

Read this newsletter before you close December Payroll!

Tax Factors for 2012 have changed. Update the tax factors after you close December payroll and before you prepare any payrolls in January 2012!

The tax factors for Federal Withholding will change effective January 1, 2012.

After you close payroll for December, and before you prepare the first payroll for 2012, you should enter the new tax factors in the Payroll program. Do NOT enter the new tax factors until after you close December payroll!

Following are instructions for entering the new Tax Factors.

Social Security/Medicare

The maximum wages subject to Social Security tax are \$110,100.00

- For JOBPOWER Version 7.000 and higher, on the JOBPOWER Payroll tab, select **Tax Factors**, then **Social Security/Medicare**. Revise the maximum wages for Social Security. Verify the other numbers on your screen match those below.
- For JOBPOWER Versions 6.9xx and earlier, from the Payroll Menu, select option **4 – Specifications, 9 – Tax Factors, 1 – Social Security/Medicare factors**. Revise the maximum wages for Social Security. Verify the other numbers on your screen match those below.

Social Security / Medicare Factors	
Social Security	
Maximum wages subject to tax:	110,100.00
Employee withholding percent:	4.2
Employer contribution percent:	6.2
Medicare	
Maximum wages subject to tax:	9,999,999.00
Employee withholding percent:	1.45
Employer contribution percent:	1.45

The Employee Social Security Withholding should be set at 4.2%. **This rate is effective until the end of February 2012. It may change beginning in March.** We will post a newsletter on our website sometime in February after the federal government decides what the rate will be starting in March 2012. Please put a note on your calendar to check this at the end of February and the beginning of March.



Federal

The new federal tax factors can be found in the Circular E from the IRS. **The personal exemption amount for 2012 has increased to \$3,800.00.** For the updated 2012 tax brackets and rates, use the tax factors included at the end of this newsletter. This information comes from Table 7 'Tables for Percentage Method of Withholding' in the Circular E.

- For JOBPOWER Versions 6.9xx and earlier, from the Payroll Menu, select option **4 – Specifications, 9 – Tax Factors, 2 – Work on federal tax factors**. In the Tax Status List, select 'Single' by clicking it with the mouse. Then, click the button **[Work on Factors]** and update the figures accordingly. Save and then do the same for 'Married'.
- For JOBPOWER version 7.1xx and higher, on the JOBPOWER Payroll tab, select **Tax Factors**, then **Update Federal**. In the Tax Status List, select 'Single' by clicking it with the mouse. Then, click the button **[Work on Factors]** and update the figures accordingly. Save and then do the same for 'Married'.

The program will display the current tax factors and allow you to change them as necessary. Use the tax factors in this newsletter and compare them to those displayed on each of the four tabs. Match the factors by line number. Change the tax factors on the screen so that they match the ones in the newsletter by comparing the factors control number. ❖

End of Payroll Year

This is the end of the payroll year for all JOBPOWER users.

We recommend you print **W2 and end of year information** from the Payroll Menu

For Version 7.10x and greater, on the Payroll tab, select **W-2s** and then **W2 and end of year information**.

For Version 6.9xx and earlier versions, go to Payroll menu and selection option 9.

You **must** close December in Payroll before you can print W2s. You may prepare January payrolls prior to printing W2s. You have the entire month of January to print W2s but do print them early. **Note: Closing Accounting is separate from closing Payroll.**

Important

If checks for the last payroll of the year will actually be dated in January 2012, prepare the payroll in the month of January – not December! If desired, you can accrue the payroll costs into December accounting. Look in JP Help topic **[Index: Accrue payroll entries]** for information on accruing payroll.

Closing the payroll year

When you close the year, you will have a screen like the one shown. The option for 'Delete terminated employees' does not affect your W2s or payroll history. It determines if your terminated employees will show up in the employee list in the new year for prepare payroll, etc. If you have employees that you will rehire and you don't want to have to reenter their employee information, uncheck this option. If this box is checked, the employees that were terminated during the past year will be deleted from the new year's files. It is up to you how terminated employees are handled. ❖



