriate record. You may address data errors by correcting the basic payroll data or by altering the work file. The process of manipulating the work file itself is covered in the next step. If you alter the basic payroll data, it will be necessary to rebuild the work file (that is, repeat Step 1 of this section). If you alter the work file only, do not "Rebuild the Work File". <u>In all cases, repeat the W-2 Exception Report (that is, all of step 2) after making any changes.</u>

Note: Repeat the W-2 Exception Report and correction process as many times as necessary to arrive at a "Clean" work file. Remember that you may need to rebuild the work file if you make changes to your basic payroll data.

If you are uncertain of how to correct an error listed in the W-2 exception report or if you need other help with the report, contact the customer support center.

Step 3: Manipulating the W-2 Work File

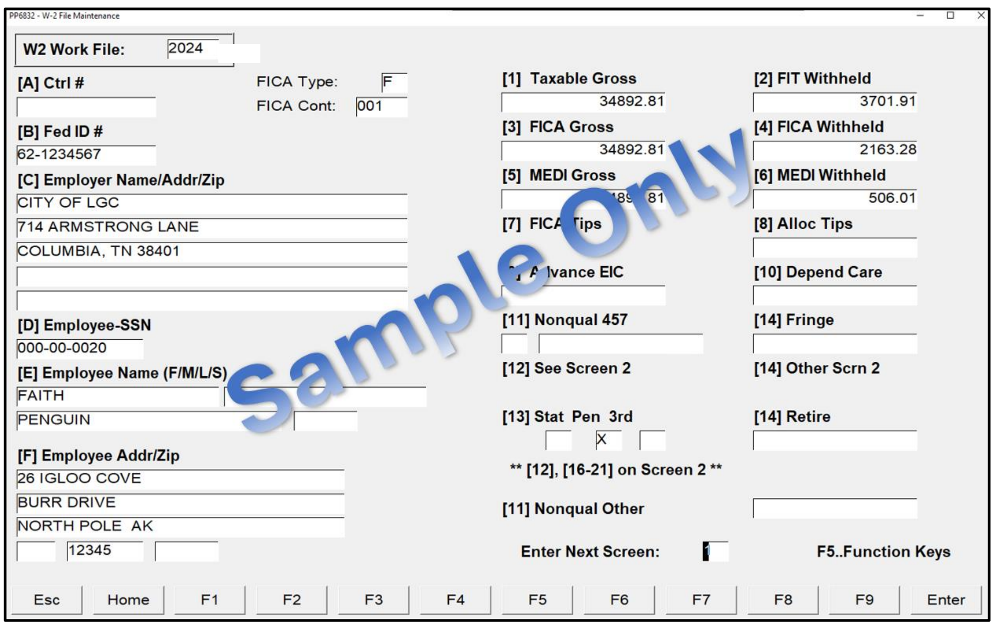
The "work file" arrangement of the year end process makes it possible for you to manipulate and correct some parts of the data you will report without having to alter your basic payroll data or to rebuild the work file. Many of the errors or problems that might be detected by the W-2 Exception Report can simply be addressed in the work file. The payroll system does the heavy work of calculating W-2 information from your payroll data. By editing the work file, you can put the finishing touches on the reports that you will file and distribute.

