DATE: December 06**, 2016**
SUBJECT: **2016** Year End Instructions for Visual ContrAcct Customers

The end of **2016** is quickly approaching. Now is the best time to review your payroll records, review new filing deadlines, review electronic filing requirements and make sure everything is in order.

Visual ContrAcct Update Available for 2016 Year End
- 1095-C Printed Form - Requires report update for 2016 form.
- 1094-C Printed Form - Requires report update for 2016 form.
- 1095-C/1094-C Electronic Filing - Requires full Visual ContrAcct update for 2016 upload.
- 1096 Form – Requires report update for 2016 form and Crystal Reports or Crystal Report Viewer.

Email support@jobcost.com to request an update for the 2016 1095-C form, 1094-C form, 1096 form or a full update for 1095-C/1094-C Electronic Filing. Updates are FREE for customers with a support contract.

1) 2016 AFFORDABLE CARE ACT 1095-C/1094-C FORM REPORTING – EMPLOYEES/IRS
   (Visual ContrAcct does NOT support 1095-C/1094-C self-insured filing.)
   You are responsible for determining IF you must file form 1095-C/1094-C to <u>employees</u> and the <u>IRS</u> and how to complete and file the forms. Contact your accountant for guidance.

2) LOOK OVER LAST YEAR'S W-2, 1099 and 1095-C/1094-C FILES TO REFRESH YOUR MEMORY
   Since it's been almost a year, you should review last year's file for any unusual items that required special reporting (group-term life insurance, sick pay, automobile usage, etc.). If you had to report them last year, you'll most likely have them this year as well.

3) REVIEW YOUR **2016** RECORDS FOR ANY UNUSUAL ITEMS
   If you are not sure whether or not something requires special reporting, check with your accountant. After your accountant tells you what it is and how to report it, we can show you how to put it into your payroll system.
   Reminder: Employers filing 250 or more W-2 forms, you may be required to report the Cost of Employer-Sponsored Health Coverage on W-2 forms and Electronic Filing. Please contact your accountant for assistance. If you are required to report coverage you MUST follow attached instructions **PRIOR** to closing Visual ContrAcct Payroll for 2016.

4) ENTER TIMECARDS FOR SPECIAL ITEMS **BEFORE** THE LAST PAYROLL OF **2016**
   If you have group-term life, auto usage and/or TAXABLE third party sick pay for **2016** and you have NOT been including these items in gross wages throughout the year, you need to do so now by entering timecards. Employees generally need to have payroll taxes withheld from these special items, and if you leave it to the last minute, you (the employer) may find yourself paying the employees' portion of the taxes as well as your own. If you are new to this procedure, please call the support department for complete instructions (this call is free to those customers with support contracts).

5) COMPLETE YOUR LAST PAYROLL OF THE CALENDAR YEAR
   The government requires you report earnings based on the **check date**, your last payroll for **2016** is the pay period ending date in 2016 with the final **pay date/check date** in **2016**. For example, if your payroll period ends on Saturday and you normally date your checks the following Thursday, your last payroll for **2016** would be pay period ending date December 24, **2016,** paid (check date) on December 29, **2016**.

To clarify: In above calendar, December 31, 2016 is a Saturday in 2016, your normal check date would be a January 2017 date. This means pay period ending December 31, 2016 <u>is the 1st 2017 payroll</u>. Close the calendar year BEFORE processing a payroll ending on December 31, 2016, paid in 2017.

6) COMPLETE THE ATTACHED CALENDAR YEAR END CHECKLIST – PAYROLL
When you are <u>absolutely sure</u> you will NOT have a payroll check with a 2016 date, follow the checklist steps for Payroll. You will print quarterly reports, miscellaneous year-end reports, W-2 Totals report, create electronic upload file (if required), backup and zero the employee Y-T-D amounts and change the Payroll tax tables. **2017 Federal tax changes will be emailed as soon as we receive them.**

If your **FISCAL** year also ends on December 31st, you <u>must</u> complete the attached Fiscal Year-End Checklist <u>for Payroll</u>. The checklists include procedures for closing the year for other modules. These steps should be completed after you have closed December and before closing January for each module.

