

# ESC ACCOUNTING

## YEAR END 2020 PROCEDURES



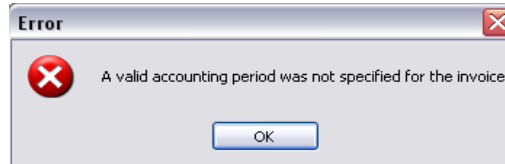
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## CLOSE YEAR TO CREATE NEW ACCOUNTING PERIODS

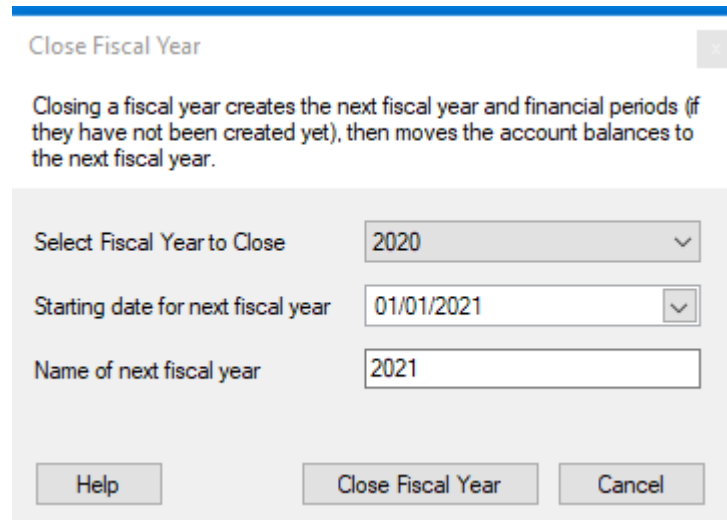
If your fiscal year is the same as the calendar year you will need to close 2020 before you will be able to do anything in 2021.

Closing the year **MUST** be done before you will be able to work in the new fiscal year as this function creates files for the new year. Closing the year also updates opening balances for the Balance Sheet accounts as well as moving Annual Net Profit to the Retained Earnings account. To close the year go to **Company > Close Fiscal Year**. The year can be closed as many times as needed and should be closed regularly while still making entries in the previous year to update the opening balances in the new year. **This is especially important where checking accounts are concerned.**

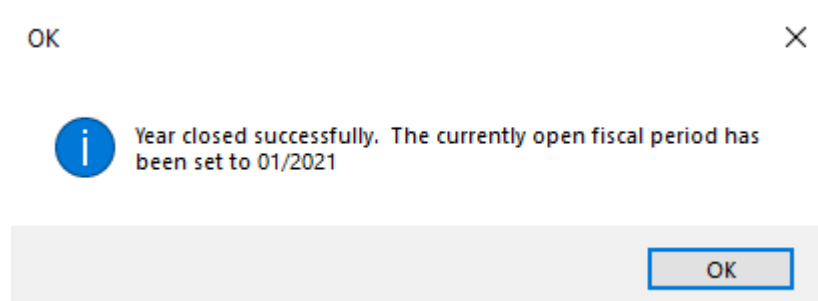
If you get the following or similar error when trying to enter data in 2021:



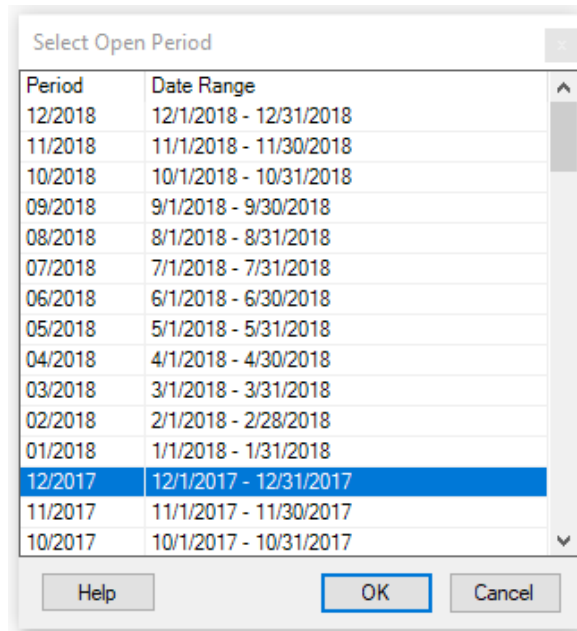
You need to create accounting periods for 2021 by closing 2020. This can be done at any time and will not keep you from working in 2020. To do this, go to **Company > Close Fiscal Year** and select 2020 from the list, then press *Close Fiscal Year*.



Wait for the following prompt:



Once the year has closed successfully you can re-open 2020 by going to **Company > Select Open Accounting Period**, choose the desired accounting period and click *OK*. You can then continue working in 2020 as well as 2021 as long as needed.



**!!!IMPORTANT!!!** Remember to Close Fiscal Year again when work in 2020 is completed or any time you want to update the opening balances for 2021. For example, your opening balance on your checking account will be the closing balance from the last time you closed last year. Closing the year can be done as many times as needed and is the only way opening balances for 2021 are updated.

## BANK RECONCILIATION

Due to the above mentioned statement, before you begin a bank reconciliation it is a good idea to close the year again. It is possible that additional prior year entries have been made since the last close year and you want to make sure you are balancing to the updated checking account balance.

When you enter the Bank Reconciliation screen via **Banking > Reconcile Account** enter the account, statement date and ending balance as usual. If the two difference amounts at the bottom of the screen are not the same (as pictured below) it is an indication that you need to close the year again.

Balance per Bank Statement	<b>345,268.18</b>	0 Deposits Selected	<b>0.00</b>	Ending balance:	<b>-15,442.86</b>
Outstanding Deposits (+)	<b>33,071.55</b>	6 Payments Selected	<b>4,747.50</b>	Cleared balance:	<b>-4,747.50</b>
Outstanding Payments (-)	<b>31,166.45</b>			Difference:	<b>-10,695.36</b>
Adjusted Balance	<b>347,173.28</b>				
Balance per Books	<b>371,574.55</b>				
Difference:	<b>-24,401.27</b>				

If you just started using ESC Accounting in January and this is the very first bank reconciliation in ESC you may need to pre-clear the original backload entry if you see it listed as an outstanding check.