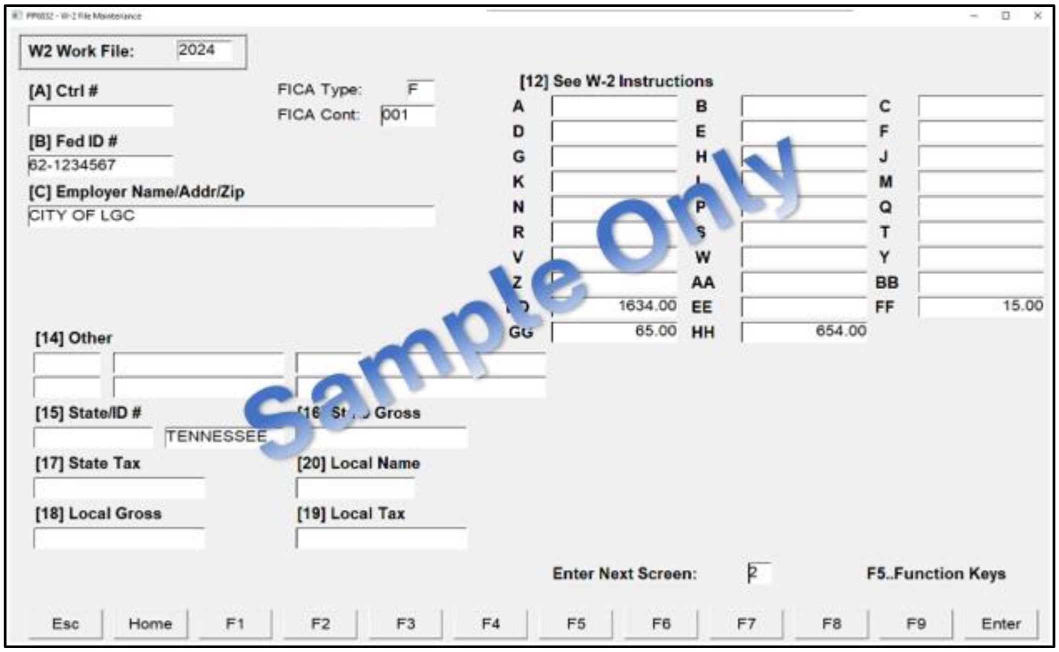
NOTE: The W-2 program rearranges each employee name into "First Middle Last" format, but suffixes and titles cause it some difficulty. If you have employees whose names include titles or suffixes (such as MD, JR, III, etc.), take this

opportunity to see to it that they appear correctly (for example, PAT M PARKER III) in the field for W-2 box e in the work file.

To access the work file, choose Option 6, **Period End Process**, from the Payroll/Personnel Master Menu. From the Period End menu, choose Option 52, **W-2-1099 Processing**. From the W-2 Processing menu, choose Option 5, **W-2 File Maintenance**. The system will ask you to supply the name of the work file you wish to open. Enter the unique four-character name of the file that you created in Step 1.

To view the work file, press "I" for Inquire mode; to make changes to the work file, press "U" for Update mode. Inquire and Update modes give you access to one W-2 record at a time. A W-2 record in the work file is made up of two screens. The first screen displays W-2 boxes a - f, 1 – 11, 13, and summary of 14. The second screen displays detailed information for boxes 12 and 14, and boxes 15 - 20 (these appear in the right half of screen 2).





In Update mode, you can change data in certain fields. The cursor will stop only in the fields containing data that can be changed; the cursor will not stop on any field that you are not permitted to change. To change the data in the work file, simply type the new data into the field you want to change, making sure that the resulting data is correct. To indicate that you are done changing one screen of a W-2 record, press <F9>. To indicate that you are done with an entire W-2 record, press <F8>. At the "Transaction Complete" message, press <ENTER> to continue your work.

NOTE: When you have corrected the work file as needed run the W-2 Exception Report again to test the modified "work file". Do NOT Rebuild the work file.

Step 4: Printing All or Part of the Work File

Before proceeding to printing the actual W-2 forms, you should confirm that the totals from your work file match the totals on your FICA/Withholding Report. To do this, print the "Totals Page" from your work file.

From the Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From the Period End menu, choose Option 52, **W-2-1099 Processing**. From the W-2 Processing menu, choose Option 5, **W-2 File Maintenance**. The system will ask you to supply the name of the work file you wish to open; enter the unique four-character name of the file. Press “P” to choose Print mode. Enter the name of the work file again, leave the "From SSN" field blank and leave the 999 99 9999 value in the "Thru SSN" field. Answer “Y” (Yes) to "Totals Only?". This will generate a total only report of the work file.

Compare the totals on this report to those on your FICA/Withholding report. If the totals match and are correct, proceed to the next step.

