Clarity™ Payroll
Year-end Checklist 2014
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What’s New?

We’ve changed a few things in the new Payroll Year-end Checklist.

New Organization

The Payroll Year-end Checklist has been reorganized to place steps that happen in the same area of the application in the same place in the checklist. This means less jumping back and forth between different areas of the application.

Each chapter number corresponds to a step in the Payroll Year-end Checklist. Just follow the chapters in the order listed to complete the checklist.

Checklist and Worksheet

There are checkboxes placed next to each step. You can mark off your progress by checking the checkbox.

☑️ Step x: This is what you need to do...

Links to sections

To help you navigate between sections, you can use the links in the Table of Contents or click the page # link. Just click on the page # link to go to that page.
Before you get started

Important!

- **Complete these steps in order.** You must complete the Payroll Year-end Checklist in order to close the current payroll year.
- **Print W-2s ASAP.** When you’ve finished the Payroll Year-end Checklist, print the W-2s as soon as possible.
- **Do NOT load the new tax rate information** until AFTER the Payroll Year-end Checklist is finished.

Preparation

Before you begin the Payroll Year-end Checklist, you’ll need to perform these tasks:

- Close the last payroll
- Print Quarterly Reports for the 4th Quarter
- Download the latest IRS W-2 forms
- Install the latest Caselle release

☐ **Is the last payroll of the year closed?**

Finish the Payroll checklist for the last pay period of the year.

☐ **Have you printed and balanced your Quarterly Reports for the 4th Quarter?**

Print the Quarterly reports required for your site for the fourth quarter. Include Federal and State quarterly reports. These reports should be balanced before you begin the Payroll Year-end Checklist.

*This is a list of the Quarterly reports:*

- FUTA Report
- State Combined Report
- Workers Compensation List
- Workers Compensation Report

Tip!

You should have received the official Form 941 and Schedule B forms from the IRS. You may use the corresponding Caselle reports, see the previous list, to copy information to the federal forms.

If you would like to print the information directly onto the official forms, contact customer service for instructions.
How do I print the quarterly reports?

Print the quarterly reports for the fourth quarter that are required by your site.

Do this...

1. Open Clarity Payroll > Reports > [Insert Report Name].
   Replace [Insert Report Name] with the name of the quarterly report you want to print out.

2. Verify the quarterly Date Range for the selected report.
   To change the date range to select the quarterly date range:
   - Click Advanced Options
   - Change the Beginning Date Type to Calendar Quarter Date. Then, change the Ending Date Type to Calendar Quarter Date.

3. Click OK.

4. Click Preview (Ctrl+Q) to preview the report, or click Print (Ctrl+P) to print the report.

5. From the Printer Form screen, select the desired printer.

6. Verify the print settings.
6. Click **GO** (Ctrl+G).

7. Repeat these steps to print the next Quarterly report.

The Quarterly reports print. You can use the information on the Quarterly report to fill in Form 941 and Schedule B Forms provided by the IRS.

☐ Are you using the latest IRS W-2 forms?


☐ Do you have the latest Caselle release installed and running?

If you're not sure, follow these instructions to view the application version number.

**Do this...**

1. Open **Caselle Clarity**.

2. The software version number displays in the title bar on the Clarity Main Menu.

   Like this...

   ![Caselle Clarity Version Number](image)

3. To close the payroll year, the Caselle software version numbers should all begin with **4.2.147.1383** or higher.

**Is the version number correct?**

- Yes, the version number is correct. You're ready to go.
- No, the version number is not correct. You’ll need to download and update the application before you can continue.

The correct software version is installed.
Print the Payroll Year-end Checklist

You can also print the Payroll Year-end Checklist. Navigate to www.caselle.com/pdf/pr4_Checklist.pdf to download the Payroll Year-end Checklist.

On navigating this document...
Each chapter number in this document corresponds to a step in the Payroll Year-end Checklist.
Verify the Pay Code Information

Carefully review the information stored in the Pay Codes table. The application uses the pay codes stored in the Pay Code table to calculate employee and employer amounts on quarterly reports, annual reports, W-2s, and so on.

In this section:

- A. Verify pay code rates and limits
- B. Run Checkout
- C. Verify ID numbers for Federal and State pay codes
- D. Review the Subject To pay codes
- E. Verify W-2 box 10, 11, 12, and 14 settings
A. Verify pay code rates and limits

Make sure that the current rate/limit information is correctly set up in Pay Codes for the Payroll year being closed.

You’ll need to...

• Check the Social Security Rates/Limits
• Check the Medicare Rates/Limits
• Check other limits that may apply

Check the Social Security Rates/Limits on the Employee and Employer tabs

Look up the Social Security rates and limits to make sure the rates and amounts are correct.

Do this...

1. Open Clarity Payroll > Organization > Pay Codes.
2. Enter the Social Security Pay Code for your site in the Lookup bar.
   Example: 74-00 Social Security
3. Press Enter.
4. Click the Employee tab > Employee subtab.
5. Verify that the amount in the Maximum Wage Limit field is correct for the Payroll year being closed.
6. Verify the number in the Amount/Rate/Percent Type field is correct for the payroll year being closed.
7. Click the Employer tab > Employer subtab.

Employer tab > Employer subtab > Percentage and Maximum Wage Limit fields

8. Verify that the amount in the Maximum Wage Limit field is correct for the Payroll year being closed.

9. Verify the number in the Amount/Rate/Percent Type field is correct for the payroll year being closed.

10. Repeat steps 2–9 for any other applicable pay code rates/limits.

Warning! Place the Tax Rate information for the coming year in a safe place. DO NOT load the new tax rate information into Payroll until Finishing Up on page 62.

The Social Security Rates/Limits are verified.

☐ Check the Medicare Rates/Limits on the Employee and Employer tabs

Look up the Medicare rates and limits to make sure the rates and amounts are correct.

Do this...
1. Open Clarity Payroll > Organization > Pay Codes.
2. Enter the Medicare Pay Code for your site in the Lookup bar.
3. Press Enter.
4. Click the Employee tab > Employee subtab.
5. Verify that the amount in the Maximum Wage Limit field is correct for the Payroll year being closed.

6. Verify the number in the Amount/Rate/Percent Type field is correct for the Payroll year being closed.

7. Click the Employer tab > Employer subtab.

8. Verify that the amount in the Maximum Wage Limit field is correct for the Payroll year being closed.

9. Verify the number in the Amount/Rate/Percent Type field is correct for the Payroll year being closed.

10. Repeat steps 2-9 for any other applicable pay code rates/limits.

The Medicare Rates/Limits are verified.