7) PROCEED WITH YOUR FIRST PAYROLL FOR THE NEW YEAR

8) 1095-C/1094-C FORM REPORTING FOR APPLICABLE LARGE EMPLOYERS (ALE)
Contact your accountant immediately to determine if you must file and how to complete forms. If you determine you will file Affordable Care Act 1095-C/1094-C to EMPLOYEES BY 01/31/17 and IRS, enter or import 1095-C data into the 2016 employee history file.

9) <u>Reminder:</u> ILLINOIS DEPARTMENT OF REVENUE – ELECTRONIC FILING
Employers filing 250 or more W-2 forms review http://www.revenue.state.il.us/ElectronicServices/ElectronicW2.htm

Electronic W-2 Transmittal Program General Information Payroll providers and employers may transmit W-2 and W-2c returns to Illinois using the Social Security Administration's EFW2 and EFW2C format. Participation is mandatory for all payroll providers who file payroll returns and complete W-2s for employers of any size and all employers who are required to electronically transmit W-2s to the federal government (Social Security Administration). Participation is voluntary for employers who do not meet the above requirements. The file transmission to Illinois is separate from the transmission to the Social Security Administration….

The W2Report file created from Visual ContrAcct Reports > Payroll > Year End > W2 Electronic Filing (EFW2) which is sent to the federal government can also be sent to Illinois Department of Revenue for W-2 returns.

VISUAL CONTRACCT - Calendar Year End Checklist

COMPANY NAME

MONTH / YEAR

PAYROLL -

1. Print 4th Quarter Reports > Reports > Payroll > Quarterly

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2. Print Year End Reports
   Reports > Payroll > Year End > 941
   Reports > Payroll > Year End > SWT, Local & SDI (State Withholding Tax)
   Reports > Payroll > Year End > Federal Unemployment (FUT)
   Reports > Payroll > Year End > State Unemployment (SUT)
   Reports > Payroll > Year End > W2 Totals
W2, 1095-C, 1094-C forms & Electronic filing should be done later using the employee history file (step 6).
   Reports > Payroll > Year End > W2 Forms
   Reports > Payroll > Year End > W2 Electronic Filing (EFW2)
   Reports > Payroll > 1095-C Forms
   Reports > Payroll > 1094-C Forms

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3. Print Calendar YTD Reports
   Reports > Payroll > Calendar YTD > Hours & Wages
   Reports > Payroll > Calendar YTD > Wages
   Reports > Payroll > Calendar YTD > Hours
   Reports > Payroll > Calendar YTD > Total Wages-Taxes-Deductions=Net

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4. Print Monthly Report > Reports > Payroll > Monthly > 401K Deduction Report
Note: Use beginning and ending dates for pay periods in your calendar year.

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5. Print Miscellaneous Reports > Reports > Payroll > Miscellaneous > Deduction
Note: Use beginning and ending dates for pay periods in your calendar year.

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6. Back up Year End Employees and Zero Calendar YTD Employee Totals
   Admin > Payroll > Year End > Backup Year End Employees and Zero YTD Totals

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7. Make Changes to Federal and State Tax Tables
   Admin > Payroll > Tax Tables > Federal
   Admin > Payroll > Tax Tables > State/Local
Note: Check exemption amount, unemployment rate, FICA rates and limits plus single and married tables.

ACCOUNTS PAYABLE

 1. Print Vendor Calendar Trial Balance Report > Reports>Accounts Payable>Vendor List
Note: Select "include balances" and select beginning and ending months of calendar year.

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2. Print 1099 - Misc Forms > Reports > Accounts Payable > 1099 Forms
Note: 1096 Crystal Report Form – if you print this form with Crystal Reports or Crystal Report Viewer, contact
support@jobcost.com **to receive revised 2016 format.**

ACCOUNTS RECEIVABLE
1. Print Customer Calendar Trial Balance Report > Reports > Accounts Receivable > Customer List
Note: Select "include balances" and select beginning and ending months of calendar year.

