

YEAR-END INSTRUCTIONS AND REPLY FORM

**TO INSURE THE
ACCURACY AND TIMELINESS OF
YOUR W-2'S PLEASE COMPLETE AND
RETURN THE ATTACHED
REPLY FORM *(last page)* ASAP!!!**

**Please refer to this guide to assist you in completing
the attached YEAR-END REPLY FORM.**

Fax or email completed form to us no later than:

FRIDAY, DECEMBER 18, 2009

***Baron Payroll would like to take this opportunity to
thank you for your business and wish you and your loved ones
a Happy and Safe Holiday Season
and a Prosperous 2010!***



All forms mentioned in this guide are available at www.baronpayroll.com

Baron Payroll's Holiday Hours:

11/26/09...Thanksgiving Day.....Closed
11/27/09...Friday after ThanksgivingClosed
12/24/09...Christmas Eve ...Open 9AM - Noon
12/25/09...Christmas Day.....Closed
01/01/10...New Year's DayClosed

Please adjust your processing schedule accordingly.

- ❖ **Delivery services cannot guarantee their regular service schedules during the holidays.** You may wish to **process** your payroll one to two days earlier than normal in order to ensure timely delivery of your payroll during the holidays.



Paperless payroll delivers your reports to your desktop within hours of processing! Call Baron Payroll to subscribe to this service!

- ❖ Employers are obligated to remind employees to complete new W-4 withholding certificates if there has been a change in their status.

⇒ **A check stub message would fulfill the notice requirement!**
- ❖ Employers are required to keep copies of W-2s for *four years* after the filing due date (February 28). It may be necessary, however, for the records to be retained even longer for certain benefit calculations. All checks, vouchers, payroll reports, quarterly reports and W-2s are included on the CDView which is distributed in February.
- ❖ **Baron Payroll can print your 1099's even if they weren't paid through payroll! This data must be submitted by January 15, 2010. Information received after this date will result in an *additional* charge of \$3.00 per form plus an expedite fee of \$50.00**
- ❖ ***Be on the lookout!*** In the next few weeks you will be receiving a processing schedule for 2010 with your regular payroll packet. Please notify us of any necessary changes.
- ❖ ***Also enclosed*** you will find your W-2/1099 Verification Report - this will help you in verifying employee data for W-2 processing. Attached to the report are instructions for completion.

Should you have questions about any of these topics, or any other year-end issue(s), please call one of our payroll specialists. It's a team effort to make year-end as simple and problem free as possible. So, please call ... **WE ARE HERE TO HELP YOU !!!**

YEAR-END PROCESSING SCHEDULE

Unless you notify us, Baron Payroll, Inc. will begin *processing* 4th quarter reports and W-2s **on December 31, 2009**. Baron Payroll strives to provide our clients quick turn around during this busy and deadline driven time of year. In order to ensure correct calculation of returns and to allow for printing time, you will receive your information mid January 2010.

If you need to make any additional adjustments/changes to your 2009 payroll records, please let us know **before submitting your last payroll.**

Additional adjustments/changes may include:

- Voided/Manual checks – remember checks issued in 2009 **CANNOT BE VOIDED** in 2010! If you have void or manual checks to process after you have processed your first payroll of 2010 you will be billed \$250 and Amended Return charges may also apply !
- Third party sick payments – call your Third Party provider to request this information. Will they provide the W-2 for the sick benefit or will Baron Payroll?
- Missing or incorrect social security numbers
- Employee address or name changes

Note: IF YOU NEED TO MAKE ANY CHANGES AFTER YOUR LAST PAYROLL, PLEASE CALL BARON PAYROLL IMMEDIATELY. Otherwise, we will begin processing your 4th quarter reports **on December 31, 2009**. Submitting changes or additional information after this period will result in additional charges.

BONUS PAYROLLS

If you are planning any Year End bonuses, please let us know at your earliest convenience and schedule **apart from** your regular payroll. We will need to know if you want to issue payments by direct deposit or checks and if there will be any special handling of taxes and deductions.

VERIFYING W-2 INFORMATION

To reduce the possibility of printing incorrect W-2's and to avoid penalties for incorrect or missing data, we ask you to verify critical Company and Employee Information.

*Remember: The Social Security Administration may assess penalties on employers who report inaccurate information on W-2's. **The fine is \$50 per W-2** in error and can be doubled if the errors are attributed to "fraud and gross or intentional negligence."*

- Ask us to do this for you – this service is FREE! What Baron Payroll will do, upon your request, is have one of your December payrolls have the social security number print on the check/voucher in full. You then have the employee verify or advise of any changes. *Also printed on the check stub will be a message reminding the employee to notify you of any corrections necessary.*

FRINGE BENEFITS

The value of some non-cash fringe benefits must be considered income to employees. These benefits must be reported on the 941 and the employee's W-2. Examples of these benefits are: **Premiums for Group Term Life Insurance over \$50,000, S-Corp insurance premiums, medical, personal use of company automobiles, memberships, discounts, employer provided vacations and some gifts.** Please be sure to check with your accountant on the taxability of these items.