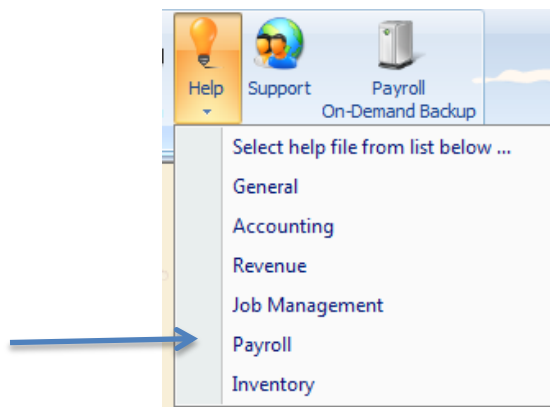
End of year payroll checklist

- ___1. Make sure that all payrolls for the month have been prepared and approved.
- ___2. Make any necessary corrections to payroll. See topic Corrections to a Payroll if you need help making corrections. Print a check register and verify the check numbers and amounts are accurate.
- ___3. If you have personal use of vehicle or taxable life insurance in your company, read the topic Personal Use of Vehicle and follow those steps.
- ___4. Print the reports that you normally print at the end of a month or quarter.
 - ___ Pay & Withholding Summary*
 - ___ Certified Payroll* (if needed)
 - ___ Retirement Plan Report (if you have a Simple IRA or a 401(k) plan)
 - ___ 941 Summary
 - ___ Quarterly Unemployment
 - ___ EOC*
 - ___ Count of Employees*
 - ___ Hours Summary*
 - ___ Union Reports*
 - ___ Check Register
 - ___ Payroll by Jobld
 - ___ Vacation Tracking
 - ___ Employee Roster with 'All Employee Information' selected.

Note: The reports with an * cannot be printed for the same time period after you close the month.
- ___6. Make a payroll backup to a Flash Drive. Add a note that it is for your End of Payroll Year 2011.
- ___7. Close the payroll year. In version 7.1xx to go Payroll tab\Prepare Payroll\CLOSE month, quarter, year. In version 6.9xx go to Payroll Menu\CLOSE month, quarter, year. Determine if you want to delete 'terminated employees' from the new year employee list. If you do not, you will need to remove that check.
- ___8. Update the Federal and Social Security/Medicare tax factors **before** preparing any payrolls in January 2012.
- ___9. Read page 4 of this newsletter and verify you have the proper version installed for your W2s and W3 forms.
- ___10. During the month of January, review and revise data in the W2 file as necessary. See the topic Revise W2 Data.
- ___11. Print the W2s.
- ___12. Reminder: If you haven't already done so, order your end of year reporting forms such as W2s. Go to www.jobpower.com/support.htm for links to authorized JOBPOWER forms suppliers.

If you have version 7.139 installed the topics listed here are in the Payroll Manual under the Help button on the ribbon menu.

- o Correction to a Payroll page 37 or 5-35
- o Personal Use of Vehicle page 59 or 5-57
- o Revise W-2 Data page 55 or 5-53



JOBPOWER Support

January and February are the busiest times of the year for our support staff. We do everything we can to help everyone as soon as possible. As calls come in they are logged and called back in the order they were received. If you have a tech or CPA on site, let us know that when you leave a message. ❖

How do I check my JOBPOWER Version?

Go into JOBPOWER and look in the upper right hand corner to check your version.



Version for W-2s, W-3, and EF-W2 file for 2011 payroll year

The JOBPOWER version for W2s, W-3 and electronic filing for federal W-2 information is version 6.909, 6.910 or 7.139. If you are a Support Subscriber with Payroll, you have been sent an update to be compliant for your W2s. If you are not on Subscription Support we have sent you notification with options to order the necessary update. ❖

State Tax Factors

If your state withholding changed for 2012, you may be able to figure out the changes that must be made to your tax factors. Use JOBPOWER to print the existing tax factors for the state. Then review the state booklet looking for a page for 'computer formula'.

If you do not know if your state withholding changed, contact your state to find out. If your state's tax factors did change and you need help figuring them out, use the response form at the end of this newsletter to let us know what states you need. ❖

W2 File in EFW2 Format

If you have 250 employees or more for the year 2012, you will need to generate an electronic W2 file to submit to the SSA. JOBPOWER Version 6.909, 6.910 and 7.1390 have been updated to handle this properly. ❖

2011 W2s and 1099s Forms

There are two forms suppliers we recommend for JOBPOWER. We mailed out postcards from both companies in November with information and their websites. If you still need to order forms, you can find information at www.jobpower.com/support.htm on these companies.

We recommend you print W2s and 1099s early in January. That way if you happen to run into a snag, you will have plenty of time to get it resolved before the end of January. ❖

Version for 2011 1099 Misc. forms

The format for 1099s **has not** changed for 2011. ❖

End of Fiscal Year

For many businesses, December is also the end of their fiscal year. If your Accounting year ends in December, read over the Close Year topic in the Accounting Section of the JOBPOWER manual.

Don't be worried about closing your Accounting fiscal year in JOBPOWER. JOBPOWER has an option to make adjustments to the prior year when you get the entries from your CPA. So before February rolls around, you will want to be ready to close December in Accounting. Make sure you have your payables and receivables as accurate as possible, make a backup and close December. CPAs are all very busy at this time of year and it is unlikely you will get the information you need before February comes around. After they review your books, you will use the option 'Make adjustments to the prior year' in Accounting. Read JP Help topic [**Index: Adjust Prior Year Balances**].

Be sure to follow the Year End Checklist.



