

Sage ERP MAS 90 and 200 941 Update for HIRE Act

Please read this update notice from Sage

We strongly encourage all Sage ERP MAS 90 and 200 Payroll customers to download and install the 2010 Q2 Payroll Update, which is now available on Sage Online. This important update includes a new 941 form and provides the software changes necessary to capture and process the required employee information in order for you to comply with the new HIRE Act. The new 941 form is required for Q2 filings for all Payroll customers, even if the HIRE Act doesn't apply to you.

Carefully follow the instructions included on the download to ensure the appropriate calculations.

The HIRE Act encourages companies to hire unemployed workers by exempting certain wages from the employer's portion of Social Security taxes (payroll tax exemption), and by providing employers with a business tax credit if new hires are retained for at least 52 consecutive weeks. For an employer to receive these tax benefits, the unemployed worker must be a "qualified individual". A qualified individual is anyone who:

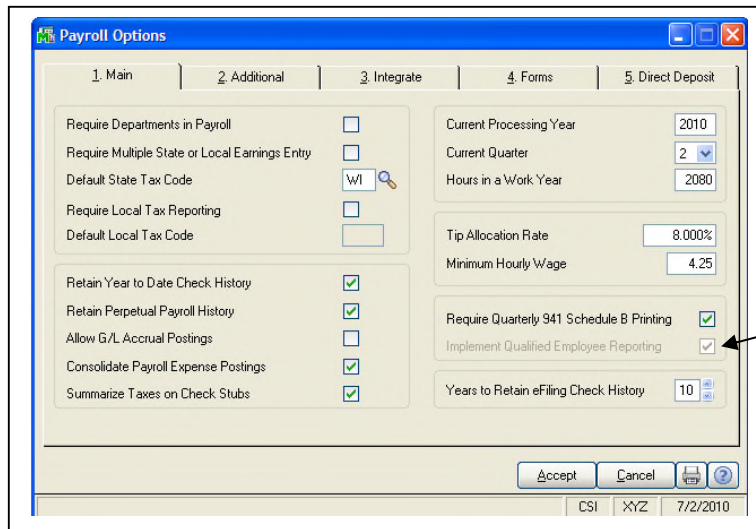
1. Begins work for a qualified employer after Feb. 3, 2010 and before Jan. 1, 2011
2. Certifies by signed affidavit (under penalties of perjury) that he has not been employed for more than 40 hours during the 60-day period ending on the date the employment begins
3. Is not employed to replace another employee of the employer unless that former employee separated from employment voluntarily, or for cause
4. Is not related to the employer (under rules similar to those for related individuals in IRC §51(i)) [IRC §3111(d)(1)].

The IRS has drafted Form W-11, Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit, to help employers meet the second requirement under "qualified individual". The form instructions state that the employee must complete and sign the affidavit, or a similar statement, under penalties of perjury, for an employer to receive the tax benefits under the HIRE Act. The Form W-11 requires qualified individuals to provide their name, Social Security Number (SSN), first date of employment, and name of the employer.

Additional information can be found on the IRS website.

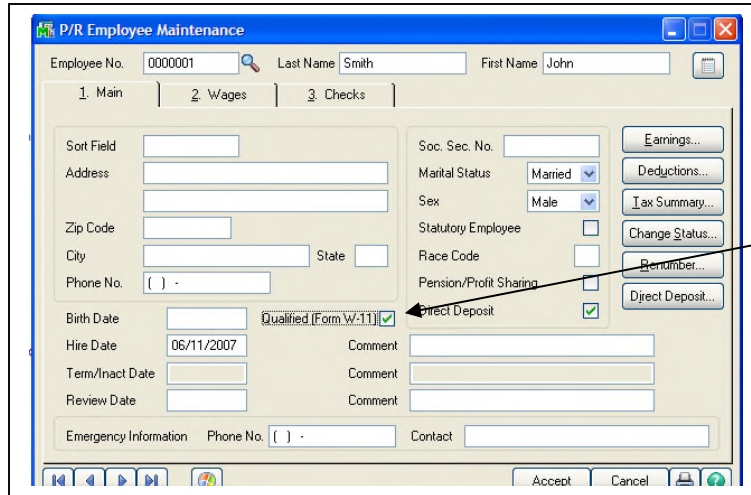
Install the 2010 Q2 Payroll Update (including 941 updates)