## VENDOR 1099's & 1096 Purchasing Forms

**2020 requires a new 1099NEC form along with your standard 1099MISC form**

1099-NEC	11/18/2019	<small>changes on backers</small> <b>NEW FORM. 1099-NEC created to report Box 7 - Non-Employee Compensation separately from "2019 1099-MISC" due to earlier deadlines</b>
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ESC uses the standard pre-printed 1099 & 1096 forms which can be purchased from [www.descoforms.com](http://www.descoforms.com). The form numbers are as follows:

- 1099 MISC Federal Copy A – 5110
- 1099 MISC Recipient Copy B – 5111
- 1099 MISC Payer File Copy / State Copy C / Recipient State Copy 2 – 5112
- 1099 NEC Federal Copy A – 7171
- 1099 NEC Recipient Copy B – 7171
- 1096 Transmittal Form – 5100-1 (1 sheet plus 3 free, 4 total)

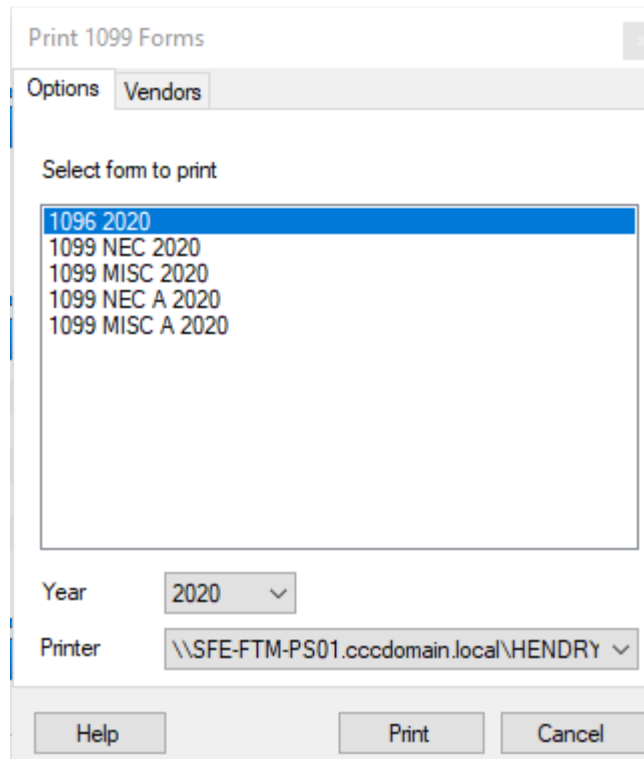
### Downloading the Current Templates

The current templates are available by clicking [here](#) or from dESCOsupport.com >downloads> Download Tax Forms. Click the Download button next to each required form. If prompted choose where you want the forms to be saved. If not prompted they will be saved to your default downloads folder.

**Please note:** The only way to open these forms is by importing them into ESC following the directions below. They will NOT open by double clicking or using any other program.

### 1099 & 1096 Install & Print

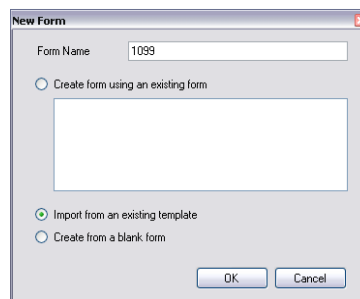
The following instructions will walk you through importing the latest 1099 and 1096 forms into ESC. To determine whether to use directions for **New Installation** or **Updating Existing Form** go to **Vendors > Reports > Print 1099 Forms**. If there are forms listed as shown below use **Updating Existing Form**. If there are no forms listed use the **New Installation** directions.



This year we have five templates for the 1099s. We found that printing the pages for the recipient using the same template needed for Copy A (the IRS copy) caused the recipient's address to not fit properly in the envelope window. Use 1099MISCA and 1099NECA for Copy A (pink) and 1099MISC and 1099NEC for the white copies.

### New Installation

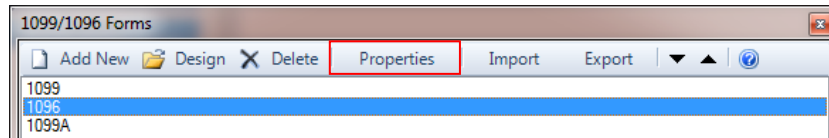
1. Logon to ESC using the Admin account.
2. Click **File > Print Options**.
3. Click the **Forms** tab.
4. Click the **Customize** button next to *1099/1096*.
5. Click the **Add New** button.



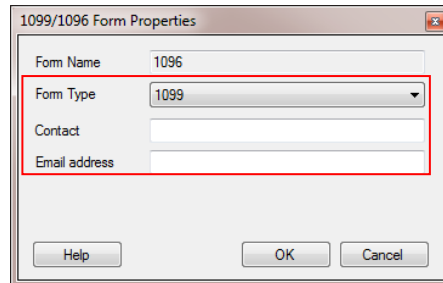
6. Create a form called 1099 as shown below.

7. Click *OK* to browse to the location of the forms you downloaded earlier. Select 1099MISC-20.tpl 1099 and choose *OK* again.
8. Repeat this step for 1099MISC A using 1099MISC A-20.tpl 1099, 1099NEC using 1099NEC-20.tpl 1099, 1099NEC A using 1099NEC A-20.tpl 1099 and 1096 using 1096-20.tpl 1099.

- After the forms have been imported, highlight the 1096 form and click Properties at the top of the screen.



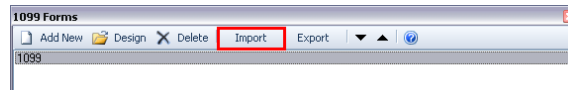
The following screen will appear. Change the Form Type to 1096 and enter the correct Contact name and e-mail address required for the 1096 in the spaces provided.



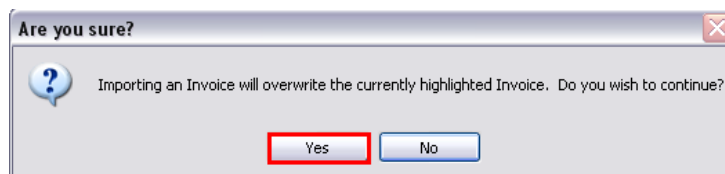
## Updating Existing Forms

The layout of the forms has changed since last year for 1099 MISC and there is the new 1099 NEC form.

- In ESC go to **File > Print Options > Forms > 1099/1096 > Customize**.
- Select 1099 and click **Import**.



- Click **Yes** to the prompt that comes up.



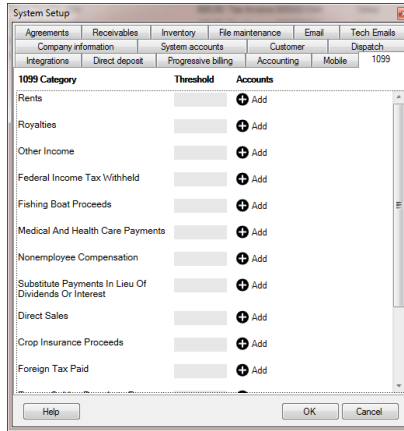
- Browse to the location of the forms you downloaded earlier and select 1099-MISC 20.tpl 1099, then click *Open*. Repeat for 1099-MISC A using 1099MISCA-20.tpl, 1099 and 1099-NEC 20.tpl 1099, then click *Open*. Repeat for 1099-NEC A using 1099NEC A-20.tpl, 1099 or follow the directions for New Installation (above) to add forms 1099MISC, 1099NEC, 1099MISC A, 1099NECA and 1096.

## Congratulations

You have successfully installed/updated the 2020 1099 and 1096 forms.