QUALIFIED PENSION PLANS

IRS regulations require that an “X” be displayed in the box on the W-2 marked “Pension Plan” for all employees who participated in a Qualified Pension Plan. This also holds true if the fund was **100% Company funded** (no employee deductions). Please **verify/change** your employees’ Pension Status. This box will automatically display an “X” for any employees who have had deductions for a Deferred Compensation Plan (i.e. 401(k)) that were withheld through payroll.

THIRD PARTY SICK PAY

Federal legislation requires the reporting of both taxable and non-taxable sick pay made to employees from a Third Party, as well as taxes withheld on those payments. These payments must be included on the employees’ W-2 on a separate W-2 form provided by the Third Party or the Employer.

NOTE: These payments **must be processed with or before your last payroll in 2009** to ensure that your 941 and W-2 reports are correct. CALL your Third Party provider to request this information ASAP. **If your Third Party provider is unable to provide this information before your last payroll, please ask us to delay the processing of your quarterly reports and W-2’s!**

W-2 FORMS

Baron Payroll will file your **Federal W-2’s (Copy A)** with the Social Security Administration. Many states use this same information to update their records and may no longer require that the state copies be filed separately. **You will receive a confirmation notice of W-2 federal wages and taxes (W-3) along with your other paper W-2’s (local, employee, & file copies).**

- Internal Revenue Code 31.3402(l)-1 and –2 does not allow additional withholding in excess of the amount of net pay. Beware of employees who may want to provide you with a personal check in order to increase the withholding at year-end.
- For the employee’s protection, employers should not change an employee name without first obtaining a copy of a new social security card.

RATE & DEPOSIT FREQUENCY CHANGES

- √ **If you receive a notice of change for your DEPOSIT FREQUENCY from ANY tax agency, please fax the notice to us immediately.**
- √ **Rate changes for STATE UNEMPLOYMENT will arrive in your mail. Please fax/mail your rate change notice to us as soon as you receive it – do not wait until next year.**
- √ **If you are a *Tax Pay & File* client please send all coupon books, tax returns and agency correspondence to us **as soon as you receive them.****

How to Avoid Penalties for Incorrect W-2's

Every year the Social Security Administration (SSA) is unable to post 3-4 million W-2's due to individual name for Social Security Number (SSN) mismatches. The annual reporting of W-2 data posts to an individual's earnings history and this earnings history is used to determine the individual's Social Security benefits. W-2 errors can have a significant impact on the individual's Social Security benefits. Imagine going to your local SSA office to apply for benefits only to find out the money you were counting on is either not available or substantially less than you anticipated!

The SSA and Internal Revenue Service also may assess penalties on employers who report inaccurate information to the SSA on W-2's. The fine is \$50 per W-2 and can be doubled if the errors are attributable to "fraud and gross or intentional negligence."

What can you do to help your company and your employees??

1. Ask your employees to verify that their name and social security number as printed on their paycheck **matches** their Social Security card **exactly**. DO NOT use shortened forms or nick names (e.g., Betsy for Elizabeth).
 - ⇒ Use our check stub message or insert a memo in each payroll envelope as described on page 2
 - ⇒ Request to see the social security card for any names that appear to be incorrect (see below)
 - ⇒ Ask to see the employee's Social Security card for all new hires
If the card is incorrect for any reason including marriage, legal name change, etc., your employee should contact SSA to have their record updated. The employee can call (800) 772-1213 and request form SS-5. Always use the name on the original card until a new card is shown.
2. Do **not** omit hyphens. Do not join compound surnames into a single word or separate with a space. A compound last name should be Susan B Smith-Johnson or Maria E Rodriguez-de-Perez.
3. Do not separate a prefix from the rest of the name. Use an apostrophe or attach the prefix to the rest of the name. A name with a single letter prefix should look like this: Anthony D'Angelo or Anthony Dangelo. A name with multiple letter prefix should look like this: Leonardo Da Vinci or Leonardo Davinci.
 - ⇒ SSA recognizes the following prefixes and expects to find a name attached to them: Da, De, Di, Do, Du, El, La, Le, Lf, Li, Lo, Mt., Mc., St, Bon, Der, Las, Los, Mac, Mte, San, Sta, Ste, Van, Ver, Von, Dela, Vande, Vonde, Vonder, Vander.
4. Do not show titles or academic degrees at the beginning or end of the employee's name (e.g., Mr., Mrs., Dr., Capt., Rev., MD or PhD).
5. Do not use Jr., Sr., or a numerical suffix (e.g., III, IV) even if such a suffix appears on their social security card.

The SSA offers a free verification service called Enumeration Verification Service (EVS). Employers may call the SSA toll-free phone number (800) 772-1213 to verify up to five names and SSNs. For verification of 6-50 names and numbers, you must contact your local Social Security office. Requests for more than 50 names and numbers may be obtained by contacting the SSA's main computer center at (410) 965-7410.