1. Install the *2010 Q2 Payroll Update.exe* to your MAS90 directory. There is one install file for MAS 90 versions 3.71 to 4.05 and a different install file for MAS 90 versions 4.10 to 4.40.
2. Using Windows Explorer, browse to the \MAS90\Reports directory and rename the following files in the Reports folder, the \###-### folder and the \###-xxx folders (where xxx = company code).
 - PR941A.rpt
 - PR941P.rpt
 - PRSCHB.rpt
 - PRSCHP.rpt
3. If you have user defined fields (UDF's) in Employee Maintenance, do the following:
 - Go to Custom Office, Main, Customizer Utilities
 - Rebuild Customizer Log
 - Update Customized Forms to Current Level
4. Go to Payroll, Setup, Payroll Options. Select the "Implement Qualified Employee Reporting" check box. Note: This check box should be selected even if you do not have any employees that meet the Federal Guidelines for a qualified employee.



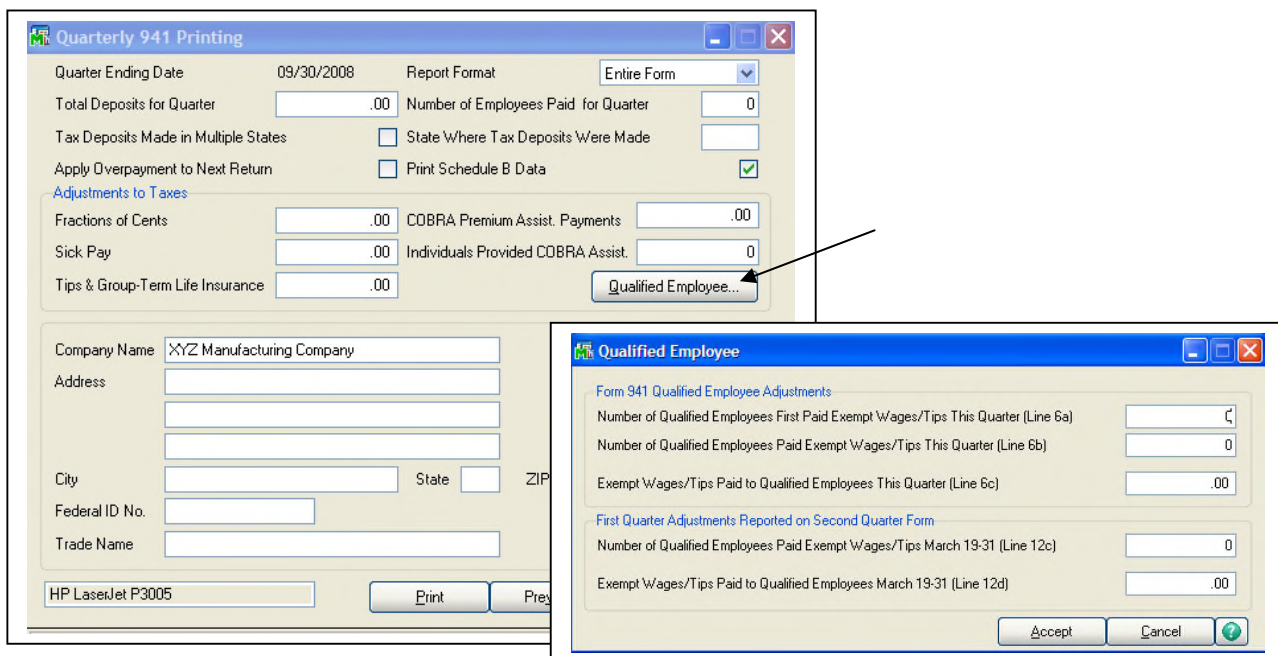
HIRE Act reporting

1. Go to Payroll, Main, Employee Maintenance. Select the Qualified (W-11) check box for any employee that meets the Federal guidelines for a qualified employee.



The screenshot shows the 'P/R Employee Maintenance' window for an employee named John Smith. The 'Qualified (Form W-11)' checkbox is checked. Other fields include Employee No. 0000001, Hire Date 06/11/2007, and various personal and contact information fields. A button labeled 'Direct Deposit' is also visible and checked.