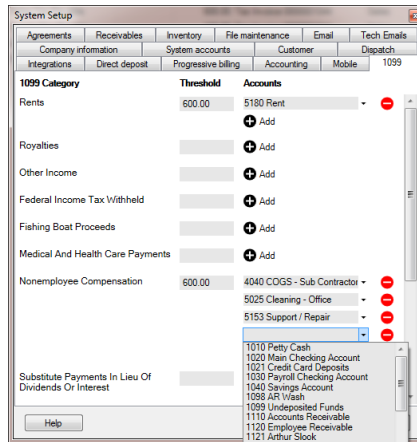
## Features for 1099s

The 1099/1096 program allows for more than one type of payment per 1099. To accommodate this, the box the amount reports to on the 1099 is now determined by the GL account number. In order to print your 1099s you will need to tie your GL account numbers to the correct reporting type. To do this, go to **Company > System Setup > 1099 Tab**

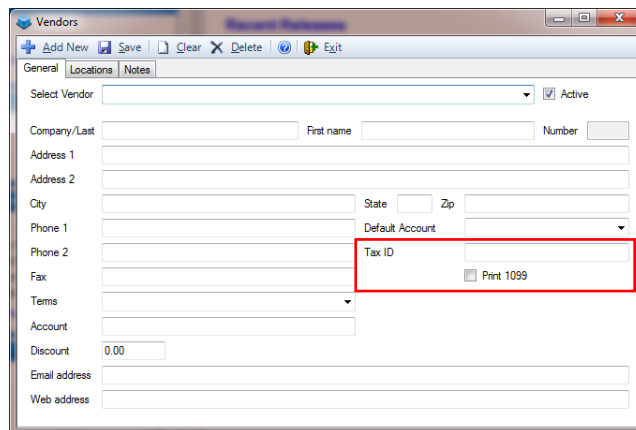


The two most commonly used reporting types are Rents and Nonemployee Compensation so we will set those up in our example.

Beside the reporting type you are setting up, enter the Threshold (the amount after which you need to send a 1099) and then click Add and choose any account numbers that relate to this reporting type. Note: If you pay rent to ABC Reality and apply the rent to account 5180 and then at some point write a check to them and apply it to a different GL account number **only the amount applied to 5180 will print on the 1099**. You can tie as many GL accounts as needed to any 1099 category as shown in example below.



The other prerequisite to print a 1099 for a vendor is to have the Tax ID entered and the Print 1099 box checked on the Vendor entry screen.



### Preparing to Print 1099 Forms

To determine which vendors you need 1099s for go to **Vendors > Reports > 1099 Report**; set the Type to

Summary, set the filters to 1/1/2020 to 12/31/2020, All Vendors and All Accounts.

Filter	From	To
Date	1/1/2019	12/31/2019
Vendors	All Vendors	
Accounts	All Accounts	

This will give you an overview of all payments made to vendors over the course of the year.

A check in the box to the left of the vendor name indicates that the Print 1099 box is checked in the Vendor Setup Screen.

A 1099 Category will be listed under a vendor if any of the payments made to them were coded to a GL account that was tied to a 1099 Category in System Setup.

In order for a 1099 to print for a Vendor there **must** be a check in the box to the left of their name **and** a 1099 Category must be listed **and** the Total shown must be over the Threshold shown for that 1099 Category.



Eureka Heating & Air  
**1099 Report**

1099 Category	Threshold	Total
<input checked="" type="checkbox"/> <b>Ace Concrete Finishing 1365</b> NonemployeeCompensation	600.00	<u>5,892.64</u> 5,892.64
<input type="checkbox"/> <b>At&amp;T Advertising &amp; Publishing 1168</b>		<u>9,600.00</u> 9,600.00
<input type="checkbox"/> <b>Chase Card Services 1164</b>		<u>165,841.65</u> 165,841.65
<input checked="" type="checkbox"/> <b>Metro Properties 1367</b> Rents	600.00	<u>21,600.00</u> 21,600.00
<input checked="" type="checkbox"/> <b>Vera's Cleaning Service 1366</b> NonemployeeCompensation	600.00	<u>2,400.00</u> 2,400.00

Once the necessary vendor records have the Print 1099 checkbox checked, it may be helpful to then reprint the 1099 report with these filters:

Type = Detail

Date = 1/1/2020 – 12/31/2020

Vendors = 1099 Vendors

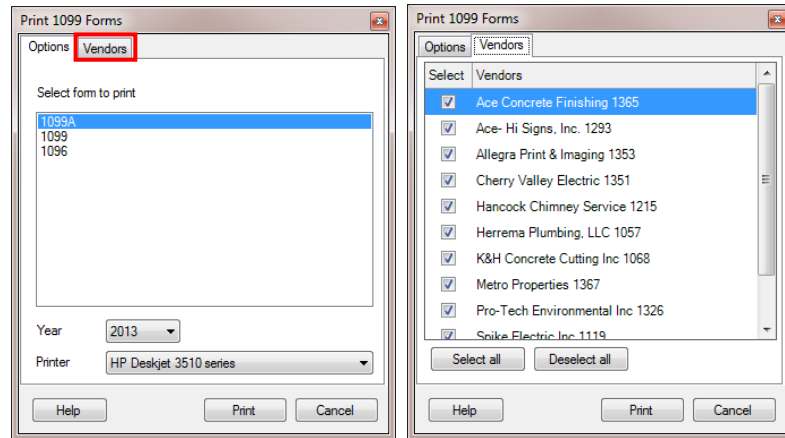
Accounts = All Accounts

This will list all the various general ledger accounts used to pay your 1099 vendors. Now you can ensure you have all needed accounts set in **Company > System Setup > 1099 Tab**.

**Printing 1099s**

1. Go to **Vendors > Reports > Print 1099 Forms**.
2. Starting in 2020 you are required to print 2 separate 1099 forms which will require you to print the 1099MISC forms first followed by the 1099NEC forms followed by the 1096.
3. Select **1099MISCA, 1099NECA** (or 1099MIS or 1099NEC) as the form and **2020** for the year then click the *Vendor Tab*.
4. Any Vendors you have set up to print 1099s will appear under the Vendor Tab for your review. You will need to choose which vendors are to receive the 1099MISC and which vendors are to receive the 1099NEC forms. The new 1099NEC form represents the vendors who received non-employee compensation and 1099MIC form represents all other types of compensation. You will need to deselect any vendors who received 'only' non-employee compensation when printing the 1099MISC

form. When printing the 1099NEC form you need to deselect those vendors who received only all other forms of compensation. If a vendor receives both non-employee compensation plus another type of compensation leave the vendor box checked for both the 1099MISC and 1099 NEC forms. Here you should de-select any other vendors you do not wish to print 1099s for at this time and do one last check for vendors you may have missed.



5. When you are satisfied with the vendors selected press PRINT.

## 2021 PAYROLL TAX TABLES

Federal and state tax tables will be updated automatically the first of the year and there is nothing you need to do. When the tax tables are updated the old tables will be renamed with the year added to the end, for example Federal Withholding 2020. The one listed without a year will always be the current year. If for some reason you want to run payroll using 2020 tax tables after January 1 (*uncommon*) you will need to temporarily tie the tax item to the 2020 table. To do this go to **Employees > Payroll Tax Items**, choose your federal tax item and click *Edit*. Drop down the tax table list and choose Federal Withholding 2020. After running the last payroll for 2020 remember to change the tax table back to Federal Withholding so the correct taxes are withheld for 2021.