☐ Check any other limits that may apply

Look at the Rates/Limits on the Employee and Employer tabs for pay codes for disability, deferred compensation, and so on.

Do this...

1. Open Clarity Payroll > Organization > Pay Codes.

2. Enter the appropriate pay code for your site in the Lookup bar.

   You’ll want to replace “appropriate pay code” with the pay code ##-## assigned to the pay code you want to look up.

3. Press Enter.

4. Click the Employee tab > Employee subtab.

5. Verify that the amount in the Maximum Wage Limit field is correct for the Payroll year being closed.

6. Verify the number in the Amount/Rate/Percent Type field is correct for the Payroll year being closed.

7. Click the Employer tab > Employer subtab.

8. Verify that the amount in the Maximum Wage Limit field is correct for the Payroll year being closed.

9. Verify the number in the Amount/Rate/Percent Type field is correct for the Payroll year being closed.

10. Repeat steps 2-9 for any other applicable pay code rates/limits.

The Rates/Limits for other pay codes are verified.
B. Run Checkout

After you have performed all of the previous steps, run the Employee Checkout again to verify that there are no errors.

Important!
If there are any errors on the Checkout report, contact Customer support for assistance. Do NOT continue until the Checkout report is free of errors.

Do this...
1. Open Clarity Payroll > Organization > Checkout.
2. Run Checkout for ALL employees.
3. Verify the Beginning Date and Ending Date.
   These dates should default to the payroll year being closed. The routine will scan and check data from the selected year.
   Important!
   If these dates are incorrect, DO NOT change them. Call Customer support to address the issue.
4. Click GO (Ctrl+G).
   The Checkout report prints.
5. Did the Checkout report list any errors?
   • Yes, there are errors on the Checkout report. Call Caselle support for assistance.
   • No, the Checkout report is error-free. Great news! You’re ready for the next step.

Important!
If there are any errors on the Checkout report, contact Customer support for assistance. Do NOT continue until the Checkout report is free of errors.

The pay code records have been reviewed.
C. Verify ID numbers for Federal and State pay codes

Before you prepare the W-2 forms for your employees, you should verify that the correct identification numbers for the following items have been defined in the system:

- Federal Employer ID Number
- State Tax ID Number

Verify the Federal ID number

Verify the Federal ID number is correct. In most organizations, you’ll want to check pay code 76-00 FWT.

Do this...

1. Open Clarity Payroll > Organization > Pay Codes.
3. Locate the Identification Number field.
4. Does the correct Federal ID display in the Identification Number field?

- Yes, the correct Federal ID is displayed. That’s good news. Continue to the next step in this section.

- No, the Federal ID is not correct. Click on the Identification Number field to enter the correct Federal ID. Now, you’re ready to verify the State Tax ID Number.

The Federal ID number is correct.

☐ Verify the State Tax ID Number

Verify the State Tax ID Number is correct. In most organizations, you’ll want to look up pay code 77-00 SWT.

Do this...

1. Open Clarity Payroll > Organization > Pay Codes.

2. Display the State Withholding Pay Code.

   Example: 77-00 State Withholding Tax

<table>
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<th>Pay Code</th>
<th>State Withholding Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Code</td>
<td>77-00</td>
</tr>
<tr>
<td>Employee</td>
<td>Employer</td>
</tr>
<tr>
<td>W-2/1099</td>
<td>Notes</td>
</tr>
</tbody>
</table>

   Clarity Payroll > Organization > Pay Code > State Withholding Tax

3. Locate the Identification Number field.

   Clarity Payroll > Organization > Pay Code > Identification Number field
4. Does the correct State Tax ID Number display in the Identification Number field?
   • Yes, the correct State Tax ID is displayed. That’s good news. Continue to the next step in this section.
   • No, the State Tax ID is not correct. Click on the Identification Number field to enter the correct State Tax ID. Now, you’re ready to verify the Employee Social Security Numbers.

The State ID number is correct.
D. Review the Subject To pay codes

The *Used In Calculation* designation identifies portions of a pay code that are either subject to certain taxes or exempt from taxes. Follow these steps to verify the pay codes and percentages on the Used In Calculations tab on each pay code.

Reminder! Deduction codes will reduce the amount of wages listed in boxes 1, 3, 5 and 16 on the W-2.

Look up Subject To pay codes

Look up the pay codes and percentages on the Used In Calculations tab on each Subject To pay code.

Check these pay codes...

- Social Security pay code (74-00)
- Medicare pay code (75-00)
- Federal Withholding pay code (76-00)
- State Withholding pay code (77-00)

Do this...

1. Open Clarity Payroll > Organization > Pay Codes.
2. Display the first pay code.
   
   You can use the arrows on the Record Control bar, or click Next (F6) to display the next pay code.
3. Click the Employee tab to review the Used For Calculations section.

![Image of Employee tab]

Clarity Payroll > Organization > Pay Codes > Employee tab > Used in Calculations subtab

4. Click the Employer tab to review the Used For Calculations section.

![Image of Employer tab]

Clarity Payroll > Organization > Pay Codes > Employer tab > Used in Calculations subtab

5. Repeat steps 3 and 4 for each pay code that is in use at your site.

The pay codes that are subject to or exempt from taxes have been reviewed.
E. Verify W-2 box 10, 11, 12, and 14 settings

The IRS requires organizations to report specific information in Boxes 10, 11, 12, and 14. Contact your accountant/auditor or the IRS to determine if you have amounts that should be reported in these boxes.

Note: Caselle Service staff are not payroll tax experts. We can help you put your payroll tax information into the appropriate boxes, but we CANNOT help you determine what amounts need to be reported in each box.

You need to...
- Verify the special pay code flags
- Select the W-2 Box 12 codes
- Complete the W-2 Other Description field

Verifying the special pay code flags

For amounts that need to be reported in Boxes 10, 11, 12, or 14, you will need to verify the special pay code flags and check the appropriate boxes in Organization > Pay Codes to place the information for each pay code into the correct box on the W-2.

Tip! Your accountant or auditor should advise you on the appropriate code to select for each pay code as well as any other information that may be required for each pay code.

Selecting W-2 Box 12 codes

The IRS requires organizations to report specific information in Boxes 10, 11, 12, and 14. Contact your accountant/auditor or the IRS to determine if you have amounts that should be reported in these boxes.

Do this...
1. Open Clarity Payroll > Organization > Pay Codes.
2. Select the W-2/1099 tab.
3. Select the appropriate code that describes the pay code amount from the **W-2 Code (Box 12)** drop-down list.