If the totals do not match or are otherwise incorrect, you will need to find and correct the error(s). If this is necessary, it may be useful to print the entire work file so that you can review each W-2. To do this, follow the print procedure described above but answer “N”o to "Totals Only?". If you alter basic payroll data and/or the work file in the process of correcting an error, be sure to repeat steps 1, 2, and 4 as necessary to arrive at a clean and accurate work file.

Step 5: Creating the W-2 Print File

When you have a clean and accurate W-2 work file, you are ready to generate the "print file" that will be used to produce the actual hard copy W-2s.

From the Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From the Period End menu, choose Option 52, **W-2-1099 Processing**. From the W-2 Processing menu, choose the option for the W-2 print file you wish to build:

- Option 06 *Build W-2’s Continuous Forms* (continuous feed) (prints 2 W-2s per page, 2 different employees; cannot mask SSN)
- Option 07 *Build W-2’s 1up Laser Forms* (laser) (prints 2 W-2s per page; 2 different employees; if printing copy A, cannot mask SSN)
- Option 08 *Build W-2’s 3up Laser Forms* (laser) (prints same employee per page)
- Option 09 *Build W-2’s 4up (Squares)* (laser) (prints same employee per page)
- Option 10 *Build W-2’s 4up (Stacked)* (laser) (prints same employee per page)
- Option 16 *Build W-2’s 4up (Mailer)* (laser mailer) (prints same employee per page)

If you have contracted with LGC for the printing of your forms, you MUST select Option 16. If you are unsure of the option you need to run, contact the Support Center.

If LGC will be printing your W-2 forms…

You will be receiving 4up Mailers. To create the correct print file, select Option #16-Build W-2’s 4up (Mailer). Type “0” for Alignment pages. Type “N” (No) for “ff After Each Page”. Use “260” for the Top Margin Offset and “0” for the Left Margin Offset.

Select the option for the print file you wish to build for your W-2 forms. The system will ask you to supply the name of the work file you wish to print; enter the unique four-character name of the file. If you will be printing continuous feed forms enter the number of alignment pages to include at the beginning of the print file. We suggest 2 to 4 alignment pages. (An alignment page consists of two forms; the boxes of the W-2s will be filled with Xs and 9s. You may specify from 0 to 9 alignment pages. If you have contracted with LGC to print your W-2’s, please specify 0 alignment pages.)

The “ff After Each Page” prompt will probably be set to “Y” for most printers. If you have contracted with LGC to print your W-2’s, please specify “N” (no) to the question “ff After Each Page”.

The Top Margin Offset prompt is the amount of space the printing needs to be moved down from the top of the form. (140 is approximately equal to one line.) If you need to adjust the line printing by a little, make the changes in increments of 10 (i.e. 140, 150, 160, etc.). If you have contracted with LGC to print your W-2’s, use 260 for “Top Margin Offset”.

The Left Margin Offset prompt is the number of spaces the printing needs to be moved to the right. (This is the number of characters. For example, if the printing on your form needs to be moved over 3 spaces to the right, enter 3 in this field.) In most instances, you will be able to use the default. If you have contracted with LGC to print your W-2’s, please leave the default of 0 for “Left Margin Offset”.

The Enter SSN to Restart and Enter SSN for Inv prompts are used only if you need to restart printing or if you need to print a W-2 for only one employee. The payroll system will then generate the print file for your W-2s.

The Mask SSN is used to print the SSN in ***-**-1234 format. Answer Y to mask SSN. Answer N to print the whole SSN. The default is Y on all print options except 06-Continuous Forms and 07-1 Up Laser Forms. If using option 07-1 Up Laser Forms, you will see “Enter N if printing Copy A of the W-2s”, followed by “Is This Screen Correct? Y/N”. NOTE: Check with state/local agency to find out if it is okay to mask SSN on state/local copies.

If you feel you need to use something other than the default and you are not sure what to use, you may want to print just one form to see how things line up. You would want to print these on plain paper and make sure they line up correctly with your W-2 form. (Use the Enter SSN for Inv prompt for printing just one W-2.) The Enter SSN to Restart and Enter SSN for Inv prompts are used only if you need to restart printing or if you need to print a W-2 for only one employee. The payroll system will then generate the print file for your W-2s.