## TAXES THAT YOU MAY NEED TO CHANGE

If you have any taxes you set up that are percentages and not based on a tax table such as FUTA, SUTA and local (county or city) taxes, be sure to check with your tax authority for any changes and make sure the rates are updated. Do not make any changes to your tax items until after the last payroll for 2020 has been generated. To make needed changes go to **Employees > Payroll Tax Items**, choose the appropriate tax item and click *Edit*. Make the desired change(s) then click *OK*.

## CAFETERIA DEDUCTIONS AND COMPANY PAID HEALTH INSURANCE

Starting in 2013 any health insurance paid by the company for the employee is required to be shown in Box 12 of the employee's W2 with a code of DD. For more information see [Form W-2 Reporting of Employer-Sponsored Health Coverage](#). If the employee also pays for insurance under a cafeteria plan the two amounts should appear as a total in Box 12 with the code DD.

In order for your W2s to print correctly the amount you pay for each employee's insurance will need to be entered. If you have not previously set this up, you will need to enter a lump sum for 2020 and set up payroll to record a portion with each check for 2021. Detailed instructions for both steps are below.

### Setting up the Company Contribution

Go to Employees | Additions and Deductions | Add New. Complete as listed.

Field	Contents
Name	Co Pd Medical - <i>This will not print on the check stubs</i>
Type	Deduction
Method	Flat Amount
Vendor	Leave Blank
Liability Account	Enter the EXPENSE account for insurance
Limit Type	Leave blank
Reporting Type	Cafeteria Plan
Company Paid	Checked
Expense Account	Enter the EXPENSE account for insurance. <i>Make sure it is The same account used as the Liability account</i>
Active	Checked
Taxes That Apply To This Item	None

After all information has been entered it should look somewhat like this:

Payroll Addition/Deduction Item

Name: Co Pd Medical

General: Taxes That Apply To This Item

Type: Deduction

Method: Flat Amount

Vendor:

Liability Account: 6402 Group Medical

Limit Type: None

Reporting Type: CafeteriaPlan (12-DD)

Company Paid

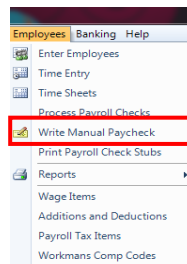
Expense Account: 6402 Group Medical

Active

Buttons: Help, OK, Cancel

### Entering a lump sum for 2020

Go to Employees | Write Manual Paycheck



The following screen appears

Payroll Check

Save Save and New Edit Tax View Log

Employee:

Date on check: 12/31/2016 Bank account: 0090 Payroll Checking Account Weeks paid: 0.0

Financial period: 12/2016 Status: To be printed Check number: TO BE PRINTED

Pay period ending date: 12/31/2016 Memo: Manual paycheck

Wage item	Hours	Rate	Amount	Job	Job Class	Dept	WC Code
Total 0.00							

Addition/Deduction	Type	Rate	Quan	Amount	Dept
Company Total 0.00 Total 0.00					

Tax item	Amount	Taxable gross	Dept
Company Total 0.00 Total 0.00			
<b>Net Pay 0.00</b>			

Choose the employee. Use 12/31/2020 as the Date on Check and Pay period ending date and 12/2020 as the financial period. The Bank account will default to your payroll checking account. Change the Status to "Mark as already printed" You can change the memo if desired. Leave the Weeks paid at 0.0 and enter a "fake" check number.

Leave the wage item blank and go to Addition/Deduction section. Delete all items that appear by highlighting the line and pressing the delete key. Using the dropdown choose the Company Paid Insurance item setup earlier. The Type should show Deduct. In the Rate field, enter the amount the company paid for insurance for this employee for the year as a negative number and the Amount field will auto-fill with the Rate amount. The Addition/Deduction Company Total will show the amount entered, the taxes should be 0 and the Net Pay should be 0. An example is shown below. Click Save or Save and New.

The screenshot displays the 'Payroll Check' window with the following data:

Wage item	Hours	Rate	Amount	Job	Job Class	Dept	WC Code	
Total								0.00

Addition/Deduction	Type	Rate	Quan	Amount	Dept		
Co Pd Medical	Deduct	-3750.000	Fixed	-3750.00			
Company Total					-3750.00	Total	0.00

Tax item	Amount	Taxable gross	Dept	
FWT	0.00	0.00		
FICA	0.00	0.00		
Company Total		0.00	Total	0.00
<b>Net Pay</b>			<b>0.00</b>	

**Setting up to record for 2021 (if you did not already create the deduction last year)**

After doing the last payroll for 2020 but before doing the first payroll in 2021 do the following to have payroll track the insurance costs.

Go to Employees | Enter Employees choose the desired employee and click Edit. Choose the Payroll tab. Under the Additions/Deductions click the dropdown in the first blank line and choose the Company Paid Insurance item set up earlier. Type should be Deduct. Unless you pay your employees monthly calculate the rate as follows:

Monthly rate x 12 months = yearly rate

If you pay weekly                      yearly rate / 52 = rate

If you pay bi-weekly                      yearly rate / 26 = rate

If you pay semi-monthly                      yearly rate / 24 = rate

If you pay yearly                      yearly rate = rate

In the example below the company pays 312.50 a month for this employee's insurance and he is paid weekly. To calculate his rate we do the following:

312.50 per month x 12 months = 3750.00 per year / 52 weeks = 72.11 per week

Addition/Deduction	Type	Rate		Limit
401K F	Deduct	-15.000	Fixed	0.00
401K F Company Con	Contr	-5.000	Fixed	0.00
CO PD INS	Deduct	-72.110	Fixed	0.00
Emp Receivables	Deduct	-20.000	Fixed	120.00
Health Ins - Cafe	Deduct	-75.000	Fixed	0.00
Uniforms	Deduct	-5.250	Fixed	0.00

After the correct rate has been entered press OK to save.

Notes:

When rates change remember to update these amounts.

If, for any reason, a check is not generated for an employee (they are out sick, leave of absence, etc) the company paid insurance will need to be entered using a manual check as described in **Entering a lump sum**, above.

When an employee leaves the company, an adjustment may need to be done using a manual check as described in **Entering a lump sum**, above.

## 2020 FORMS

### Purchasing Forms

ESC uses the standard pre-printed W2, W3 and 1099 forms which can be purchased from [descoforms.com](https://descoforms.com). The form numbers are as follows:

W2 Employer Federal Copy A – 5201

W2 Employee Federal Copy B – 5202

W2 Employee Copy C and/or Copy 2 – 5203

W2 Employee Copy D and/or Copy 1 – 5204

W3 Transmittal Form – 5200-1 (1 sheet plus 3 free, 4 total)

### Downloading the Current Templates

In addition to the above pre-printed forms it will also be necessary to download the software template for ESC. The current templates are available by clicking [here](#) and choosing Tax Forms.