![Image of Pay Code Selection](Clarity Payroll > Organization > Pay Codes > W-2/1099 tab)

4. Repeat step 3 for each pay code in use at your site with Box 12 requirements.

*Tip! Each of these codes and their descriptions, as shown here, can be found by clicking the What's This? Help button (Ctrl+W) and then clicking on the W-2 Code (Box 12) field. You can also use the Box 12 Codes List, located below, or visit the irs.gov website for more information.*

The W-2 Box 12 codes are saved.

**Box 12 Codes List**

This is a list of the codes and code descriptions for filling in Box 12 on the W-2 Form.

**A**
Uncollected social security or RRTA tax on tips.

**B**
Uncollected Medicare tax on tips.

**C**
Taxable cost of group-item life insurance over $50,000.

**D**
Elective deferrals to a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement).

**E**
Elective deferrals under a section 403(b) salary reduction agreement.
F
Elective deferrals under a section 408(k)(6) salary reduction SEP.

G
Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan.

H
Elective deferrals to a section 50(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 (former employees only).

N
Uncollected Medicare tax on taxable cost of group-term life insurance over $50,000 (former employees only).

P
Excludable moving expense reimbursements paid directly to employee.

Q
Nontaxable combat pay.

R
Employer contributions to an Archer MSA.

S
Employee salary reduction contributions under a section 408(p) SIMPLE plan.

T
Adoption benefits.

V
Income from exercise of nonstatutory stock option(s).

W
Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA).
Y
Deferrals under a 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.
BB
Designated ROTH contributions under a section 403(b) plan.
CC
HIRE exempt wages and tips (2010 only).
DD
Cost of employer-sponsored health coverage.
EE
Designated ROTH contributions under a governmental section 457(b) plan.

☐ Entering W-2 Other Description fields

Use this section to enter Box 14, Box 10, and Box 11 on the W-2.

Do this...
1. Fill in Box 14.

Other tax information is reported in Box 14. Box 14 descriptions may include the following items: Contributions to Employee Pension Plans, Union Dues, Life or Health Insurance Premium Payroll deductions, Moving Expenses, and so on.

Does your site require a description for Box 14?

- Yes, my site requires a description for Box 14. Enter it in the W-2 Other Description (Box 14) field. If you need to include the Box 14 amount, select the Include Amounts checkbox.
- No, my site does not require a description for Box 14. Continue to the next step.
2. Fill in Box 10.
   
   For example, such as a cafeteria plan payroll deduction.

   **Is the pay code for dependent care?**
   
   - Yes, the pay code is for dependent care. Select the Include Amounts for Dependent Care (Box 10) checkbox.
   - No, the pay code is not for dependent care. Continue to the next step.

3. Fill in Box 11.
   
   Box 11 is for a non-qualified deferred compensation plan.

   **Are you required to print the total amount of distributions to an employee for a non-qualified deferred compensation plan?**
   
   - Yes, I need to print this information. Select the Include Amounts for Non-Qualified Plan on W-2 (Box 11) checkbox.
   - No, I do not need this information. Continue to the next step.

The Other W-2 Description fields are filled in.

You’re done with this section. The pay code information has been verified.
Verify Year-to-Date Information

Print the reports you’ll need to verify payroll transactions for the calendar year.

In this section:

- A. Verify the General Ledger updates for the calendar year
- B. Print Payroll History for the calendar year
- C. Print the Annual 941 Report for the calendar year
- D. Print Tax Summary
- E. Verify reports
- F. Print Additional Annual Reports for the calendar year
A. Verify the General Ledger updates for the calendar year

Next, verify with your General Ledger person that all General Ledger updates for the year have been completed properly. If this is your responsibility, you will need to check each journal for duplicate entries.

You have two options to review journal entries...

- Review journal entries in Journal Entry, or
- Review journal entries on paper.

View Journal Inquiry

Use Journal Inquiry to review each journal for duplicate entries. Remember, you can complete this step or print the Journals report.

Do this...

1. Open Clarity General Ledger > Journal Inquiry.
2. In the Lookup bar, enter the desired journal code.
   In other words, PC, PB, CDP, CDPT, or the corresponding journal codes used by your site.
3. Click the Detail tab.

4. Verify that no duplicate entries exist in the journal for any pay periods for the entire year being closed.
   This should be straightforward. Any duplicates should already have been caught during General Ledger Bank Reconciliation.
5. Repeat steps 3 and 4 for each of the Payroll journals that your site uses.
6. Correct duplicate journal entries as needed.

When there are no duplicate journal entries, you’re ready to move on to Step 2: Print Payroll History for Calendar Year on page 25.

☐ Print journals to paper

If you prefer to review the journals on paper rather than on the screen, follow these steps to print the Journal report. If you used Journal Inquiry to review the journal entries, you can move on to Step 2: Print Payroll History for Calendar Year.

Do this...
1. Open Clarity General Ledger > Reports > Journals.
2. In the Selection Criteria, double-click on the Value column heading.
3. Enter the desired journal code (in other words, PC, PB, CDP, or CDPT) in the Enter Value field.
4. Click Accept.
5. Double-click All for [Report].Date and set the beginning and ending dates for the entire calendar year being closed (January–December).
6. Click Preview (Ctrl+Q) to preview the report, or Print (Ctrl+P) to print the report.
7. Check the report for duplicate journal entries.
   This should be straightforward. Any duplicates should already have been caught during General Ledger Bank Reconciliation.
8. Correct duplicate journal entries as needed.

When there are no duplicate journal entries, you’re ready to move on to Step 2: Print Payroll History for Calendar Year on page 25.
B. Print Payroll History for the calendar year

The Payroll History lists the entire year’s activity for each employee, including check numbers and year-to-date totals.

Use the Payroll History report to balance the Annual 941 report in Step 8: Print the Annual 941 Report. Comparing the data on these two reports will ensure that the information is correct, then you can move on to printing the W-2s.

You will also use this report again in Print W-2s to compare it with the data on the Payroll Conversion report.

How do I print the Payroll History Report?

Set up the report to select transactions for the entire calendar year (1/1/YYYY to 12/31/YYYY).

Do this...
1. Open Clarity Payroll > Reports > Payroll History.
2. Select Payroll History—By Calendar Year from the Title drop-down list.
3. Verify that the report dates select the entire calendar year.
   Click Advanced Options in the Report Dates area. Change the Beginning Date and Ending Date Type to Calendar Year Date.
4. Next, click Print (Ctrl+P).
5. When the Print Setup form displays, click OK.

The Payroll History report prints.
C. Print the Annual 941 Report for the calendar year

The Annual 941 Report is one more way to verify that your annual payroll data is in agreement.