If you will be printing laser W-2 forms, it is advisable to use the Enter SSN for Inv field for printing only one employee to make sure the data prints on the forms correctly. You may have to do this several times to determine what needs to be in the Top Margin Offset and the Left Margin Offset fields. When building the print file for the first time, leave the defaults in the Offset fields. Only after printing the forms on plain paper and they do not line up correctly should you change those defaults. If you need assistance with this, contact Customer Support.

Note: While it may seem wasteful to print several alignment pages, bear in mind that the purpose of the alignment pages is to save the forms that would be wasted if they were not aligned when printed. The higher the number of alignment pages, the more opportunity you will have to bring the actual W-2 forms into proper alignment.

Step 6: Printing and Verifying the W-2 Totals File

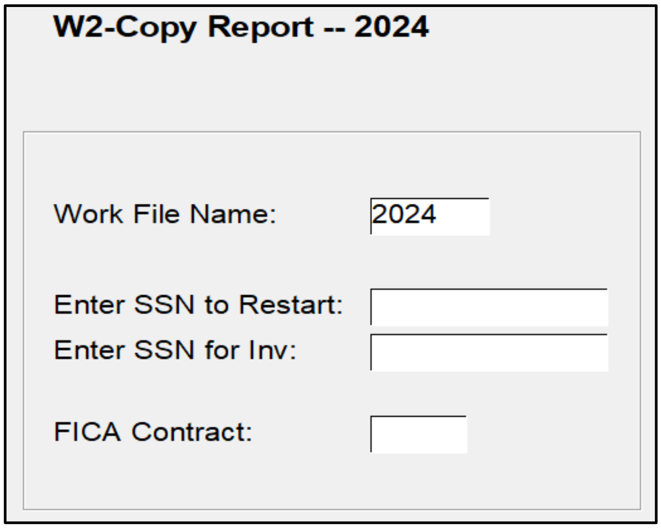
When the system generates the W-2 print file, it generates an additional file containing a Totals Report of the W-2 print file itself. You should print this file and compare its totals to those from your FICA/Withholding Report and the W-2 work file. If the totals do not match or are otherwise incorrect, you will need to locate and correct the error(s) following the procedures previously discussed.

To print the Totals Report, choose Option 56, **Spooler** from the Payroll/Personnel Master Menu. From the Spooler menu, choose Option 2, **Print a File**. The system will display a list of the files available to print. The W-2 print file totals report will be named WTxxxxLS, where "xxxx" stands for the four characters of the work file name. For example, if your work file was named W224, the print file totals report would be named WTW224LS; if C224, then WTC224LS, and so on. Print this file and compare the totals to those on your other reports.

Step 7: Printing and Verifying the W-2 Print File

When you have verified all your totals, you are ready to print hard copy W-2s. Because W-2 forms are relatively expensive and in limited supply, we recommend that you print the W-2s to plain paper first in order to practice aligning the forms and to take a final opportunity to review and verify the W-2s. The procedure described below is meant to duplicate as closely as possible the printing of your actual W-2s.

If you have contracted with LGC to print your W-2’s, and you **DID NOT** request LGC to print duplicate W-2s, from Payroll/Personnel Master Menu, choose Option 6, **Period End Process**. From the Period End menu, choose Option 52, **W-2-1099 Processing**. Option 17, **Print W-2 Copy Report**. The report contains the data that prints on the W-2s. Use this report to verify the data in your print file.



If you are printing with a **laser printer** be sure a LGC representative has set this up for you. It may also be a good idea to make copies of the forms and do a test print to make sure they line up properly before printing on the actual forms.

To test print the W-2s, choose Option 56, **Spooler**, from the Payroll/Personnel Master Menu. From the Spooler menu, choose Option 2, **Print a File**. The system will display a list of the files available to print. The W-2 print file will be named W-2xxxxLS, where "xxxx" stands for the four characters of the work file name (note that this file begins with W-2 as distinct from WT). For example, if your work file is named W224, the print file will be named W2W224LS; if C224, then W2C224LS, and so on. Print this file.

When the W-2s have finished printing remove the printed W-2s. Inspect them and review the data carefully.