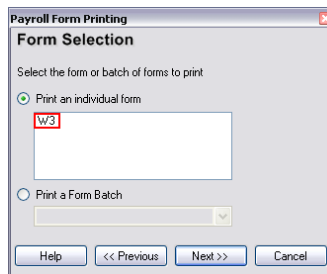
They can also be accessed by clicking [here](#) or from [dESCOSupport.com](https://dESCOSupport.com) >downloads> Download Tax Forms

Click the Download button next to each required form. If prompted choose where you want the forms to be saved. If not prompted they will be saved to your default downloads folder.

**Please note:** The only way to open these forms is by importing them into ESC following the directions below. They will NOT open by double clicking or using any other program.

### W2 & W3 Install & Print

To determine whether to use directions for **New Installation** or **Updating Existing Forms** go to **Employee > Reports > Print Payroll Forms** and click *Next*. If there are forms listed as shown below use **Updating Existing Forms**. If there are no forms listed use the **New Installation** directions.



### New Installation

1. Logon to ESC using the Admin account.
2. Click **File > Print Options**.
3. Click the **Forms** tab.

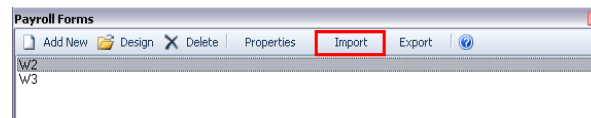
- Click the *Customize* button next to *Payroll Forms*.
- Click the **Add New** button.
- Create a form called **W2** using the following information.

- Click *OK* to browse to the location of the forms you downloaded earlier. Select W2-20.rtp (W3-20.rtp for W3) and choose *OK*.
- Repeat for the W3 form using the following settings instead.

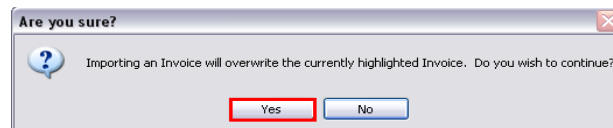
## Updating Existing Forms

The layout of the forms has not changed since last year. If you used ESC last year for your W-2/W-3 you may not need to update them. If you do need to:

- In ESC go to **File > Print Options > Forms > Payroll Forms > Customize**.
- Select the payroll form you want to update and click **Import**.



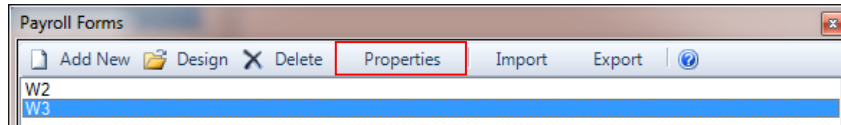
- Click "Yes" to the prompt that comes up.



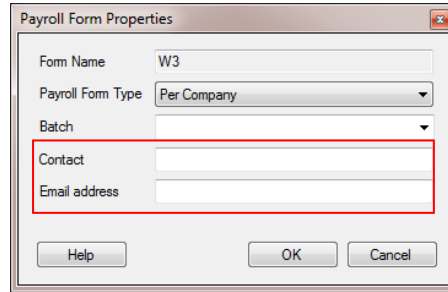
- Browse to the location of the forms you downloaded earlier and select W2-20.rtp for W2 (W3-20.rtp for the W3) and click *Open*.
- Repeat steps 1 – 4 for the remaining form.



6. After the W3 has been imported, make sure the correct form is highlighted and click Properties at the top of the screen.



The following screen will appear. Make sure the Contact name and e-mail address required for the W3 are correct.



## Congratulations

You have successfully installed/updated the 2020 payroll forms.

## Preparing to Process W2 Forms

To save time and avoid frustration check the following items before attempting to process your W2 forms, this is especially critical if you will be transmitting them electronically.

1. From Employees > Reports print a Payroll Report, changing the Type to Summary and filter the Check Date From 1/1/2020 To 12/31/2020. This will show all employees, both active and inactive, that was paid in 2020 and should receive a W2.
2. In Employees > Enter Employees check for an address and Social Security number for each employee on the above report. Make sure there are no spaces in the employee's Social Security numbers, we remove the hyphens but any blank spaces will return errors. You do not need to reactivate inactive employees for their W2 to print.
3. Go to Company > System Setup > Company Information Tab and make sure the address, phone, fax and Federal ID numbers are correct. Make sure there are no spaces in the Federal ID, phone or fax numbers, we remove the hyphens but any blank spaces will return errors.
4. If you have state and/or local payroll taxes under Employees > Payroll Tax Items, select the tax and make sure the Tax ID Number and Tax Form Name are filled in. This is the information that will appear on the W2 for boxes 15 and 20.

## Printing W2s

1. To print W2s click **Employees > Reports > Print Payroll Forms**.
2. Select *Per Employee Forms* and click *Next*.
3. Select *Print an individual form* and choose W2. Then click *Next*.

4. Select **01/01/2020** as the Start Date and **12/31/2020** as the End Date.
5. To print W2s for all employees leave the Employee field blank and click *Print*. If only one employee's W2 is needed select the employee from the dropdown list and click *Print*.

### Printing the W3

1. Go to **Employees > Reports > Print Payroll Forms**.
2. Select *Per Company Forms* and click *Next*.
3. Select *Print an individual form* and W3 from the list. Then click *Next*.
4. Select **01/01/2020** as the Start Date and **12/31/2020** as the End Date and click *Print*.

### Submit Electronic W2 Forms

The EFW2 file that ESC generates is configured for submitting Federal tax information to the Social Security Administration. It is not configured with the RS records containing the state withholding information. Therefore, this file cannot be used to submit to the individual states/

1. Go to [Business Services Online](https://www.ssa.gov/bsowelcome.htm) at <https://www.ssa.gov/bsowelcome.htm> to get your ID number needed to transmit your W2s to the Social Security Administration
2. Go to **Employees> Submit Electronic W2 Forms** and enter 2020 for the Tax Year and click Next. A few fields will populate from information in Company > System Setup screen. Edit and/or complete all fields. *Fields indicated with the red asterisks are required by the social security administration.* When done click Next.

Submit Electronic W2s ✖

**User Identification**  
Enter the eight-character User ID assigned to the employee who is attesting to the accuracy of this file.  
\* 12345678

**Submitter's EIN**  
\* 52-1628474

**Submitter's Name**  
\* Eureka Heating & Air

**Submitter's Delivery Address**  
Enter the company's delivery address (Street or Post Office Box).  
\* 44 Barkley Circle

**Submitter's Location Address (i.e. Suite #)**  
Enter the company's location address (Attention, Suite, Room Number, etc.).  
\* 44 Barkley Circle

<b>City</b>	<b>State</b>	<b>Postal Code</b>
* Ft Myers	* FL	* 33907

<b>Contact Name</b>	<b>Phone</b>	<b>Extension</b>	<b>Fax</b>
* Your Name	* 555-111-1212	102	555-111-1313

**Contact Email**  
\* youremail@company.com

3. Except under special circumstances and under the guidance of your accountant the following page should be left alone, click Next.