How do I print the Annual 941 Report

Print the 941 Report for the entire calendar year. (1/1/YYYY to 12/31/YYYY). Use this report for matching the W-3s.

Do this...
1. Open Clarity Payroll > Reports > 941 Report.
2. Change the report Date Range to select the check issue dates for the entire calendar year being closed.
   - Click Advanced Options in the date area.
   - From the dialog that appears, select Calendar Year Date from the Beginning Date Type.
   - Next, select Calendar Year Date from the Ending Date Type.
   - Click OK.
3. Click Preview (Ctrl+Q) to preview the report, or click Print (Ctrl+P) to print the report.
4. From the Printer Form screen, select the desired printer.
5. Verify the printer settings. Then, click GO (Ctrl+G).

The 941 Report prints. Remember to save the 941 Report. You'll need it later.
D. Print the Employee Tax Summary

Use the Employee Tax Summary report to balance the difference between gross wages and taxable wages for each tax type. You’ll use the Employee Tax Summary report with the Employee History report and the Annual 941 report to make sure the correct wages will print on the W-2s.

How do I print the Employee Tax Summary?

Print the Tax Summary Report for the entire calendar year. (1/1/YYYY – 12/31/YYYY). Use this report for reviewing tax amounts.

Do this...
1. Open Clarity Payroll > Reports > Employee Tax Summary.
2. Change the report Date Range to select the check issue dates for the entire calendar (01/01/YYYY – 12/31/YYYY).
   • Click Advanced Options in the date area.
   • From the dialog that appears, select Calendar Year Date from the Beginning Date Type.
   • Next, select Calendar Year Date from the Ending Date Type.
   • Click OK.
3. Select the Include Terminated Employees checkbox.
4. Click Preview (Ctrl+Q) to preview the report, or click Print (Ctrl+P) to print the report.
5. From the Printer Form screen, select the desired printer.
6. Verify the printer settings. Then, click GO (Ctrl+G).

The Employee Tax Summary prints. You’ll use the report in step E. Verify Reports.
E. Verify reports

Now that all of the reports have been printed, you’re ready to compare the reports and make sure the transactions are in agreement.

You’ll need to...

• Compare the Annual 941 Report total with the total of all Quarterly 941 Reports for the year.
• Compare the Year-to-Date totals from the 941 Report with the totals found on the Payroll History.

Compare the Annual 941 Report total

Take the Annual 941 Report (Step 3: Print the Annual 941 Report for the Calendar Year) and compare the totals on the Annual 941 Report against the totals on the Quarterly 941 Reports.

Do the totals match?

• Yes, the totals match. You’re in good shape. Keep going!
• No, the totals do not match. You’ll need to find the incorrect transaction and correct it before you continue.

Compare the Year-to-Date totals

Next make sure the year-to-date totals on the Annual 941 Report match the year-to-date totals on the Payroll History report.

Do the totals match?

• Yes, the totals match. You’re done with this section.
• No, the totals do not match. You’ll need to locate the incorrect transaction and correct it before you continue. The year-to-date totals on the Annual 941 Report and Payroll History Report should be the same.
F. Print Additional Annual Reports for the calendar year

Next, print any annual payroll reports for the current year that are required for your site. This step is optional.

For example, these reports might include

- 12-month Pay Code Transaction reports for all pay codes
- Employee Master List

How do I print pay code transaction reports?

Print the Pay Code Transaction Report for the entire calendar year.

Do this...

1. Open Clarity Payroll > Reports > Pay Code Transaction Reports.

2. Change the report Date Range to select the check issue dates for the entire calendar year being closed.
   - Click Advanced Options.
   - When the Report Dates Advanced form displays, select Calendar Year Date as the Beginning Date Type. Next, select Calendar Year Date as the Ending Date Type, located on the bottom row.
   - Click OK.

3. Use the options on the Pay Codes tab to add the pay codes for
   - Social Security Employee Amount,
   - Social Security Employer Amount,
   - Medicare Employee Amount,
   - Medicare Employer Amount, and
   - FWT Employee Amount.
4. Click Preview (Ctrl+Q) to preview the report, or click Print (Ctrl+P) to print the report.

5. From the Printer Form screen, select the desired printer.

6. Verify the settings.

7. Click GO (Ctrl+G).

8. Review the information and amounts on printed report.

9. Correct errors found on the report.

The Pay Code Transaction Report prints. If you need to print other annual reports that are specific to your site, you can print them now.

You are finished verifying the transactions for the calendar year.

You're done with this section. The year-to-date information is correct.
Verify Employee Information

You’ll need to make sure each employee’s record is set up with the correct information. Then you’ll run the Employee Checkout to search for errors in the employee records.

In this section:

- A. Verify the Employee Information
- B. Review the Employee settings
- C. Run Employee Checkout again
A. Verify the Employee Information

Make sure the employee totals and amounts are correct. Print the Payroll History report and use the report to balance the YTD (Year-to-Date) totals with the Annual 941 report.

You’ll need to...
- Print the Payroll History report
- Use the Payroll History report to verify year-to-date range totals

Verify employee totals and amounts

You’ll use the Payroll History report to review employee totals and amounts for the calendar year.

Do this...
1. Review the Payroll History.
2. Verify the employee totals and amounts.
3. Are the employee totals and amounts correct?
   - Yes, the employee totals and amounts are correct. Continue to Second, Verify Year-to-Date Range Totals.
   - No, the employee totals and amounts are not correct. Use Clarity Payroll > Employees > Enter Manual Checks to make corrections. Then, reprint the Payroll History and verify the updated employee totals and amounts are correct.

**Warning!**
Do not throw the Payroll History away.

State and Federal laws require that you keep payroll data for several years. After you have finished using the Payroll History, you should store this report in your archives.

You can use eVerify.com to verify the employee’s Social Security numbers. To use this free service, you may need to group employees into batches of 50 employees or less.

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<th></th>
<th></th>
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The employees’ year-to-date totals are correct.
Verify year-to-date and range totals

Look at the last page(s) of the Payroll History report to verify that the Year-to-Date and the Range totals match.

If the Year-to-Date and Range Totals do not match, there's usually a bad check issue date in one of the periods.

Do the Year-to-Date totals and Range totals match?

- Yes, the totals match. Continue to Step 2: Review Employee Settings on page 34.
- No, the totals do not match. Verify the report date range and reprint the report. If the totals on the reprinted report still do not match, call Customer support.