Step 8: Aligning and Printing the Actual W-2 Forms

NOTE: If you have contracted with LGC to print your W-2 forms, it is not necessary to do the following step. Proceed to <u>Section VI: W-2 Electronic Filing</u> to create your electronic file and check the totals.

When you have inspected and approved the test printed W-2s, you are ready to print the data onto the actual W-2 forms. This process is almost the same as that used to test print the W-2s.

Load the actual W-2 form stock into your printer.

If you are printing with a **laser printer** be sure a LGC representative has set this up for you. Depending on the laser form you are printing, you may have to print the file multiple times for the IRS copy, employee copy, etc.

To print the W-2s, choose Option 56, **Spooler** from the Payroll/Personnel Master Menu. From the Spooler menu, choose Option 2, **Print a File**. The system will display a list of the files available to print. The W-2 print file will be named W-2xxxxLS, where "xxxx" stands for the four characters of the work file name (note that this file begins with W-2 as distinct from WT). For example, if your work file is named W224, the print file will be named W2W224LS; if C224, then W2C224LS, and so on. Print this file.

NOTE: While you are printing the W-2's, watch the printer closely so you can respond quickly if the forms tear, jam, or otherwise run amok. If something like that happens, set the printer off-line immediately and call the customer support center.

When the W-2s have finished printing remove the printed W-2s. Inspect them carefully.

SECTION VI: W-2 ELECTRONIC/MAGNETIC MEDIA FILING

Under a new IRS rule, the threshold has been lowered to 10 for which employers must file certain information returns electronically. The new threshold is effective for information returns **required to be filed** in calendar years beginning with 2024. The new rules apply to tax year 2024 Forms W-2 because they are required to be filed by January 31, 2025. For more details see the following IRS website: **https://www.irs.gov/forms-pubs/new-electronic-filing-requirements-for-forms-w-2**

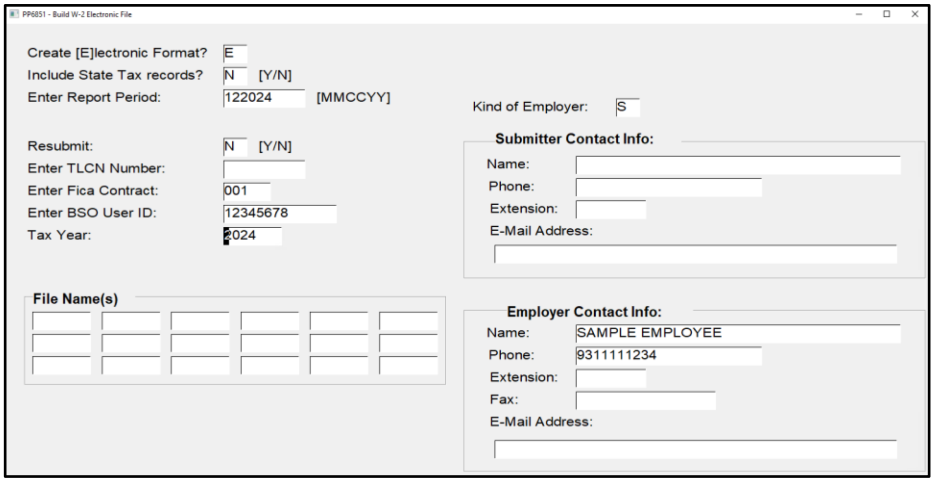
NOTE: LGC will <u>no longer</u> be filing W-2s for the tax year 2023 (and following tax years) and/or any W-2Cs on your behalf. As of March 25, 2023 the Social Security Administration changed the process for accessing Business Services Online (BSO).

NOTE: If you withheld State Income Tax, it is your responsibility to submit the W2 Report to that state agency.

In order to create the file used for electronic or magnetic media filing, you will need to register with BSO in order to access the W-2/W-2C online process. Per their guidelines "BSO users will need a Social Security online account. You can use your personal *my*SocialSecurity account that was created before September 18, 2021 or an existing Login.gov or ID.me credential." The updated registration process may be found at https://www.ssa.gov/bso/bsowelcome.htm#registration. If you have specific questions about the registration process, **please contact BSO directly at 1-800-772-6270.**

Once you have received your user ID and password from the SSA you are ready to build your electronic file. This section will take you through the steps to create an electronic file for the SSA.