The most common error made in closing the fiscal year is in choosing the correct 'job accounting method'. When you close the year, the program will ask if you want to *"Zero out the job ledger accounts in the G/L?"* The program will default to the same thing you did the year before. Be sure to let the program make the automatic closing entries as well.

You will need to answer Yes or No to this question. If you answer "Yes", the program closes the year on an 'All job basis'. If you answer "No", the program closes the year on a 'Completed job basis'.

Most contractors keep their books on an 'All job basis' during the year, even though the accountant may convert the books to a 'Completed job basis' at the end of the year for tax purposes. If during the year you want your Income Statement to show year-to-date job income and cost, select the option for 'All job basis'.

You should make a backup of your Accounting files at the end of your fiscal year. Label the backup "Accounting - End of Year 2011" and save it indefinitely. ❖



Latest from JOBPOWER
Federal Tax Factors for 2012

Federal

Tax status: **Single**

Factors used to adjust wages before considering tax status

1)	Percent of wages taxable:	0.00 %
2)	Percent of federal WH to deduct:	0.00 %
3)	Percent of wages to deduct:	0.00 %
4)	Minimum to deduct:	0.00
5)	Maximum to deduct:	0.00
6)	Fixed amount to deduct:	0.00

Factors used to adjust wages for first allowance

7)	Percentage of wages to deduct:	0.00 %
8)	Minimum to deduct:	0.00
9)	Maximum to deduct:	0.00
10)	Fixed amount to deduct:	3,800.00
11)	Tax credit:	0.00

Factors used to adjust wages for other allowances

17)	Deduction for other allowances:	3,800.00
18)	Tax credit for other allowances:	0.00

19)	Up to	2,150.00 use	0.000 %
20)	Up to	10,850.00 use	10.000 %
21)	Up to	37,500.00 use	15.000 %
22)	Up to	87,800.00 use	25.000 %
23)	Up to	180,800.00 use	28.000 %
24)	Up to	390,500.00 use	33.000 %
25)	Up to	0.00 use	35.000 %
26)	Up to	0.00 use	0.000 %
27)	Up to	0.00 use	0.000 %
28)	Up to	0.00 use	0.000 %
29)	Up to	0.00 use	0.000 %
30)	Up to	0.00 use	0.000 %
31)	Up to	0.00 use	0.000 %
32)	Up to	0.00 use	0.000 %

Factors control: 16,644,746.00



Federal Tax Factors for 2012

Federal

Tax status: **Married**

Factors used to adjust wages before considering tax status

1)	Percent of wages taxable:	0.00 %
2)	Percent of federal WH to deduct:	0.00 %
3)	Percent of wages to deduct:	0.00 %
4)	Minimum to deduct:	0.00
5)	Maximum to deduct:	0.00
6)	Fixed amount to deduct:	0.00

Factors used to adjust wages for first allowance

7)	Percentage of wages to deduct:	0.00 %
8)	Minimum to deduct:	0.00
9)	Maximum to deduct:	0.00
10)	Fixed amount to deduct:	3,800.00
11)	Tax credit:	0.00

Factors used to adjust wages for second allowance

12)	Percentage of wages to deduct:	0.00 %
13)	Minimum to deduct:	0.00
14)	Maximum to deduct:	0.00
15)	Fixed amount to deduct:	3,800.00
16)	Tax credit:	0.00

Factors used to adjust wages for other allowances

17)	Deduction for other allowances:	3,800.00
18)	Tax credit for other allowances:	0.00

19)	Up to	8,100.00 use	0.000 %
20)	Up to	25,500.00 use	10.000 %
21)	Up to	78,800.00 use	15.000 %
22)	Up to	150,800.00 use	25.000 %
23)	Up to	225,550.00 use	28.000 %
24)	Up to	396,450.00 use	33.000 %
25)	Up to	0.00 use	35.000 %
26)	Up to	0.00 use	0.000 %
27)	Up to	0.00 use	0.000 %
28)	Up to	0.00 use	0.000 %
29)	Up to	0.00 use	0.000 %
30)	Up to	0.00 use	0.000 %
31)	Up to	0.00 use	0.000 %
32)	Up to	0.00 use	0.000 %

Factors control: 20,504,646.00



JOBPOWER December 2011 Newsletter Response Form

Your Name: _____ Date: _____

Company Name: _____

Street Address: _____

City/State/Zip: _____

Phone: _____ Fax: _____ Email Address: _____

Please check if any contact information has changed.

State Tax Factors

___ I am a JOBPOWER Support Subscriber and need the following state tax factors:

___ I am not a JOBPOWER Support Subscriber but need updated state tax factors. Please fax me the form to order updated state tax factors.

Any other comments:

Return this form to:

Applied Computer Systems, Inc.

fax to: 865-588-5379 or email to JPsupport@jobpow.com