2. Go to Payroll, Period End Processing, Quarterly 941 Printing. Note: If an exempt earnings code was used, the Fractions of Cents field may need to be adjusted.
3. If you have qualified employees, click Qualified Employee.
4. Verify the amounts are correct for line 6b and 6c. Manually enter the amounts for line 12c and 12 d. When all information is entered and correct, click Accept.
 - Line 6a – Number of qualified employees first paid exempt wages/tips this quarter.
 - Line 6b – Number of qualified employees paid exempt wages/tips this quarter.
 - Line 6c – Exempt wages/tips paid to qualified employees this quarter.
 - Line 12c – Number of qualified employees paid exempt wages/tips March 19-31
 - Line 12d – Exempt wages/tips paid to qualified employees March 19-31
5. Print your 2010 2nd Quarter 941 Report and follow your normal quarter end process.



The screenshot shows the 'Quarterly 941 Printing' window. The 'Qualified Employee...' button is highlighted. Below it, a sub-window titled 'Qualified Employee' is open, showing 'Form 941 Qualified Employee Adjustments'. The sub-window contains the following fields:

Form 941 Qualified Employee Adjustments	
Number of Qualified Employees First Paid Exempt Wages/Tips This Quarter (Line 6a)	0
Number of Qualified Employees Paid Exempt Wages/Tips This Quarter (Line 6b)	0
Exempt Wages/Tips Paid to Qualified Employees This Quarter (Line 6c)	.00
First Quarter Adjustments Reported on Second Quarter Form	
Number of Qualified Employees Paid Exempt Wages/Tips March 19-31 (Line 12c)	0
Exempt Wages/Tips Paid to Qualified Employees March 19-31 (Line 12d)	.00

The sub-window also includes 'Accept' and 'Cancel' buttons at the bottom.

Federal eFiling and Reporting (Aatrix)

To obtain and print the latest 941 Form using the Aatrix reporting system, do the following.

- Install the 2010 Q2 Payroll Update
- Go to Payroll, Main, Employee Maintenance. Select the Qualified (W-11) check box for any employee that meets the Federal guidelines for a qualified employee.
- Go to Payroll, Period End, Federal eFiling and Reporting. Follow the prompts to update all forms and programs via the internet connection.
- Select the 941_Form and go through the processing steps as prompted.

Federal eFiling and Reporting

Federal
 State
 Existing Reports

Reporting Period: Quarterly
 Year: 2010
 Quarter: 2

Form ID	Form Description
8109-V_FORM	EFTPS Form 8109. Use this to make 940, 941, 943, 944, and 945.
940_FORM	[Annual] Employer's Annual Federal Unemployment (FUTA) Tax Return.
941-X_FORM	Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund.
941_FORM	[Quarterly] Employer's Quarterly Federal Tax Return. Use this to report quarterly federal taxes.
943_FORM	[Annual] Employer's Annual Federal Tax Return for Agricultural Employees.
944_FORM	[Annual] Employer's Annual Federal Tax Return. Use this to report annual federal taxes.
945_FORM	[Annual] Annual Return of Federal Income Tax. Use this to report annual federal income taxes.
EW2_CONSENT	Use this to print an electronic W-2 consent for each of your employees.
I-9_FORM	Employment Eligibility Verification. Use this to report employee information.
W-11 FORM	Hiring Incentives to Restore Employment (HIRF) Act Employee Information.

Company Name: XYZ Manufacturing Company
 Address: 2631 N. Meade St., Suite 202
 City: Appleton
 State: WI ZIP Code: 54911
 Federal ID No.: 39-1234567890
 State ID No.:
 Telephone: (920) 993-1077
 Fax: (920) 993-1079
 Trade Name: CSI

Date: 04/01/2010 to 06/30/2010
 Employee No.

W2 Box 14 Selection:
 Misc Earnings Code 1 Misc Deduction Code 1
 Misc Earnings Code 2 Misc Deduction Code 2

Activate Accept Cancel ?

HIRE Act Payroll Reports

Competitive Strategies, Inc. has developed two custom Crystal Reports to assist you with the reporting process. Please contact us at (920) 993-1077 to obtain these reports.

HIRE Act Exemption Amount

- This report can be run each payroll to determine the total amount to withhold from your payroll tax deposit.