JOB COST
1. Print Job Calendar Year End Reports
   Reports > Job Cost > Balance-**Select "totals only" and select beginning and ending months of calendar year.**
   Reports > Job Cost > Detail Ledger-**Select beginning and ending months of calendar year.**

GENERAL LEDGER
1. Print Calendar Year End Detail Ledger > Reports > General Ledger > Detail Ledger
Note: Select beginning and ending months of calendar year.

VISUAL CONTRACCT - Fiscal Year End Checklist

COMPANY NAME

MONTH / YEAR

PAYROLL

1. Print Fiscal YTD Reports
    Reports > Payroll > Fiscal YTD > Hours
    Reports > Payroll > Fiscal YTD > Wages

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2. Zero Employee Fiscal YTD Totals
    Admin > Payroll > Year End > Zero Employee Fiscal Year Totals

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ACCOUNTS PAYABLE

1. Print Vendor Fiscal Trial Balance Report
    Reports > Accounts Payable > Vendor List
NOTE: Select "include balances" and select beginning and ending months of fiscal year.

ACCOUNTS RECEIVABLE

1. Print Customer Fiscal Trial Balance Report
    Reports > Accounts Receivable > Customer List
NOTE: Select "include balances" and select beginning and ending months of fiscal year.

JOB COST

1. Print Job Fiscal Year End Reports
    Reports > Job Cost > Balance
NOTE: Select beginning and ending months of fiscal year.
    Reports > Job Cost > Detail Ledger
NOTE: Select beginning and ending months of fiscal year.

GENERAL LEDGER

1. Print Fiscal Year End Detail Ledger
    Reports > General Ledger > Detail Ledger
NOTE: Select beginning and ending months of fiscal year.

<div align="center">
VISUAL CONTRACCT SYSTEMS
SPECIAL EARNINGS ON W2 FORMS BEFORE THE LAST PAYROLL
COST OF EMPLOYER-SPONSORED HEALTH COVERAGE
RECORD THE AMOUNT PER PAY PERIOD
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1. ENTER A CLEARING ACCOUNT – File > GL > Accounts . . . .
    A clearing account is a general ledger account, usually titled "Clearing" or "Suspense" or "Exchange". Its function is to be the GL account for several transactions that require entry into one or more subsystems (PR, AP, etc...) but generally net to zero after all parts of the transaction have been entered properly. Ask your accountant for an appropriate Account ID.

2. ADD A DEDUCTION FOR "Cost of Employer –Sponsored Health Coverage" – Admin > Payroll > Deductions/Addons/Fringes . . .
    a. GL AcctID = clearing account
    b. W-2 Box = 12
    c. W-2 Code = DD

3. ADD A DEDUCTION FOR "Cost of Employer –Sponsored Health Coverage **OFFSET**" – Admin > Payroll > Deductions/Addons/Fringes . . .
    a. GL AcctID = clearing account
    b. W-2 Box = Should be empty
    c. W-2 Code = Should be empty

4. CHECK YOUR PAYROLL DEBIT TABLE – Admin > Payroll > Debit Accounts . . . .
    Make sure that the clearing account appears in your payroll debit table. If you need to add it, you must also put account numbers in the other fields (FICA, FUTA, etc...) - check with your accountant or controller if you are not sure what to use for these other fields

5. ENTER THE DEDUCTION ON THE EMPLOYEE FILE – File > Payroll > Employees > Deductions . . . .
    Enter a deduction for the Cost of Employer – Sponsored Health Coverage deduction code
    a. Type = Amount
    b. Frequency = Every
    c. Rate = POSITIVE amount of the cost of health coverage per pay period.
    d. Maximum = 0.00
    e. Accumulated = 0.00