---

**Payroll History—By Calendar Year**

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<th>Page: 23</th>
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</table>

**Note:** Informational: Tax Reported, and 401k Benefit codes not included in Proof.**

Total Proof:
B. Review the Employee settings

The next step is to review the employee’s Social Security number, W-2 setting, and Subject To options.

You’ll need to...

- Verify the employee’s Social Security number
- Verify the employee’s W-2 and Subject To settings

Verify the employee’s Social Security number

Verify the Social Security Number for each employee is correct.

Do this...

1. Open Clarity Payroll > Employees > Modify Existing Employees.
2. Use the Lookup bar to display the first employee record.
3. Click the Employee tab.
4. Verify the employee’s Social Security Number (SSN).
5. Is the employee’s Social Security number correct?
   - Yes, the employee’s Social Security number is correct. Return to Step 2 in this section to review the next employee’s record.
   - No, the employee’s Social Security number is NOT correct. Click on the Social Security Number field to correct it.

You’ve finished reviewing the Social Security numbers for each employee.
Review the employee’s W-2 and Subject To settings

Review the W-2 settings and Subject To options.

Do this...

1. Open Clarity Payroll > Employees > Modify Existing Employees.
2. Display the first employee record.
3. On the Job tab, review the W-2 setup selections for the employee.

4. On the Wage tab, verify the Subject To options are selected for the employee.

5. Repeat steps 3–4 for each employee.

When all of the employee records have been reviewed, move on to Step 3: Run Employee Checkout Again on page 36.

Important!

If Beginning and Ending dates are incorrect, DO NOT change them. Call customer service to address the issue.
C. Run Employee Checkout again

Now that you've verified the rates/limits for the year you're closing, the next step is to run Checkout. This will help you to discover any errors that need to be corrected before you continue.

How do I run Employee Checkout?

Use Checkout to discover any errors that need to be corrected.

Do this...

1. Open Clarity Payroll > Organization > Checkout.
2. Run Checkout for ALL employees.
3. Verify the Beginning Date and Ending Date.
   These dates should default to the year being closed. The routine will scan and check the data for the selected year.
4. Click GO (Ctrl+G).
5. Correct any errors listed on the Checkout report.
   The employee information is error free.
Verify Leave Time Information

First, you’ll need to verify the leave time transactions and verify the carryover limits in the Leave tables. Then you’ll adjust the carryover hours for the following calendar year.

In this section:

• A. Print the Leave Report
• B. Verify Carryover Limit in Leave tables
• C. Run Adjust Carryover Hours
A. Print the Leave Report

You will use the Leave Report to verify the leave time balances for all employees.

You will need to...
- Print the Leave Time report
- Verify the employee’s leave time balances

Print the Leave report

Print a Leave Time Report to verify the leave time balances for all employees.

Do this...
1. Open Clarity Payroll > Reports > Leave Report.
   - The report Date Range will default to the current pay period.

   Important!
   Do NOT change the date range. Year-to-Date (YTD) totals will be listed on the current pay period’s report. There is no need to change the dates.

2. Click Preview (Ctrl+Q) to preview the report, or click Print (Ctrl+P) to print the report.
3. From the Printer Form screen, select the desired printer.
4. Verify the settings.
5. Click OK.

The Leave Report is printed.
Verify Leave Time balances

Use the Leave report to review the leave time balances for each employee. You'll need to fix leave time errors before you continue.

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<th>Rate</th>
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Leave Report—By Number

Are the employees’ leave time balances correct?

- Yes, the employees’ leave time balance are correct. Continue to Step 2: Verify Carryover Limits in Leave Tables on page 40.
- No, the employees’ leave time balance are not correct. Use Employees > Enter Leave Time Adjustments to enter a correction.
B. Verify Carryover Limit in Leave tables

Each Leave Rate may have carryover limits defined. Carryover limits specify the number of hours that may be carried over from the previous year into the next year at year-end. Follow the instructions in this step to verify the carryover limits for each leave rate that is in use in your organization.

You will need to...
- Determine if you need to complete this step
- Set up the carryover limit adjustment

Confirm use of carryover limit

Answer these two questions to determine if you need to adjust the carryover limit.

Does your organization use carryover limits?
- Yes, my organization uses carryover limits. Complete this step.
- No, my organization does not use carryover limits. Skip to Print W-2s on page 45.

Does your organization allow certain hours to carryover to the new year?
If your organization’s leave policy allows employees to carry certain leave hours into the new year, you will need to review the Leave Rate properties.

Tip! If the last pay period of the year does not include the last day of the month (for example, when a biweekly pay period ends on December 26), you will need to wait to run Adjust Carryover Limits until you run Payroll for the first pay period of the following year.
Set up the carryover limit adjustment

The carryover limit adjustment specifies the number of hours that may be carried over from the previous year to the next year at year-end. You can use these instructions to set up, modify, or verify the carryover limit adjustment.

Do this...
1. Open Clarity Payroll > Organization > Leave Rates.
2. Look up the leave rate number.
3. Click on Adjust to Carryover At and select the appropriate carryover option to adjust any excess hours accumulated to the Carryover Limit.

For example, Calendar Year-end, Anniversary Date, or Fiscal Year-end.

4. Click the Levels tab.
5. Review the Carryover Limit for each leave time rate.

Notice that different levels within this Leave Rate may have different Accumulation and Carryover Limits.

The carryover limits for each leave time level have been verified.
C. Run Adjust Carryover Hours

Adjust excess leave time hours at year-end to match the carryover limit. You do not need to complete this step if you are not adjusting carryover hours.

You will need to...
- Back up the Payroll database
- Adjust leave carryover hours

**IMPORTANT!**
- Perform these steps only if **Adjust to Carryover At** is set to **Calendar Year-end**.
- Run this routine in the pay period that includes 12/31 in the calendar year.

Back up the Payroll database

Back up the files created during the current year in Payroll. Follow these instructions to make a temporary copy of the Payroll database. You will need the backup copy if you need to restore transactions that will be deleted from the database.

To make a permanent backup, contact your IS/IT department.

Do this...
1. Open Clarity System Management > System Tools > Exchange Data.
2. Click Send Data.
3. Click Full.
4. Use the File Name field to enter a name for the backup file.
   Example: AnycityUT.PR0.YearEnd.Backup
5. Click Data Path.
6. Click Browse.
   Use the options in the Browse for Folder to locate your CSLDATA/BACK-UP folder. Click OK.
7. Click the Databases tab.
8. In the Tasks area, click Add a Database. Use the options on the Add Database form to select the server and database. Click OK.
   Example: PR0_AnycityUT

What if I don’t know the server name? Click the Options tab, and then click Load Data to Server. The server name will display in the Load Data to Server field. Remember to switch the form settings back to “Send Data” BEFORE continuing to the next step.
9. Click **GO** (Ctrl+G).
10. When the backup is finished, click **Yes** to exit.

