



GET READY FOR 2006

Year-end payroll checklist

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Happy holidays from the team at QuickBooks Assisted Payroll!

Welcome to the Fall 2005 issue of the QuickBooks Assisted Payroll newsletter.

As the year winds to a close, time seems to rush by even faster and to-do lists grow even longer. To help you through this busy time, we've compiled a handy year-end checklist as well as answers to common questions that arise at the end of the year. We also highlight some of the latest QuickBooks Assisted Payroll enhancements that will help you further streamline your payroll management in the upcoming year. Plus, see our Service Alert for details on how the upcoming holidays will affect your payroll processing.

It has been our pleasure to serve your payroll needs in 2005, and we look forward to a successful 2006 with you!

Sincerely,



Chad O'Meara
General Manager, OSP

GET READY FOR 2006

Year-end payroll checklist

Year-end payroll deadlines can add more to-do's to this already hectic season. By verifying some data and completing a few tasks now, you can save yourself time and stress later—and help ensure that you're in compliance with federal and state regulations. Here are some suggestions* to help you navigate year-end.

Verify employee data

Make sure you have up-to-date and accurate information for all of your employees—and minimize Form W-2 corrections or amendments. For each employee, check data such as the following:

- Legal name
- Address
- Filing status
- Social Security number

You can use the Social Security Administration (SSA) Employee Verification Service to verify that an employee's name and Social Security number (SSN) match what the SSA has in its records. You will be asked for your company name and Federal Employer Identification Number (FEIN) as well as the following information for each name/SSN you want to verify: SSN, last name, first name, middle initial, date of birth, and gender.

The Social Security Number Verification System at <http://www.ssa.gov/employer/ssnv.htm> allows you to verify as many as 10 names/SSNs (per screen) online and receive immediate results. You also can upload batch files of as many as 250,000 names/SSNs and usually receive results the next government business day. The SSA points out that the service can be used only to verify current or former employees and only for wage reporting (Form W-2) purposes. To use the system, employers must register on the SSA's Business Services Online (BSO) at <http://www.socialsecurity.gov/bsowelcome.htm>.

You can verify as many as five names/SSNs by calling (800) 772-6270 from 7 A.M. to 7 P.M. EST, weekdays. To verify as many as 50 names/SSNs, you can submit on paper the previously listed data to your local Social Security Office. Some offices accept faxed listings.

For more information, visit <http://www.ssa.gov/employer/ssnv.htm>.

Tip: If you use Employee Organizer with your QuickBooks Assisted Payroll, updating employee information is easy using the Employee Profile and Emergency Contact reports. Visit <http://www.payroll.com/addons/employeeorganizer/>.

Verify employer information

QuickBooks Assisted Payroll is required to send W-2 forms and other year-end information to your legal address. If this address has changed, you will need to update it so you receive your information in a timely manner. To change your legal address, you must complete IRS Form 8822 and return it to QuickBooks Assisted Payroll either by fax or mail. The form is available at the Assisted Payroll Forms Library: <http://www.payroll.com/support/assisted/forms.html>.

Conduct year-end reconciliations

Reconciliation at year-end can help you spot discrepancies or mistakes that may have occurred in your major accounts, including your wage and tax accounts. Finding any mistakes in your accounting that affect payroll or tax withholdings before the year-end may allow you or your accountant to correct the problem before you close the books.

IMPORTANT YEAR-END DATES

December 28, 2005: QuickBooks Assisted Payroll must receive your year-end payroll data by 5 P.M. Pacific Time. Any adjustments submitted after 5 P.M. Pacific Time on December 28, 2005 will require a backdate fee, and may result in late tax deposits and tax penalties.

January 31, 2006: Internal Revenue Service (IRS) deadline to distribute W-2 forms to employees. Please contact us if you have not yet received your W-2s by this date.

The first step in year-end reconciliation is to verify that your balances in your major accounts are correct. If you have any issues with your accounts, you should review them with your accountant or run additional reports, including summary and detail reports that show data for the entire year to help you reconcile the accounts.

Some helpful reports to look at in your accounting system may include payroll detail reports, employee earnings summaries, withholding and paid time off (PTO) reports, and workers' compensation. If you use QuickBooks financial software, you may find the following specific reports helpful: Payroll Summary, Payroll Item Detail, Payroll Detail Review, and Payroll Item Listing. Running a handful of key reports now can help save you both time and money later.

Here are some accounts that typically need special attention at the end of the year:

- **Bank accounts**—Make sure you have completed bank reconciliations for all of your bank accounts. Void any old outstanding checks that you believe will not be cashed. Once you have closed the year, you should not void checks in the prior year, since it would make the expenses incorrect for that period. Make sure that your petty cash account balance is accurate and that all of your petty cash entries are up-to-date. This step can help you discover often-missed expenses—which can add up.

- **Accounts receivable and accounts payable—** Write off any customer bad debts in your accounts receivable. Also, if you use QuickBooks financial software, be sure that the A/R aging report matches the balance in the accounts receivable account. Likewise, verify that the A/P aging report matches the accounts payable account balance.