Submit Electronic W2s

**Preparer Code**  
Select from the following to indicate who prepared this file.  
Self Prepared

**Agent Indicator Code**  
None

**Other EIN**  
If you submitted tax payments to the IRS under Form 941, 943, 944, CT-1 or Schedule H or W-2 data to SSA, and you used a separate EIN, enter the other EIN here.

**Income Tax Withheld By Payer Of Third Party Sick Pay**  
0.00

**Kind Of Employer**  
None Apply

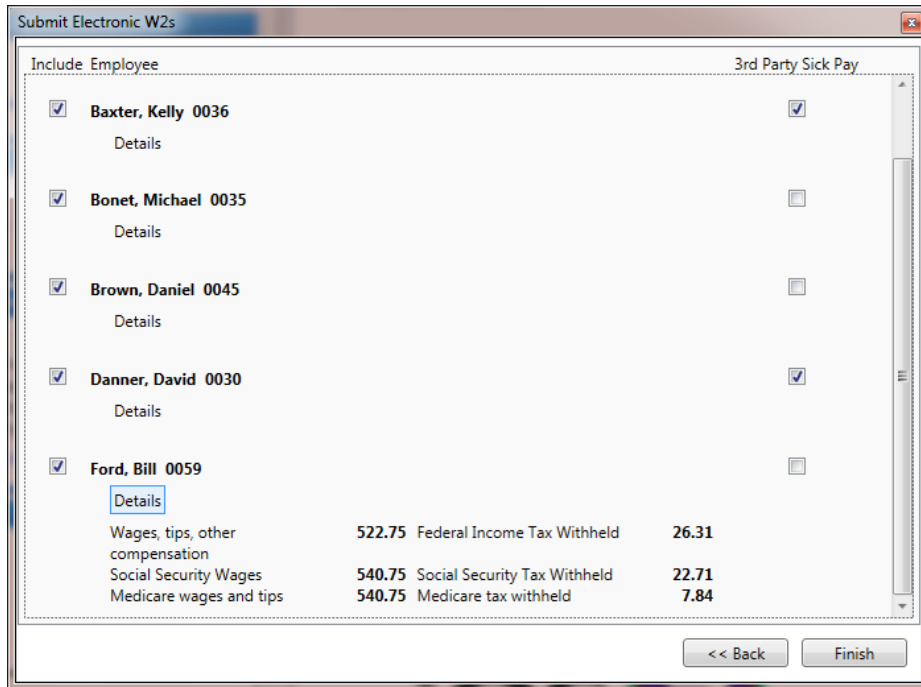
**Employment Type**  
Regular All Others

**Tax Jurisdiction**  
Enter the selection that identifies the type of income tax withheld from the employee's earnings.  
Normal

**Terminating Business**  
If this is the last tax year that W-2s will be filed under this EIN, select this box.

<< Back    Next >>

4. The next screen allows you to preview your information before the W2 file is created. The box to the left of the employee name allows you to exclude them from the file by removing the checkmark beside their name. This would normally be used if sending a corrected form. A checkmark to the right of their name indicates that they had 3<sup>rd</sup> Party Sick Pay included on their W2. By clicking on the Details button below their name you can view their wage and tax information (boxes 1 through 6 on the W2.)



5. When Finish is clicked the next screen will ask where you want the W2.txt file saved. When the appropriate path is selected click Save.
6. The Social Security Administration has a small program called **AccuWage Online 2020** that tests your W2.txt file for any errors before transmitting. Visit <https://www.ssa.gov/employer/accuwage/> website for important information to utilize this tool and test your file before transmitting. AccuWage Online is accessed by logging on to Business Services Online.
7. Correct any errors that AccuWage program shows, retesting until it returns no errors. Please contact ESC technical support (1-800-226-7529 or [support@desco-soft.com](mailto:support@desco-soft.com)) if you receive any errors that you are not able to easily rectify. Then transmit the tested W2.txt file to the Social Security Administration using the [Business Services Online](https://www.ssa.gov/bsowelcome.htm) website at <https://www.ssa.gov/bsowelcome.htm> .

## WRITING BONUS CHECKS

To print bonus checks:

Go to **Employees > Write Manual Paycheck**. Use the Bonus Wage Item and enter the amount of the bonus in the Rate field. Delete any additions/deductions that you do not want applied to this check. If a Bonus Wage Item is not listed for an employee, go to **Employees > Enter Employees**, choose the desired employee and click edit. Choose the payroll tab and add the Bonus Wage Item to their wage items.

They can also be done utilizing the normal **Employees > Process Payroll Checks** screen. This is beneficial if you want to utilize direct deposit or process with regular payroll. The process is the same but remember to generate any checks before you exit the Process Payroll screen because anything entered and not generated will be lost.

## HANDLING 3<sup>rd</sup> PARTY DISABILITY INSURANCE PAYMENTS

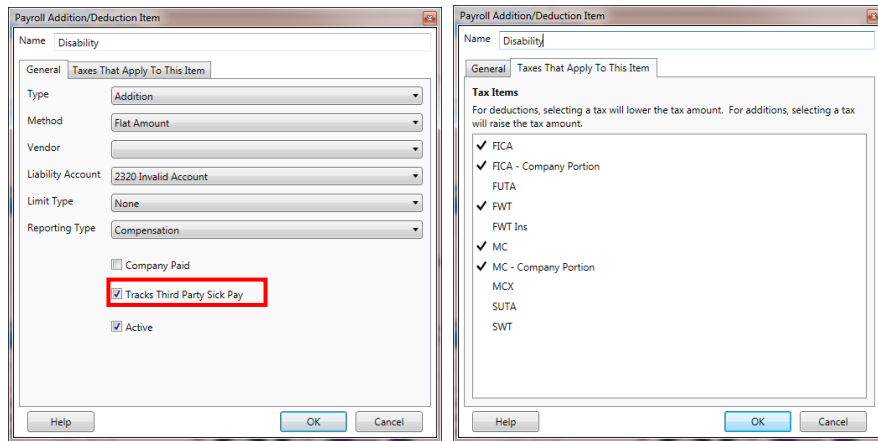
If an Insurance company has notified you that they paid your employee and withheld FICA, MC and possibly Federal Withholding. They sent in the tax they withheld but your company is responsible for the employer portion of the FICA & MC and you need to show the gross and the taxes withheld on the W2. Below are instructions on handling 2 different scenarios; FICA & MC only and FWT, FICA & MC.