    Enter a deduction for the Cost of Employer – Sponsored Health Coverage **OFFSET** deduction code
    a. Type = Amount
    b. Frequency = Every
    c. Rate = NEGATIVE amount of the cost of health coverage per pay period.
    d. Maximum = 0.00
    e. Accumulated = 0.00

1. ENTER A CLEARING ACCOUNT – File > GL > Accounts . . . .
    A clearing account is a general ledger account, usually titled "Clearing" or "Suspense" or "Exchange". Its function is to be the GL account for several transactions that require entry into one or more subsystems (PR, AP, etc...) but generally net to zero after all parts of the transaction have been entered properly. Ask your accountant for an appropriate Account ID.

2. ADD A DEDUCTION FOR "Cost of Employer –Sponsored Health Coverage" – Admin > Payroll > Deductions/Addons/Fringes . . .
    a.   GL AcctID = clearing account
    b.   W-2 Box = 12
    c.   W-2 Code = DD

3. CHECK YOUR PAYROLL DEBIT TABLE – Admin > Payroll > Debit Accounts . . . .
    Make sure that the clearing account appears in your payroll debit table. If you need to add it, you must also put account numbers in the other fields (FICA, FUTA, etc...) - check with your accountant or controller if you are not sure what to use for these other fields

4. ENTER THE DEDUCTION ON THE EMPLOYEE FILE – File > Payroll > Employees > Deductions . . . .
    a.   Type = Amount
    b.   Frequency = Every
    c.   Rate = amount of the health coverage to show on the W-2 form.
    d.   Maximum = amount of health coverage to show on the W-2 form.
    e.   Accumulated = 0.00

5. ENTER TIME CARD FOR (NON)TAXABLE PAY – File > Payroll > Time Cards > Add . . . .
    a.   Union/Payrate ID should be empty
    b.   Day of Week = N (Non Taxable)
    c.   Dates = dates of the Coverage
    d.   Job and Phase should be empty
    e.   Account# = clearing account
    f.   NonTaxable Amount = amount of the cost of health coverage to show on the W-2 form

6. COMPUTE CHECKS – File > Payroll > Calculate Checks . . . .

7. EDIT CHECK CALCULATIONS – File > Payroll > Review/Void Checks . . .
    If you are not including any taxable wages in this check, zero any deductions, state withholding and federal withholding to make sure the net of this check = $0.00. **NOTE: If you are entering a check for only the nontaxable timecard, the deduction will not calculate. You will need to click on the "Add deduction", click on the correct deduction and manually add the same amount as the NonTaxable amount and make sure the net of the check= $0.00.**

8. PRINT CHECK – File > Payroll > Print Checks . . . .

A W-2 Totals Report should have been run when you closed your calendar year for Payroll.

The W-2 Totals Report should be reviewed before you print your W-2's.

To reprint W2 Totals Report:
Reports > Payroll > Year End > W2 Totals

To print W-2's on preprinted forms:
Reports > Payroll > Year End > W2 Forms

Using the drop down menu, select the year and type in last year's Social Security limit of $118,500.00,
Select the range of employees for whom you want to print W-2's.

We highly recommend you print your W-2's on paper first. You probably have a limited supply of W-2 forms and you do not want to print on the forms incorrectly. After you print the W-2's on paper set the forms next to the paper to check for alignment accuracy.

If you feel confident with the way your forms printed on the paper you should load your forms to print the W-2's.

You will print W-2 forms multiple times, once for each copy needed.
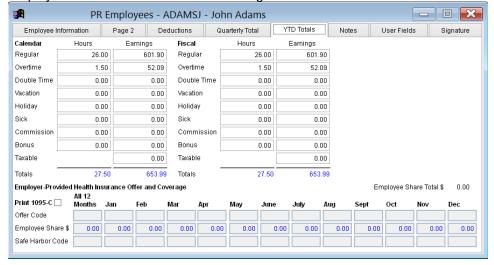
You may reprint the W-2 forms if you have any problems.

Please contact the customer support department at support@jobcost.com or (630)355-8188 for assistance.