The Payroll backup is finished.

**Run Adjust Leave Carryover Hours**

Adjust the employee leave time to match the carryover limits defined in the previous step. This routine will reduce the carryover hours based on the Leave Rate limits.

**Do this...**
1. Open **Clarity Payroll > Employees > Adjust Leave Carryover Hours**.
2. Read the notice on the screen.

**Important!**
Be sure you have a backup of your Payroll files before you continue.

This routine will adjust employee leave time carryover based on the settings for the selected leave time rates, as described on the screen. You may change the Pay Codes and/or Leave Rates, as necessary for your site.
3. Select the pay codes and leave rates to adjust.

4. Click **GO** (Ctrl+G).

The employee leave time has been adjusted to the carryover limit.
Print W-2s

First, you’ll convert the year-end tax information and make sure it’s correct. Then you’ll print the W-2s and create the Electronic W-2 File.

**Important!**

If you find errors in the sample W-2s, you will need to make corrections in Payroll. Then, go back to Verify Employee Information on page 31 and repeat all of the steps until the sample W-2s are correct.

---

**Tip!** When you complete these tasks, the W-2s will be ready for printing. If the actual W-2s will not be printed at this time, they should be printed as soon as possible after performing the year-end steps as possible. You may wish to schedule the print job for a time when printer traffic is low.

---

**In this section:**

- A. Back up the current year’s payroll data
- B. Convert year-end tax information
- C. Check the conversion printout
- D. Verify the organization’s W-2 information
- E. Run Checkout W-2 Employees
- F. Print Sample W-2s to scratch paper
- G. Enter corrections in the Payroll system
- H. Print actual W-2s
- I. Create the Electronic W-2 File
A. Back up the current year’s payroll data

Back up the files created during the current year in Payroll. Follow these instructions to make a temporary copy of the Payroll database. You will need the backup copy if you need to restore transactions that will be deleted from the database.

To make a permanent backup, contact your IS/IT department.

Do this...
1. Open Clarity System Management > System Tools > Exchange Data.
2. Click Send Data.
3. Click Full.
4. Use the File Name field to enter a name for the backup file.
   Example: AnycityUT.PR0.YearEnd.Backup
5. Click Data Path.
6. Click Browse.
   Use the options in the Browse for Folder to locate your CSLDATA/BACKUP folder. Click OK.
7. Click the Databases tab.
8. In the Tasks area, click Add a Database. Use the options on the Add Database form to select the server and database. Click OK.
   Example: PR0_AnycityUT
   **What if I don’t know the server name?** Click the Options tab, and then click Load Data to Server. The server name will display in the Load Data to Server field. Remember to switch the form settings back to Send Data BEFORE continuing to the next step.
9. Click GO (Ctrl+G).
10. When the backup is finished, click Yes to exit.

The Payroll backup is finished.
B. Convert year-end tax information

Migrate the employee information from Payroll to the W-2 and 1099 Reporting application.

Do this...
1. Open Clarity Payroll.
2. Select W-2 and 1099 Reporting.
   This will open the Caselle Clarity W-2 and 1099 Reporting application.
3. Select Convert Year-end Tax Information.

The Convert Payroll Information for the Tax Year displays the current payroll year.

4. Verify the amounts in the Maximum Wage Limits.
   The Maximum Wage Limits for Social Security and Medicare are saved in the Pay Codes table.
5. Click **GO** (Ctrl+G).

The routine processes the employee information and prints a conversion report.

### Convert Year-end Tax Information report

The W-2 and 1099 information has been moved to the W-2 and 1099 Reporting application.
C. Check the conversion printout

Compare the Conversion report to the employee amounts on the Payroll History report or Employee Tax Summary report (see Verify Year-to-Date Information on page 22).

Do the employee amounts on the Conversion report match the employee amounts on the Payroll History report?

- Yes, the amounts match. Good news! Continue to Step 4: Verify the Organization's W-2 Information.
- No, the amounts do not match. First, you’ll need to use Payroll > Employees > Modify Existing Employees to look up the employee’s record and update it with the correct information. Then return to Verify Employee Information > Run Employee Checkout Again on page 36 to continue.

Why do I need to repeat steps I’ve already finished?

You’ll want to complete all of the steps in the checklist to make sure the changes are updated correctly BEFORE you print the W-2s.
D. Verify the organization’s W-2 information

Use the information in W-2 Employees to verify the converted W-2 information. Then, use 1099 Recipients to verify the converted 1099 information.

You will need to...
- Verify the converted W-2 information
- Verify the converted 1099 information

Verify the converted W-2 information

You’ll want to check that the W-2 information that was converted from the Payroll application is correct.

Do this...
1. Open Clarity W-2 and 1099 Reporting > W-2 Employees.
2. Review each employee record carefully.
3. Is the W-2 information on the employee record correct?
   - Yes, the employee’s W-2 information is correct. Press F6 to display to the next employee record.
   - No, the employee’s W-2 information is NOT correct. First, you’ll use Payroll > Employees > Modify Existing Employees to look up the employee record and enter the correct W-2 information. Then you’ll return to Run Employee Checkout Again on page 36.
4. When you have reviewed the W-2 information on every employee record, you’re ready to move on to Second, Verify the Converted 1099 Information.

The converted W-2 information is correct.

Verify the converted 1099 information

You’ll also want to make sure the 1099 information that was converted from the Payroll application is correct. You only need to complete this step if you have 1099 employees.

Do this...
1. Do you have 1099 employees?
   - Yes, I have 1099 employees. Complete this section.
   - No, I do not have 1099 employees. Skip to Step 5: Run Checkout W-2 Employees on page 52.
2. Open Clarity Payroll > W-2 and 1099 Reporting > 1099 Recipients.

3. Review each 1099 Recipient record carefully.

4. Is the 1099 information on the employee record correct?
   - Yes, the employee's 1099 information is correct. Press F6 to display to the next employee record.
   - No, the employee’s 1099 information is NOT correct. First, you’ll use Payroll > Employees > Modify Existing Employees to look up the employee record and enter the correct 1099 information. Then you’ll return to Run Employee Checkout Again on page 36.

4. When you have reviewed the 1099 information on every employee record, you’re ready to move on to Step 5: Run Checkout W-2 Employees on page 52.

The converted 1099 information is correct.
E. Run Checkout W-2 Employees

Search for errors in the converted W-2 and 1099 data.