**FICA & MC Only**

Set up an Addition

Employees | Additions and Deductions | Add New

Field	Contents
Name	Disability
Type	Addition
Method	Flat Amount
Vendor	Leave Blank
Liability Account	Invalid Account
Limit Type	None
Reporting Type	Compensation
Track Third Party Sick Pay	Check
Active	Check
Taxes That Apply To This Item	FWT, FICA Employee, FICA Company, MC Employee and MC Company

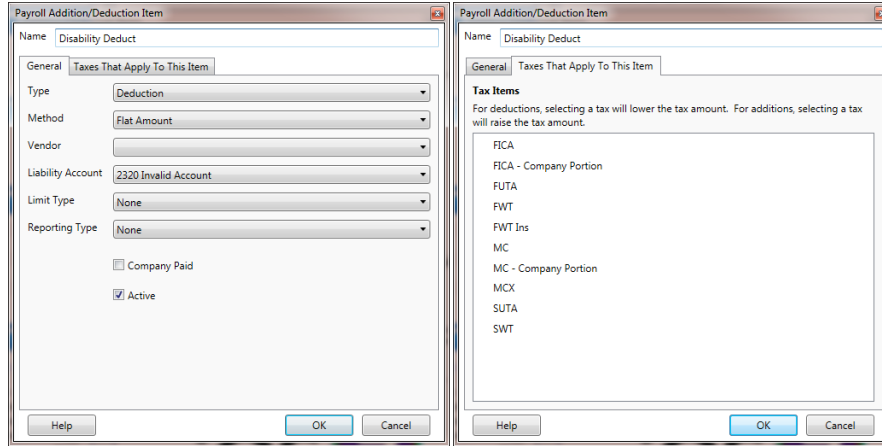


Set up a Deduction

Employees | Additions and Deductions | Add New

Field	Contents
Name	Disability Deduct
Type	Deduction
Method	Flat Amount
Vendor	Leave Blank

Liability Account	Invalid Account
Limit Type	None
Reporting Type	None
Active	Check
Taxes That Apply To This Item	None



### Create Manual Check

Go to Employees | Write Manual Paycheck, enter appropriate dates and set status as Mark as already printed.

Wages section – Leave blank

Additions/Deduction section – Delete all items in the Addition/Deduction section then choose the Disability Addition and enter the gross paid by the insurance company. Add the Disability Deduct and the net paid (as a negative number) by the insurance company.

Taxes section – Press EDIT TAX and change the FWT amount to 0 and make sure the employee FICA and MC match what was deducted by the insurance company.

Net – Should be 0

Click SAVE

Payroll Check

Save Save and New Edit Tax View Log

Employee: Carol, Dorothy 0001

Date on check: 12/31/2014 Bank account: 1030 Payroll Checking Account Weeks paid: 0.0

Financial period: 12/2014 Status: Mark as already printed Check number:

Pay period ending date: 12/31/2014 Memo: Manual paycheck

Wage item	Hours	Rate	Amount	Job	Job Class	Dept	WC Code	
							Total	0.00

Addition/Deduction	Type	Rate	Quan	Amount	Dept			
Disability	Add	675.000	Fixed	675.00				
Disability Deduct	Deduct	-623.360	Fixed	-623.36				
					Company Total	0.00	Total	51.64

Tax item	Amount	Taxable gross	Dept	
FWT	0.00	675.00		
FICA	41.85	675.00		
		Company Total	51.64	
		Total	51.64	
			<b>Net Pay</b>	<b>0.00</b>

Correct Pay Tax Screen

Go to Vendors | Pay Tax. Enter vendor used for Federal Taxes, Type is Federal Tax Deposit. Account will be the Invalid Account, enter the appropriate date.

Pay Tax

Save

Account: 2320 Invalid Account Balance: 961.64

Date: 12/31/2014 Selected: 51.64

Discount taken: 0.00 Ending balance: 1013.28

Pay	Rec	Date	Account	Document	Org Amount	Amount Due	Payment
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	12/31/2014	2342 MC Tax Payable	123101	9.79	9.79	9.79
<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/31/2014	2341 FICA Tax Payable	123101	41.85	41.85	41.85
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	12/31/2014	2341 FICA Tax Payable	123101	41.85	41.85	41.85
<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/31/2014	2342 MC Tax Payable	123101	9.79	9.79	9.79

Remove all check marks in the left column except for the Employee FICA and Employee MC amount for the manual check just entered. (This is the amount deducted from the employee's check and sent in by the insurance company) Click SAVE.

At this point:

- The gross amount will show up on the W2 in boxes 1, 3 & 5 and the Third-party sick pay box will be checked.
- The FICA & MC that was deducted from the check will show in the appropriate boxes on the W2
- The company portion of the FICA & MC is still in your liability account and Pay Tax screen for you to pay
- The Invalid account is back to 0.

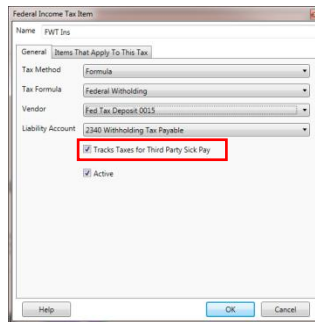
**FWT, FICA & MC**

If the insurance company withheld Federal Withholding and you need to report it on the employee’s W2 set up a Tax Item specifically for this purpose as follows:

Setup New Tax Item

Employees | Payroll Tax Items | Add New | Federal Income Tax

Field	Contents
Name	FWT Ins or something to indicate to you what it is for
Tax Method	Formula
Tax Formula	Federal Withholding
Vendor	Use the Same Vendor as used on regular Federal tax item
Liability Account	Use the Same Account as used on regular Federal tax item
Track Third Party Sick Pay	Check
Active	Check



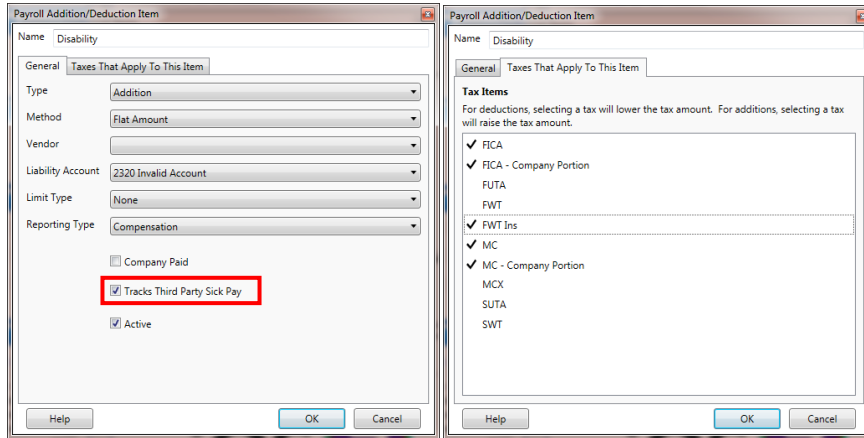
Set up an Addition

Employees | Additions and Deductions | Add New

Field	Contents
Name	Disability
Type	Addition
Method	Flat Amount
Vendor	Leave Blank
Liability Account	Invalid Account
Limit Type	None
Reporting Type	Compensation



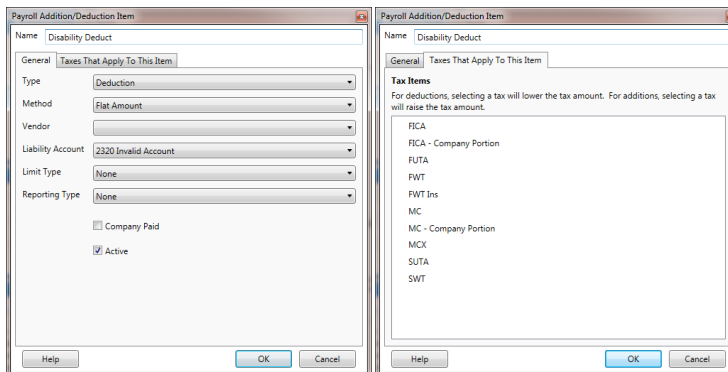
Track Third Party Sick Pay	Check
Active	Check
Taxes That Apply To This Item	FICA Employee, FICA Company, MC MC Company and FWT Ins.