1095-C DATA ENTRY FOR EMPLOYEES

File > Payroll – Employee & Employee History
Visual ContrAcct version 10.40.07 or greater includes new fields on Employee and Employee History screens to record Employer-Based Health Insurance Coverage. See "YTD Totals" tab on these screens for these new fields.

A 1095-C form will print from <u>employee history</u> for each employee with both:

> **Print 1095-C checked** – See "YTD Totals" Tab
> **FICA Wages** - See "Quarterly Total" Tab

MANUAL ENTRY OF EMPLOYER-PROVIDED HEALTH INSURANCE OFFER AND COVERAGE
For each employee required to receive a 1095-C form, enter data in:
File > Payroll > Employee or File > Payroll > Employee History.

To allow editing of the values, check the Print 1095-C checkbox. Entering a value into the "All 12 Months" column will copy that value into each of the other fields in that row and disable them. To allow changes to those fields, delete the value in the "All 12 Months" field.

IMPORT EMPLOYER-PROVIDED HEALTH INSURANCE OFFER AND COVERAGE
FROM EXCEL OR CSV FILE
If you will import data, we highly recommend you do this AFTER Payroll Calendar Year 2016 is closed (January 2017).

File > Payroll – 1095-C Import
Imports 1095-C information to employee or employee history file.
Import is compatible with Excel and CSV files (1095-C.xlms or CSV).
Import file specifications can be found at http://www.jobcost.com/wp-content/uploads/2016/09/VC_Readme.txt
Search for "EMPLOYER-PROVIDED HEALTH INSURANCE OFFER AND COVERAGE 1095-C IMPORT FILE"

Dialog allows the following options:

PRINT 1095-C/1094-C FORMS
Reports > Payroll > Year End > 1095-C Forms/1094-C Form (After Payroll Year 2016 is Closed)
The new menu options will launch creation of 1095-C and 1094-C tax forms in Crystal Reports Viewer. Crystal Reports Viewer requires the workstation be configured to print the forms. If you have multiple companies, Visual ContrAcct must be configured to pull correct data for each company when printing the forms. This will be done at the time of the update.

You will NOT purchase forms. The forms and data will print on white 8 ½ x 11 paper with black ink.

The following may be helpful in working through filing requirements with your accountant.

PAYROLL W2 / W3
https://www.irs.gov/pub/irs-pdf/iw2w3.pdf
- W2 Paper Forms to Employee January 31, 2017

- W2/W3 Paper Forms to IRS January 31, 2017
  -or-
  W2 EFW2 Electronic Filing to IRS January 31, 2017

PAYROLL 1095-C / 1094-C
https://www.irs.gov/pub/irs-pdf/i109495c.pdf
- An ALE Member must furnish a Form 1095-C to each of its full-time employees by January 31 of the year following the year to which the Form 1095-C relates. Forms 1095-C for the 2016 calendar year must be furnished by January 31, 2017.

  1095-C Paper Forms to Employee January 31, 2017 (Requires VC report update)

- For calendar year 2016, Forms 1094-C and 1095-C are required to be filed by February 28, 2017, or March 31, 2017, if filing electronically.

  1095-C/1094-C Paper Forms to IRS February 28, 2017 (Requires VC report update)
  -or-
  1095-C/1094-C Electronic Filing through Affordable Care Act (ACA), also known as AIR
  March 31, 2017 (Requires full VC update)

ACCOUNTS PAYABLE 1099 / 1096 MISC
https://www.irs.gov/pub/irs-prior/i1099msc--2016.pdf?_ga=1.116278405.2008556219.1479506086
- 1099 Misc Paper Forms to Recipient box 7 January 31, 2017
- 1099 Misc Paper Forms to IRS box 7 January 31, 2017
- 1096 Misc Paper Forms to IRS box 7 January 31, 2017 (Requires VC report update and CR or CRV)
  -or-
  1099 Electronic Filing of Forms to IRS January 31, 2017