You’ll need to...
- Check W-2 employees for errors
- Check 1099 recipients for errors

Check W-2 employees for errors

This routine will search for errors in the W-2 Employee information.

Do this...
1. Open Clarity W-2 and 1099 Reporting > Checkout W-2 Employees.
2. Double-click Column.

The Selection form displays.

3. Double-click Employee.Employee Number to select it.

The Employee.Employee Number field displays in the Selected Selection Criteria Fields list.
4. Click **OK**.

5. Select all of the checkboxes on the form.

6. Click **GO** (Ctrl+G).

7. Click **Preview** (Ctrl+Q) to preview the report, or click **Print** (Ctrl+P).

8. Is the Checkout report free from errors?
   - Yes, the Checkout report is free from errors. Great job! You're ready to check the W-2 information for errors.
   - No, the Checkout report is NOT free from errors. First, you'll use Payroll > Employees > Modify Existing Employees to look up the employee record and enter the correct W-2 information. Then you'll return to **Run Employee Checkout Again** on page 36.

When the Checkout report prints *No W-2 Errors Found*, you're ready to move on to the next step.

---

**Tip!** If there are employees at your site with more than one employee number, and who are receiving multiple W-2s, you may wish to provide them with a single W-2.

For instructions on combining multiple W-2s, complete the section on *How Do I Combine Multiple W-2s* on page 55. If this does not apply to your site, continue to **Print Sample W-2s to Scratch Paper** on page 56.

---

**Note:** If a warning displays that there are more pay codes marked for any one box than will fit on a single W-2 for an employee when you complete **Convert Year-end Tax Information**, then you will not be able to combine the W-2s.
☐ Check 1099 Recipients for errors

Next, run Checkout 1099 Recipients to search for errors in the 1099 Recipient information.

Do this...
1. Open Clarity W-2 and 1099 Reporting > Checkout 1099 Recipients.
2. Double-click Column.

The Selection form displays.
3. Double-click Recipient.Name to select it.
   The Recipient.Name field moves to the Selected Selection Criteria Fields list.
4. Click OK.
5. Select all of the checkboxes.
6. Click GO (Ctrl+G).
7. Click Preview (Ctrl+Q) to preview the report, or click Print (Ctrl+P).
8. Is the Checkout report free from errors?
   • Yes, the Checkout report is free from errors. Nice! You’re ready print sample W-2s to scratch paper.
   • No, the Checkout report is NOT free from errors. First, you’ll use Payroll > Employees > Modify Existing Employees to look up the employee record and enter the correct 1099 Recipient information. Then you’ll return to Run Employee Checkout Again on page 36.

When the Checkout report prints No 1099 Recipient Errors Found, you’re ready to move on to the next step.
How do I combine multiple W-2s?

Use these instructions to merge W-2s when the application creates more than one W-2 for the same employee. This step is optional. You can skip it if you don’t need or want to combine W-2s.

Do this...

1. Use the W-2 Conversion Report (created in Convert Year-end Tax Information on page 47) to find all employee numbers that belong to this employee.

2. Manually combine the totals for each W-2 field for this employee, and make a note of the new totals on the W-2 Conversion Report.

3. From the W-2 and 1099 Reporting Main Menu, select W-2 Employees.

4. Use the Lookup bar to enter the employee number. Press Enter.

   You’ll want to display the employee record that you wish to keep for this employee.

5. Click the Wage Information tab > General subtab.

6. Type the new totals into each of the W-2 fields.

   This is the W-2 record that you’ll save with the employee’s combined W-2 information.

7. Now display the employee record that you wish to discard for this employee.

8. Click Delete (Ctrl+D).

   The W-2 record is deleted.

The W-2s have been combined.
F. Print Sample W-2s to scratch paper

Use the W-2s Report to print the W-2 information to plain paper. The W-2s Report will print the information to the boxes on the W-2 Form. You will need to make sure the information is correct and appears in the correct fields on the W-2 Form. If the W-2 Forms print correctly, you can print the final W-2 Forms right now or you can wait until later.

Important!
If you find errors in the sample W-2s, you will need to make corrections in Payroll. Then, go back to Verify Employee Information on page 31 and repeat all of the steps until the sample W-2s are correct.

Do this...
1. Open W-2 and 1099 Reporting > W-2s.
2. Select the form style from the Report Title drop-down list.
   If you don’t know which report title to select, use the IRS Tax Forms Reference Sheet on the following page to find the tax form that you are using. Then, select the tax form name that corresponds to the report title.
3. Load scratch paper in the printer.
4. Now, click Print (Ctrl+P).

Sample W-2 printed on plain paper

Important!
If you find errors in the sample W-2s, you will need to make corrections in Payroll. Then, go back to Verify Employee Information on page 31 and repeat all of the steps until the sample W-2s are correct.
## IRS Tax Forms Reference Sheet

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<th>W-2/1099 Descriptions</th>
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<th>Safeguard Form Numbers</th>
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<td>FORM 5175</td>
<td>BR4UP05</td>
<td>1099 Retirement 4-Up Box</td>
</tr>
</tbody>
</table>
G. Enter corrections in the Payroll system

Carefully check the printed sample W-2s to make sure the W-2 information is printed in the correct position AND the correct information is displayed in each field.

Do this...

1. Review the sample W-2s one by one.

2. Did the W-2 information print in the correct position on the sample W-2?
   - Yes, the information prints in the correct position on the sample W-2. Good news again.
   - No, the information does not print in the correct position on the sample W-2. You may need to adjust the W-2 form layout or printer settings. Customer service can help you make these adjustments.

3. Is the correct information printed on the sample W-2?
   - Yes, the correct information prints on the sample W-2. That’s good news.
   - No, the correct information does not print on the sample W-2. First, you’ll use Payroll > Employees > Modify Existing Employees to look up the employee record and enter the correct information. Then you’ll return to Run Employee Checkout Again on page 36 and complete all of the steps up to this point.

The sample W-2s are correct.
H. Print actual W-2s

You are ready to print the W-2 information to the W-2 Forms. Even though you can wait until later to print the W-2 Forms it’s best to print the W-2 Forms as soon as possible after you complete the Payroll Year-end Checklist.

Do this...

1. Do you want to print the W-2 Forms now?
   - Yes, I want to print the W-2 Forms now. Complete this section to print the W-2 information to the actual W-2 Forms.
   - No, I want to wait to print the W-2 Forms. If the actual W-2 forms will not be printed at this time, go on to the Finishing Up on page 62.

   Tip! If the actual W-2s will not be printed at this time, they should be printed as soon as possible after performing the year-end steps.