Tip: If your company accrues payroll and liabilities, or prepays any expenses (such as insurance or subscriptions) and then carries the prepayment as an asset, you may need to make journal entries to ensure these accruals and prepayments are handled at year-end. Check with your accountant to determine whether these types of entries apply to your business and for assistance with clearing your prepaid and accrued expenses.

Confirm proper funding for all manual checks

You will want to ensure you have sufficient funding to cover any checks not issued through QuickBooks Assisted Payroll. Remember to review your general ledger before cutting checks.

Distribute important year-end notices to employees

Ask employees to submit a Form W-4 if their status has changed.

Tip: QuickBooks Employee Organizer will provide you with updated federal and state forms, including the federal 2006 Form W-4, once they become available. Visit <http://www.payroll.com/add-ons/employeeorganizer/> for more information.

Verify all wage, tax, and benefits data

Ensure that all withholdings are made properly for fringe benefits such as group-term life, personal use of a vehicle, bonuses, and so forth.

Be sure to get the official 2005 QuickBooks Assisted Payroll Year-End Guide. Download your copy at www.payroll.com/yearend.

*Source: American Payroll Association, www.americanpayroll.org

FREQUENTLY ASKED QUESTIONS

Got a question? We've got answers

When will I receive a copy of my quarterly payroll tax forms? We file your payroll tax forms by the required filing date and then mail copies to you for your records. Copies are mailed to your company's legal address approximately 45 days after the end of the quarter. For third quarter, which ended September 30, your copy will be mailed on or before November 15.

What should I do if I receive a federal or state tax notice? If you receive a notice about your federal tax deposit frequency, a state unemployment insurance (SUI) rate change, or any other correspondence regarding payroll taxes from the IRS or a state agency, please fax or mail the documents (including coupon

books, if applicable) to:

QuickBooks Assisted Payroll
Tax Department
P.O. Box 30005
Reno, NV 89520-9854
Fax: (866) 293-1994

What can I do now to avoid filing W-2 corrections (Form W-2c) or facing delays at year-end?

Employee and employer information can change throughout the year. To help avoid filing W-2c forms or facing delays at year-end, take a moment now to review and correct your information:

- Employee addresses
- Employee Social Security numbers
- Employer legal and e-mail addresses
- Employer tax ID, phone, and fax numbers

For more information and a comprehensive list of FAQs, visit <http://www.payroll.com/support>.

WHAT'S NEW

QuickBooks Payroll for 2006 improves payroll management

As part of QuickBooks 2006, QuickBooks Payroll boasts many new features to help simplify payroll management tasks. The new Payroll Center in QuickBooks Payroll (payroll subscription required) provides a single screen from which you can handle all payroll activities, including:

- **Paying employees**—Assisted Payroll now provides an improved payroll entry screen for multiple employees, one-step net-to-gross paycheck calculations, a workers' compensation reporting feature, and self-service W-2 forms for the 2006 tax year.
- **Accessing filed tax forms**—Assisted Payroll now allows you to access copies of your quarterly and annual federal filings via a secure connection online. Select forms will be made available beginning with the third quarter 2005 filings, with additional forms enabled for electronic delivery in the future.

Ongoing Payroll Support is still included with your Assisted Payroll subscription. For more information, visit www.payroll.com.

SERVICE ALERT

November 24, December 26, and January 2 Are Federal Reserve Bank Holidays

How will Thanksgiving Day, Christmas Day, and New Year's Day affect payroll processing? Payroll will not be processed Thursday, November 24, 2005; Monday, December 26, 2005; and Monday, January 2, 2006. Intuit does not process payroll and employee direct deposits on Federal Reserve bank holidays, Saturdays, or Sundays. To allow for these holidays, or to avoid a delay in the processing of your payroll and your employees' direct deposits, you might need to process your payroll earlier than usual. Read more at <http://www.payroll.com/support/assisted/index.html>.

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We want to work with more people like you!

We appreciate your business and we hope you will tell more people about us. Refer a friend or associate to Intuit Payroll Services and when your referral processes payroll* you will be eligible to earn your choice of a \$50 payroll processing credit or a \$50 Visa® gift card. Refer someone today—just complete our online referral form at <http://www.payroll.com/forms/referral.html> or call (866) 820-6337 and make your referral.

* Defined as someone who has subscribed to either QuickBooks Assisted Payroll or Intuit Payroll Services Complete Payroll, and who has run and paid in full a payroll with Intuit Payroll Services. All referrals are subject to the Referral Reward Program rules. Terms and conditions are subject to change at any time without notice.

At least QuickBooks 2003 or more recent release and an Internet connection are required to activate Employee Organizer and receive updates to the Employment Regulations Update Service. Purchase of Employee Organizer includes a 12-month subscription to the Employment Regulations Update Service. Fees apply after 12 months. Answers to e-mail questions for the Employment Regulations Update Service are provided by CCH, a leading provider of tax and business law information. Background check services are provided by our affiliate, IntelliCorp. Per-search fees apply.

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