From Payroll Master Menu select option 6, **Period End Process**. From the Period End Menu select option 52, **W-2-1099 Processing**. From the W-2/1099 Processing Menu select option 12, **Build Electronic File**. The following screen will then appear:



- **Create [E]lectronic Format?(E**) = Is a default. Do not change.
- **Include State Tax records? [Y/N]**: = Answer “N” (No) if you have no State Tax. Answer “Y” (Yes) if you will be sending the electronic file to your State Tax department.
- **Enter Report Period: (   )** = Enter the date in this format 122024. This is the month and year for the period you are submitting.
- **Resubmit: ( ) [Y/N]** = Answer yes if you are resubmitting the file to SSA. This is only if SSA notified you that you needed to re-submit.
- **Enter TLCN Number: (   )** = This number is only used if SSA notified you that you had to resubmit your file. They would tell you the TLCN number.
- **Enter Fica Contract: ( )** = Enter the FICA contract for this file. Only one FICA contract can be entered at a time. The FICA contract information can be found in the office manager section of your payroll system.
- **Enter BSO User ID: (   )** = This is the PIN number given to you by the SSA.
- **Tax Year: ( )** = This will be 2024 for this year.
- **Kind of Employer: ( )** = The available options are “F” for Federal Government Employer, “S” for State and Local Government Employer, “T” for Tax Exempt Employer, “Y” for Tax Exempt State and Local Government Employer or “N” if None Apply.

  SUBMITTER CONTACT INFO:

- **Name: (   )** = Enter the name of the person to receive error notification if this file cannot be processed. This is a required field.
- **Phone: (   )** = Enter the submitter’s phone number. Do not enter dashes or spaces. This is a required field.

- **Ext: (   )** = Enter the submitter's extension, if applicable.
- **E-Mail Address:** = This is the submitter's e-mail address and is a required field.

EMPLOYER CONTACT INFO:

- **Name: (   )** = This is the name of the person to be contacted by SSA concerning processing problems. This is a required field.
- **Phone: (   )** = Contact person's phone number. Do not enter dashes or spaces. This is a required field.
- **Ext: (   )** = Contact person's extension, if applicable.
- **E-Mail Address:** = This is the contact person's e-mail address. This is a required field.
- **---------File Name(s)---------** = This is the file name you used to build the information for the FICA contract you are working on.

This program creates a file named W2REPORT.TXT under your payroll data directory. If you are uncertain about how to transfer the file from your server to your workstation, contact customer support for assistance.

Once this file has been created, follow the instructions given by the SSA in Publication 42-007 (EFW-2 Tax Year 2023) for file submission. The link to log into SSA's Business Services Online for submitting W-2 electronic file is https://www.ssa.gov/bso/bsowelcome.htm.

WARNING!!! When the W2REPORT.TXT file is created, it will overwrite the existing W2REPORT.TXT file.

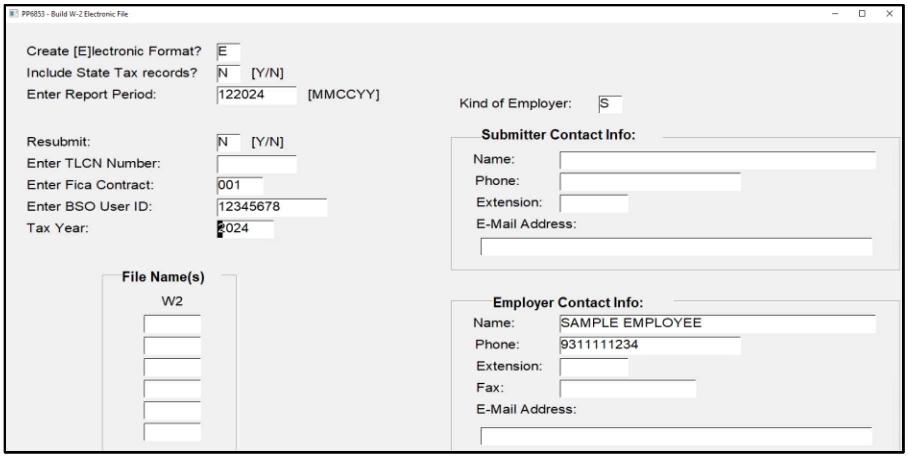
It is advisable that you test the file before submission to SSA. AccuWage is software available on SSA's website for testing the W2REPORT.TXT file. AccuWage has the capability of catching most errors before you submit the file to SSA. Information on using the AccuWage software can be obtained from SSA's website: AccuWage Software.