For W-2 reporting questions, call the employer reporting service center at (800) 772-6270 or check www.ssa.gov. To order the free video "Critical Links: Names and Social Security Numbers," call the SSA at (410) 965-2763.



Do's and Don'ts

DO THIS...

DON'T DO THIS...

Social Security Numbers	Do review your W-2 Prelist and Employee W-2 Verification Report. Correct missing, invalid or duplicate social security numbers.	Do not wait until after the deadline to incur additional charges to make a correction, check your information now!
Bonus Payroll	If you are planning a year-end Bonus Payroll, let us know at your earliest convenience and schedule the pay date apart from a regular payroll.	
Void Checks	Do void 4th Quarter checks on or before your last payroll process for 2009	Do not void 2009 checks in 2010! Send them to Baron Payroll to be processed.
Address Changes	Do make all address changes on or before your last payroll process for 2009	
Manual Checks	Do enter them on or before your last payroll process for 2009	Do not enter a negative manual check from 2009 in 2010 for any reason. Send them to the Baron Payroll.
Fringe Benefits	Do report any additional fringe items on or before your last payroll process for 2009	Do not enter manual adjustments after the last 2009 payroll process. Send them to Baron Payroll to be processed.
Group Term Life (GTL)	Do enter on or before your last payroll process for 2009	Do not enter GTL on terminated employees or use manual adjustments after the last 2009 payroll. Call Baron Payroll for instructions.
Third Party Sick Pay	Send all 3rd Party Sick pay to Baron Payroll on or before your last payroll process for 2009	Do not forgot to send Baron Payroll any Third Party Sick Pay Info.
1099 Information	Submit 1099 earnings to Baron Payroll before you process the last payroll of 2009	Do not wait until after your last payroll of 2009 to advise Baron Payroll.
Accruals	Do advise Baron Payroll of any adjustments or new load amounts for the start of 2010. Please confirm with Baron Payroll if any accrual balances should be carried into 2010 or not.	Do not wait until after your last payroll of 2009 is run to make adjustments or changes.
Payroll Tax Information	Do send all payroll tax documents received from federal, state and/or local tax authorities to Baron Payroll via fax or email.	Do not have incorrect rates being paid because you did not send a notice you received to Baron Payroll.
Payroll Calendar	Do verify your payroll processing schedule/calendar no later than January 7, 2010	Do not wait until after a payroll is processed to realize you wanted a different payroll date.



2009 YEAR END REPLY FORM

Please COMPLETE ALL Questions Below and Return to Baron Payroll no later than December 18, 2009.

Fax (631) 925-5600 or scan and email to: support@baronpayroll.com

1. Do you have taxable fringe benefits that need to be included on your W-2's?

- I WILL NOT submit fringe benefits for 2009
 I WILL submit fringe benefits with payroll processed on _____

2. Will you pay a bonus?

- I WILL NOT process a bonus payroll
 I WILL process Bonus Checks (Please check one box below)
 Bonus Checks will be processed as a separate payroll processed on _____
 Bonus Checks will be processed as 2nd checks with my regular payroll dated _____

3. Accruals (PTO, Vacation, Sick Time, Personal Time)

- PTO DROP balances at Year End 2009 CARRY FORWARD balances into 2010
Vacation Time DROP balances at Year End 2009 CARRY FORWARD balances into 2010
Sick Time DROP balances at Year End 2009 CARRY FORWARD balances into 2010
Personal Time DROP balances at Year End 2009 CARRY FORWARD balances into 2010

4. Do you have Manual/Voided Checks?

- I DO NOT have manual or voided checks to report
 I DO need to void checks issued in 2009

5. Third Party Sick Pay?

- I WILL NOT report Third Party Sick Pay for 2009
 I WILL report Third Party Sick Pay for 2009
Date on which 3rd Party Sick amounts will be reported _____

6. Verify Employees' Social Security Numbers, Names, Addresses

- I DO NOT need to update my employee(s)' social security numbers, names and addresses
 I DO need to update employee(s)' social security numbers, names, or addresses

7. Verify Pension Status of Employees

- My employee(s)' pension status is correct
 I need to update/change my employee(s)' pension status

8. Deposit Frequency, Tax ID or Rate Change Notices

- I DO NOT have changes to my organization's deposit frequency, tax ID, or unemployment rate
 I DO have changes, please update my:
 Deposit Frequency
 Tax ID Number
 Unemployment Rate



Sign here if you wish to delay year end processing: _____

FINAL CHANGES TO 2009 PAYROLL RECORDS

I understand that if I need to make any changes AFTER MY LAST PAYROLL, I must call Baron Payroll IMMEDIATELY to request a delay in the processing of my 4th quarter reports and W-2s. Otherwise, Baron Payroll will begin processing my 4th quarter reports on December 31, 2009. Submitting changes or additional information after this period will result in additional charges.

Company Name: _____

Client ID # _____

Approved By: _____

Date _____

W-2s processed after January 22, 2010 will incur an additional charge!