### Set up a Deduction

Employees | Additions and Deductions | Add New

Field	Contents
Name	Disability Deduct
Type	Deduction
Method	Flat Amount
Vendor	Leave Blank
Liability Account	Invalid Account
Limit Type	None
Reporting Type	None
Active	Check
Taxes That Apply To This Item	None



## Add Tax Item FWT Ins to Employee

Go to Employees | Enter Employees and choose the affected employee(s). Click the Payroll tab and add the FWT Ins tax item to each of the employees who had Federal Withholding taxes withheld from their disability payments.

A dialog box titled 'Tax item' with a table containing the following data:

Tax item	Allowances	Sec Allowances	Additional With	Dept
FWT	5	0	0.00	
MC	0	0	0.00	
MC - Company Portion	0	0	0.00	
SUTA	0	0	0.00	
SWT	5	0	0.00	

Buttons: Help, OK, Cancel

## Create a Manual Check

Go to Employees | Write Manual Paycheck, enter appropriate dates and set Status to Mark as already printed.

Wages Section – Leave blank

Additions/Deductions section - Delete all items in the Addition/Deduction section then choose the Disability Addition and enter the gross paid by the insurance company. Add the Disability Deduct and the net paid (negative number) by the insurance company.

Taxes Section - Check to make sure the employee FICA and MC match what was deducted by the insurance company. The amount of the FWT Ins will most likely need to be edited. If any changes are needed press EDIT TAX to allow for any necessary changes.

Net should be 0

Click Save

Payroll Check window for Employee: Belden, Linda 0011. Date on check: 12/31/2014. Bank account: 1030 Payroll Checking Account. Weeks paid: 0.0. Financial period: 12/2014. Status: Mark as already printed. Check number: 123101. Pay period ending date: 12/31/2014. Memo: Manual paycheck.

Wage item	Hours	Rate	Amount	Job	Job Class	Dept	WC Code
Total							
0.00							

Addition/Deduction	Type	Rate	Quan	Amount	Dept
Disability	Add	1370.000	Fixed	1370.00	
Disability Deduct	Deduct	-1100.800	Fixed	-1100.80	
Company Total					0.00
Total					269.20

Tax item	Amount	Taxable gross	Dept
FWT	106.70	1370.00	
FICA	84.94	1370.00	
Company Total		104.81	Total
		211.51	<b>Net Pay</b>
			<b>57.69</b>

At this point:

- The gross amount will show up on the W2 in boxes 1, 3 & 5 and the Third-party sick pay box will be checked.
- The FICA & MC that was deducted from the check will show in the appropriate boxes on the W2
- The company portion of the FICA & MC is still in your liability account and Pay Tax screen for you to pay
- The Invalid account is back to 0.

# Frequently Asked Questions

**1. No state information is printing on my W-2's.**

*From the Employees pull down menu select Payroll Tax Items and modify the state or local tax. Make sure the Tax ID Number and Tax Form Name fields are filled in.*

**2. When I go to print my W3 the form is not listed even though I already imported it.**

*From the File pull down menu select Print Options, the Forms tab, click Customize on the Payroll Forms. Highlight the W-3 form and click the Properties button. Make sure the Payroll Form Type field is set to Per Company and **not** Per Employee.*

**3. How do I get the contact name and email address to print on the W-3.**

*From the File pull down menu select Print Options, the Forms tab, click Customize on the Payroll Forms. Highlight the W-3 form and click the Properties button. Make sure the **Contact** and **Email Address** fields are filled in.*

**4. On the W-2 boxes 1, 3 & 5 are not what they should be. How do I correct?**

*Call us for assistance to utilize a tool to make a one-time correction*

**5. How do I submit the W2 electronic file to my state.**

*The electronic file was not designed with the RS records needed to submit to the states. It can only be used to submit to the Social Security Administration to report Federal wages.*

**6. I need one of my deductions to print in box 12 of the W-2 with a specific code. How do I do that?**

*Under Employees > Additions and Deductions modify the deduction in question. The Reporting Type field controls if and where it reports on the W-2. The number in the ( ) is the box number and code for the W-2. Example - SimpleIRA (12-D) amounts will report to box 12 with the code of D. This field can be corrected anytime prior printing the W-2's. All prior amounts for this deduction throughout the year will report to that box/code.*

**7. Some numbers on the trial balance for the New Year do not look correct.**

*Close the year again.*

*Additional prior year entries have been done since the last Close Year, therefore the year needs to be closed again. Close all screens. Select Company > Close Fiscal Year, select the year that recently ended (will be the second one in the list), click Close Fiscal Year. This updates the prior year ending balance to new/current year beginning balance. It will be necessary to do this again if additional prior year entries are made. It is perfectly normal to close the year many times this time of year.*

**8. The December ending balance for the checking account is not the January beginning balance.**

*Close the year again.*

*Additional prior year entries have been done since the last Close Year, therefore the year needs to be closed again. Close all screens. Select Company > Close Fiscal Year, select the year that recently ended (will be the second one in the list), click Close Fiscal Year. This updates the prior year ending balance to new/current year beginning balance. It will be necessary to do this again if additional prior year entries are made. It is perfectly normal to close the year many times this time of year.*

9. **My accounts receivable aging reports do not balance to the accounts receivable general ledger account.**  
*Close the year again.*

*Additional prior year entries have been done since the last Close Year, therefore the year needs to be closed again. Close all screens. Select Company > Close Fiscal Year, select the year that recently ended (will be the second one in the list), click Close Fiscal Year. This updates the prior year ending balance to new/current year beginning balance. It will be necessary to do this again if additional prior year entries are made. It is perfectly normal to close the year many times this time of year.*

10. **After I downloaded the templates I try to open them but I get an error relating to Unable to find software for the selected file.**

*The downloaded templates can't be opened by simply clicking on them directly. They need to be imported using the steps detailed in [W2 & W3 Install & Print](#).*

11. **I am having problems locating the AccuWage Downloadable 2020 software.**

*This year the Social Security Administration is utilizing only the online version. This is accessible once you log into your [Business Services Online](#) account.*

12. **Does ESC generate the new 1094-C and 1095-C forms for Health Insurance Offer and Coverage?**

*No. The information needed to complete these forms is not contained in ESC Accounting. One report that may assist in the preparation would be the Payroll Item Report under Employees | Reports, and filtering the company paid health insurance deduction. Be aware this clearly would not list the spouse and dependant covered individuals. More information on these forms can be found at <https://www.irs.gov/instructions/i109495c/>*