HIRE Act Exemption Amount				XYZ Manufacturing Company	
For Payroll Check date 7/7/2010					
Employee Number	Employee Name	HireDate	CheckDate	Employee FICA Withheld	
00-0004589	Smith, Cynthia	4/26/2010	7/7/2010	24.80	
00-0004692	Walker, John	7/1/2010	7/7/2010	37.20	
Employer Share of FICA (equal to Employee Share of FICA withheld)				\$	<u>62.00</u>

HIRE Act 941 Reporting

- This report will show totals by quarter and will help you to complete box 6a which asks for the number of qualified employees *first* paid exempt wages/tips this quarter.

HIRE Act 941 Reporting				XYZ Manufacturing Company	
For All Payroll Checks paid after 3/18/2010					
Employee Number	Employee Name	HireDate	CheckDate	Employee FICA Withheld	
<u>Year: 2010 Qtr: Q2</u>					
00-0004589	Smith, Cynthia	4/26/2010	5/7/2010	24.80	
			6/7/2010	24.80	
Number of New Hires Paid This Qtr:			1	Total for Quarter	49.60
<u>Year: 2010 Qtr: Q3</u>					
00-0004589	Smith, Cynthia	4/26/2010	7/7/2010	24.80	
00-0004692	Walker, John	7/1/2010	7/7/2010	37.20	
Number of New Hires Paid This Qtr:			2	Total for Quarter	62.00
Employer Share of FICA (equal to Employee Share of FICA withheld)				\$	<u>111.60</u>

Potential Issues

Gross Wages and FICA Withheld are Wrong in MAS 90

- If payroll was not closed out at the end of the quarter before a new payroll was run, the amounts will be wrong.
- In the example below, the FICA reporting amount for Q2 should be \$49.60 based on wages of \$800. (49.60/.062)
- The Federal Tax Summary for John Walker shows FICA of \$37.20 in Q2 but the check date was in Q3.
- MAS 90 uses the Federal Tax Summary and reports wages of \$1,400 and FICA of \$86.80. (incorrect)
- Aatrix uses the Check Date and reports wages of \$800 and FICA of \$49.60. (correct)

New Hire 941 Reporting				XYZ Manufacturing Company	
For All Payroll Checks paid after 3/18/2010					
Employee Number	Employee Name	HireDate	CheckDate	Employee FICA Withheld	
<u>Year: 2010 Qtr: Q2</u>					
00-0004589	Smith, Cynthia	4/26/2010			
			5/7/2010	24.80	
			6/7/2010	24.80	
Number of New Hires Paid This Qtr:			1	Total for Quarter	49.60
<u>Year: 2010 Qtr: Q3</u>					
00-0004589	Smith, Cynthia	4/26/2010			
			7/7/2010	24.80	
00-0004692	Walker, John	7/1/2010			
			7/7/2010	37.20	
Number of New Hires Paid This Qtr:			2	Total for Quarter	62.00
Employer Share of FICA (equal to Employee Share of FICA withheld)				\$	111.60

John Walker
Federal Tax
Summary

Federal Tax Summary		
	Quarter To Date	Year To Date
Wages		
Gross Wages	600.00	600.00
Withholding	600.00	600.00
Employee FICA	600.00	600.00
Employee FICA Tips	.00	.00
Employer FICA	600.00	600.00
Employer FICA Tips	.00	.00
Employee Med.	600.00	600.00
Employer Med.	600.00	600.00
Unemployment	600.00	600.00
Tips Reported	.00	.00
Tips Deemed	.00	.00
Payroll Taxes		
Withholding	40.00	40.00
Employee FICA	37.20	37.20
Employee FICA Tips	.00	.00
Employee Med.	8.70	8.70
EIC	.00	.00
Pension Plan <input type="text" value=".00"/>		
Cafeteria Plan <input type="text" value=".00"/>		
Allocated Tips <input type="text" value=".00"/>		
Fringe Benefit <input type="text" value=".00"/>		
Nonqualified <input type="text" value=".00"/>		
Dependent Care <input type="text" value=".00"/>		
Hours Worked <input type="text" value="40"/>		
Days Worked <input type="text" value="5"/>		
Weeks Worked <input type="text" value="1"/>		
<input type="button" value="Fig"/> <input type="button" value="OK"/> <input type="button" value="Cancel"/> <input type="button" value="Help"/>		