2. Load the W-2 Forms into the printer.
   You may wish to wait for a time when the print job will NOT be interrupted.

3. Click Print (Ctrl+P).

   The W-2 information is printed on the W-2 Forms.
I. Create the Electronic W-2 File

Answer these two questions to determine whether or not you need to create an Electronic W-2 File.

Do you use AccuWage (irs.gov) to report W-2 information?

- Yes, we use AccuWage. You need to complete this step to create an Electronic W-2 File.
- No, we do NOT use AccuWage. You do not need to complete this step unless you wish to file W-2s electronically.

Do you have more than 250 employees at your site?

- Yes, there are more than 250 employees at my site. You may be required to submit your W-2 information electronically. Complete this section to create an Electronic W-2 File.
- No, there are less than 250 employees at my site. You can submit your W-2 information according to the instructions that have been provided to you by the IRS, or you can file W-2s electronically.

If you answered yes to one or both of the previous questions, or you wish to file W-2s electronically, complete these steps to create an Electronic W-2 File.

If you answered no to both questions, skip this step and continue to Finishing Up on page 62.

Create an Electronic W-2 File

Set up the properties to create the Electronic W-2 File.

Do this...

1. Open Clarity Payroll > W-2 and 1099 Reporting > Create Electronic W-2 File.

Create Electronic W-2 File is an add-on module that is purchased separately. You can contact Caselle Sales if you're interested in purchasing this module.

2. Fill in the Tax Year, File Name, Authorized Employee’s PIN, and select the report type.
3. Click GO (Ctrl+G).
4. Download the AccuWage software from the irs.gov website to test the Electronic W-2 File.

5. Install the AccuWage software.

6. Use the AccuWage application to test the Electronic W-2 File.

7. Did the AccuWage application load the Electronic W-2 File correctly?
   - Yes, the Electronic W-2 File loaded correctly. Wonderful! Continue on to the next step.
   - No, the Electronic W-2 File did not load correctly. Call Caselle support for assistance. They can help you with troubleshooting.

8. Exit the W-2 and 1099 Reporting module and return to the Payroll main menu.

The Electronic W-2 File is created.

STOP IMPORTANT!

Be sure ALL current year payroll reports and updates to the General Ledger have been completed BEFORE proceeding to the next step.
Finishing up

IMPORTANT!

Be sure ALL current year payroll reports and updates to the General Ledger have been completed BEFORE you complete this step.

First, you’ll close the current payroll year. Closing the payroll year means the transactions will be locked. Then you’ll update the new Federal and State tax rates. When you’re done, the Payroll application will be ready to go for the new payroll year.

In this section:

- A. Close year-end
- B. Enter new Federal tax rates
- C. Enter new State tax rates
- D. Print a new Payroll Prelist
A. Close year-end

Once you have completed the previous steps, performing the Year-end Closing is simple. This step will close the current year and roll over leave time to the new year.

Do this...

1. Open Clarity Payroll > Organization > Close Year-end.
2. Verify the new Current Year listed on the screen.
   The year-end closing will close out the previous year and set the system to the new current year.

3. Click GO (Ctrl+G).
   When the Year-end Closing is complete, a dialog box will appear.
4. Click OK.
   The Payroll year is closed.

Final Steps

Running the Year-end Closing is the last official step in the Year-end Closing Checklist. If you haven’t already printed the W-2 Forms, you should print them as soon as possible after completing the Year-end Checklist.

The next steps will help you get Payroll ready for the new year.
B. Enter new Federal tax rates

STOP!

DO NOT load the new tax rate information until AFTER the Payroll Year-end steps have been completed.

In this step, you will load the Federal tax rates for the new year. This is a two-step process. First, you need to enter the new Federal Social Security rates. Then, you need to enter the new federal withholding tax rates.


Enter the new Federal Social Security rates


You can also find the Federal tax rates in the IRS Publication 15—Circular E, Employer’s Tax Guide. If you do not have a copy of this publication, you may wish to request one from the IRS for your records.

Do this...

1. Open Clarity Payroll > Organization > Pay Codes.
2. Select the Social Security pay code in use at your site.
3. On the Employee tab > Employee subtab:
   • Enter the Maximum Wage Limit for the new year.
   • Enter the new Social Security Rate Percentage for employee and employer.

 Earned Income Credit (EIC)

The Earned Income Credit (EIC) was discontinued after December 31, 2010.
Where can I find the Maximum Wage Limit and Social Security Rate Percentage for Employees and Employers? Check the [irs.gov](https://irs.gov) website.

4. On the **Employer tab > Employer subtab**, repeat Step 3 to enter the percentage and maximum wage limit for the employer’s side.

The Federal Social Security rates have been updated.
Enter the new Federal withholding tax rates

The Federal withholding tax rates are updated each year by the Federal government. The withholding tax on wages includes income tax, Social Security, and Medicare. Follow these steps to update the Federal Withholding Tax Rates in the application with the rates for the new year.

Do this...

1. Open Clarity Payroll > Organization > Calculation Tables.
2. Enter Federal—Single in the Calculate Table Name field.

3. Use the Calculation Table tab to enter the Federal Withholding Rates table information for the Single status.
4. Click the Modifiers tab.
5. Enter the FWT Exemption Amount for the new year.
6. Enter the Federal—Married in the Calculate Table Name field.
7. Use the Calculation Table Name field to enter the new Federal Withholding Rates table information for the Married status.
8. On the Modifiers tab, enter the FWT Exemption Amount for the new year.
9. Click Close.

The new Federal Withholding Tax rates have been entered.
C. Enter new State tax rates

The state tax rates are specific to each state. Follow these instructions to load the new state tax rates in the Calculation Tables.

| Tip! Not all states have State Withholding Tax Rates. For those that do, modifications to the rates and notification of changes to employers may be handled differently by each state. For more information about your state’s withholding tax rates and any changes that may have been made for the new year, you will need to contact the appropriate state agency. (In other words, the State Tax commission for your state, etc.) |

Do this...

1. If your state has a State Withholding Exemption rate, open Clarity Payroll > Organization > Calculation Tables.
2. Enter the calculation table name in the Calculation Table Name search field. Press Enter.
   For example, State - Married, State - Single, and so on.
3. Use the State Withholding Rates document from the State Tax commission to update the calculation table with the state withholding rates for the new tax year.
4. Click the Modifiers tab.
5. Review the tax rate information on the Modifiers tab for the new year.
6. Repeat step 2 through 5 for each Marital Status.

The new state tax rates have been entered.
Congratulations!

You’re done with the Payroll Year-end Checklist and you’re ready to run the first payroll of the new year.
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