

MARCH 2011

AccuPay Bulletin

Reminder:
Our FAX lines
are open 24/7.



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Calendar

Mar 23 WinRX Program Update and Proforma download available.

Apr 1 First quarter processing begins.

E-file Status Reports

W-2 and 1099 status reports will be included with March billing statements.

These reports confirm **TIMELY** electronic filing and should be retained for your records.

Rate & Wage Base

Social Security:

2011 wage base: \$106,800.00

Employee rate: 4.2%

Maximum employee tax: \$4,485.60

Employer rate: 6.2%

Medicare:

Employee rate: 1.45%

Employer rate: 1.45%

California SDI:

2011 wage base: \$93,316.00

Withholding rate: **1.2%**

Maximum SDI: \$1,119.79

WinRX News

A new program is **REQUIRED** for 1st Qtr processing. Follow steps on page 3.



Year Round 1099 Processing

Processing for late **original** 1099s is available all year on WinRX. See page 4 for the expanded E-filing schedule.

IRS No Longer Mailing Form 941 Tax Packages

The IRS is discontinuing the mailing of Form 941 Tax Packages.

If needed, the form may be downloaded from the IRS website or use the link under **GOVERNMENT LINKS** on our website, www.accupaysystems.com.

New This Quarter: California DE 9 & DE 9C

Form DE-9 is used to reconcile SUI, SDI, ETT and PIT withholding and contributions on a **quarterly basis** (previously an annual reconciliation was reported on Form DE-7).

Form DE-9C replaces DE-6 and is used to report quarterly employee subject wages, PIT wages and PIT withholding.

AccuPay will automatically produce these new forms for all employers who previously filed Form DE-6.

Household employers filing DE3B-HW are NOT affected by this change.

California Deposits— When are they due?

See page 3. CAUTION—A 10% penalty will be assessed if deposits are not timely.

IN THIS BULLETIN:

- ⇒ 2011 FICA & SDI rates
- ⇒ New California DE-9 and DE-9C
- ⇒ New Data Sheet A
- ⇒ Review employee data in 1st quarter
- ⇒ WinRX program update
- ⇒ Employer-sponsored health coverage
- ⇒ Wage exempt code review
- ⇒ Household Workers
- ⇒ Expanded 1099 E-file service
- ⇒ Correcting previously filed W-2s and 1099s

Revised Data Sheet A in use This Quarter

Proformas for all returns processed at year-end were printed on the NEW Data Sheet A. See page 2 for a brief summary of the changes and some hints on using this new form.

California Revises E-filing Process

As a result of California's recent changes in procedures for the DE-9 and DE-9C, AccuPay is developing a new E-file system to conform to the California requirements.

We anticipate receiving E-file certification from the EDD in time for first quarter processing.

As in the past, E-filing of Forms DE-9 and DE-9C remains **OPTIONAL** unless the employer has more than 250 employees, in which case, E-filing is mandatory for the DE-9C.

To request E-filing of DE-9 and DE-9C, enter "Q" in the DE-9/9C E-file box in the California section on Data Sheet A or check the E-file box on the WinRX State Screen.

There will be no fee for this service for 1st quarter of 2011.

DE-9/9C
E-file
Enter "Q"



REVISED DATA SHEET A

Data Sheet A has been revised to more logically group common data items in the same general area. The left margin is a Guideline numbered 0-9. Generally, only lines 0-2 need to be completed each Quarter. Complete line 8 if Form 941, Schedule B is required.

- 0. **Current Quarter**—Enter number of employees on 12th day of each month. Select PrintBack if desired.
- 1. **California**—Enter current quarter California Deposits & review Options.
- 2. **Form 941**—Enter Form 941 Deposits and Monthly liabilities & review Options.

Generally, only **LINE 0 - CURRENT QUARTER, LINE 1 - CALIFORNIA, AND LINE 2 - FORM 941/944** need to be completed each Quarter.

Generally, all other needed data is already Proformaed.

REVIEW SUI & ETT RATES 1ST QTR. Verify with EDD (916) 653-7795

FORM 941 DAILY LIABILITIES - Enter only if Form 941, Schedule B is required.

REMINDER: TOTAL 941 DEPOSITS are entered on Line 2 above.

UPDATING EMPLOYEES

First quarter is a good time to review the employee information.

- **Review Employees:** Delete Employees who no longer work for the employer. Data Sheet Users: Enter "D" on the lower half of Data Sheet B, column 77. WinRX Users: Check the box on the Employee Screen.
- **Review Wage exempt codes:** Review wage codes to ensure they are still applicable. Generally, wage codes should not be added or changed except during 1st quarter. See page 4 for common Wage Exempt Code uses.

WINRX UPDATE

NEED TO INSTALL THE COMPLETE PROGRAM?

Download the complete WinRX program from our website.

When prompted enter:

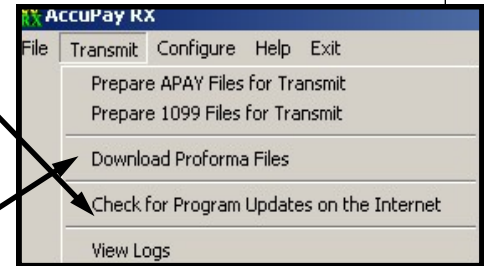
- User name: **accupay**
- Password: **j1011c**

Complete installation instructions are also on the website.