After building the electronic work file you may wish to print the file. From the Payroll Master Menu select option 6, **Period End Process**. From the Period End Process Menu select option 52, **W-2-1099 Processing**. From the W-2-1099 Processing Menu select option 13, **Print W-2 Electronic File**. The File format is "E" for Electronic. Specify "N" (No) to Print Totals Only if you want to get detailed employee information; specify "Y" (Yes) to Print Totals Only if you want to only print the totals from the file.

SECTION VII: OPTIONAL BUILD MBC W-2 FILE

If your site uses My Benefits Channel, you will need to create a file to upload to MBC.

From Payroll Master Menu select option 6, **Period End Process**. From the Period End Menu select option 52, **W-2-1099 Processing**. From the W-2/1099 Processing Menu select option 18, **Build MBC W-2 File**. The following screen will then appear:



Refer to the information in the previous step to fill out the screen. You will enter the File Name(s) for the W2.

This program creates a file named W2-MBC.TXT under your payroll data directory. If you are uncertain about how to transfer the file from your server to your workstation, contact customer support for assistance.

WARNING!!! When the W2-MBC.TXT file is created, it will overwrite the existing W2-MBC-TXT file.

Support and Navigation

You may contact LGC Support by phone or by submitting a support request on our website:

800-737-1826
7:00 a.m. - 5:00 p.m.
Central Standard Time

Online request from our LGC website for assistance:
https://www.lgc-tn.com

Login to our website and under the LGC Dashboard on the left side of the screen, select the “Support Request”

PREREQUISITE AND W-2 CHECKLIST

Prerequisite Checklist	Completed Date
1. Clear Year-to-Date Leave: If your site does not base its annual leave accrual and clearance on the calendar year, SKIP this item.	
2. Roll excess leave: If your site does not base its annual leave accrual and clearance on the calendar year, SKIP this item.	
3. Load 2025 Tax Tables.	
4. Verify FICA/Medicare Rate Tables.	
5. Verify Federal Tax Tables.	
6. Verify State Tax Tables: If your site is NOT subject to a state income tax, you may SKIP this item.	
7. Set up employer sponsored health coverage deductions, if choosing to track in Payroll, for the 2025 calendar year.	
8. Create the Payroll Calendar for 2025: If your site is NOT using the Payroll Calendar, SKIP this item.	
9. Set up the Proper Deduction Code Parameters.	
10. Set up the Proper FICA Contract Parameters.	
11. Rebuild the Payroll alternate Keys.	
12. Balance with the FICA/Withholding Report.	
W-2 Process Checklist	**Completed Date**
1. Build the W-2 Work File; Name of the File: ___________________	
2. Check for Exceptions in the W-2 Work File.	
3. Manipulate the W-2 Work File, if necessary.	
4. Print the W-2 Work File.	
5. Create the W-2 Print File.	
6. Print and Verify the W-2 Total File.	
7. Print and Verify the W-2 File on plain paper.	
8. Align and Print the Actual W-2 forms.	
9. Create and Submit electronic File to submit to SSA, if applicable.	
10. Create and Submit electronic File to submit to State agency, if applicable.	
11. Contact LGC at 800-439-4504 for the printing of your forms, if applicable.	
Processes for Other Applications	**Completed Date**
1. Utility Billing Record A/R History, if applicable	
2. Utility Billing Deposit Report	