CALIFORNIA DEPOSIT REQUIREMENTS

A WinRX program update is **REQUIRED** for 1st quarter 2011. Do NOT begin keying any 1st quarter data until you update the program and DOWNLOAD and LOAD your proforma files. **For 1st quarter, follow the three steps below:**

1. On the MAIN WinRX screen, under **Transmit**, click on Check for Program Updates on the Internet. The System version is **2011.1.0.1**.
Answer 'Yes' to overwrite existing database.
2. On the MAIN WinRX screen, under **Transmit**, click on Download Proforma Files and then click Download Proforma.
3. On the MAIN WinRX screen, under **File**, click on Load AccuPay Proforma.



Answer 'Yes' to "Delete Old Returns and Load New Proformas".

Here are the general deposit requirements for California.

EDD is accessing penalties if deposits are not made timely.

See www.edd.ca.gov/payroll_taxes/timely_payroll_tax_deposits.html

- If Employer is a Monthly Depositor for Federal taxes, and the CA PIT withholding is **\$350 or more**, make monthly deposit of PIT and SDI by the 15th of the following month.
- If Employer deposits Semi-weekly for Federal and accumulates **more than \$500** in CA PIT withholding, make deposit of PIT and SDI semi-weekly, same as Federal deposit.
- If the TOTAL CA PIT is **less than \$350** for the Quarter, the PIT and SDI can be made quarterly, along with the SUI and ETT for the quarter.
- SUI and ETT are due on the same date as the DE 9.

AccuPay prepares the Quarterly DE88 coupon showing any unpaid balance as due. The PIT should be less than \$350 on this coupon.

EMPLOYER-SPONSORED HEALTH COVERAGE

For 2011, a new item is listed on Form W-2.

It is the **non-taxable Employer-sponsored health insurance** that will print on employee's W-2, box 12 with a code DD. Note that reporting this cost of coverage is NOT MANDATORY for 2011 W-2s. **IRS Notice 2010-69 provides interim relief to employers with respect to this reporting requirement for 2011.**

If any of your clients choose to report the cost of employer-sponsored health insurance, a new code "**M**" has been added to Data Sheet C and the WinRX Employee screen. If an amount is entered with code **M**, AccuPay will accumulate the amount and print it on the employee's W-2 in box 12.

NEW LINE ON FORM 941

A new line on Form 941 affects few employers. The new line is used for reporting social security and Medicare taxes on unreported tips. Employers must now report the amount of taxes shown on the Section 3121(q) Notice and Demand on line 5e of Form 941 for the calendar quarter in which notice and demand is made.

Since this change affects very few clients, contact AccuPay for input instructions if you have a client subject to this reporting requirement.

NO MORE ADVANCED EIC PAYMENTS

Reminder: The option for employees to receive advance EIC payments expired on December 31, 2010. Employers should NOT be making any Advanced EIC payments in 2011.

WAGE EXEMPT CODES

REMINDER: LINKS TO IRS AND CALIFORNIA EMPLOYER TAX GUIDES ARE ON OUR WEBSITE:

www.accupaysystems.com

HOUSEHOLD WORKERS

WHEN EMPLOYER
PAYS THE TAX

FICA WAGE THRESHOLD REMAINS
AT \$1,700 FOR 2011

EXPANDED 1099 E-FILE SCHEDULE

CORRECTING PREVIOUSLY FILED W-2s AND 1099s

Use of WAGE EXEMPT codes for SPECIAL TYPE of employees	Fed Code col	State Code col
ONE SPOUSE EMPLOYED BY ANOTHER Not subject to FUTA, SUI, SDI	2	W
CHILD EMPLOYED BY PARENTS Under age 18. Not subject to FICA, FUTA, SUI, SDI. Under age 21. Not subject to FUTA.	1 2	W blank
HOUSEHOLD EMPLOYEES A Federal Wage code of '5' or '6' identifies a household employee. Wages in the aggregate are less than \$750 each quarter (State filing may not be required.) - Not subject to FUTA, SUI, SDI. Wages in the aggregate are at least \$750/quarter, but less than \$1000 each quarter - Not subject to FUTA or SUI. Wages in the aggregate are \$1000/quarter or more in any quarter in 2010 or 2011. Subject to ALL employment	6 6 5	W J blank
OUT-OF STATE employee that is subject to 6.2% FUTA tax: Code X identifies a special out-of-state employee exempt from SUI and subject to 6.2% FUTA tax.	blank	X
Special Note about State Wage Exempt Code "R": This Religious wage exempt code does NOT necessarily refer to clergy. It refers to an employee who has an EDD approved exemption from SDI taxes based on religion under Sec 2092 of California UIC.		

If the employer pays the employee's share of social security and Medicare taxes, this amount is taxable ONLY for income tax purposes.

If an employer pays the employee's SDI tax, this amount is taxable for social security, Medicare, FUTA, SUI, ETT and SDI as well as for income tax purposes.

Steps	Example	Worksheet
1. Enter cash wages	2000.00	
2. Subtract SDI rate (0.012 for 2011) from 1.00	0.988	0.988
3. Divide step 1 by step 2	2024.29	
4. Multiple step 3 by combined FICA rate (.0565)	114.37	
5. Enter Step 3 results on Data Sheet B as Wages. Enter Step 4 results on Data Sheet C as Other Compensation with code "A".		

AccuPay will transmit a second **TIMELY** E-file for NEW returns processed between March 21 and March 28, 2011

A **LATE** transmission will be E-filed for NEW returns processed after March 28 and before April 25, 2011.

Note: If wanted, Red filing copies may be requested in lieu of E-filing for any 1099s..

See our website, (www.accupaysystems.com) for complete instructions for correcting previously filed W-2s or 1099s. Click on **BULLETINS/MANUALS** link on the right margin and scroll down to **AccuPay® Correction Instructions** or use the following links:

[Correcting W-2s](#)

[Correcting 1099s](#)