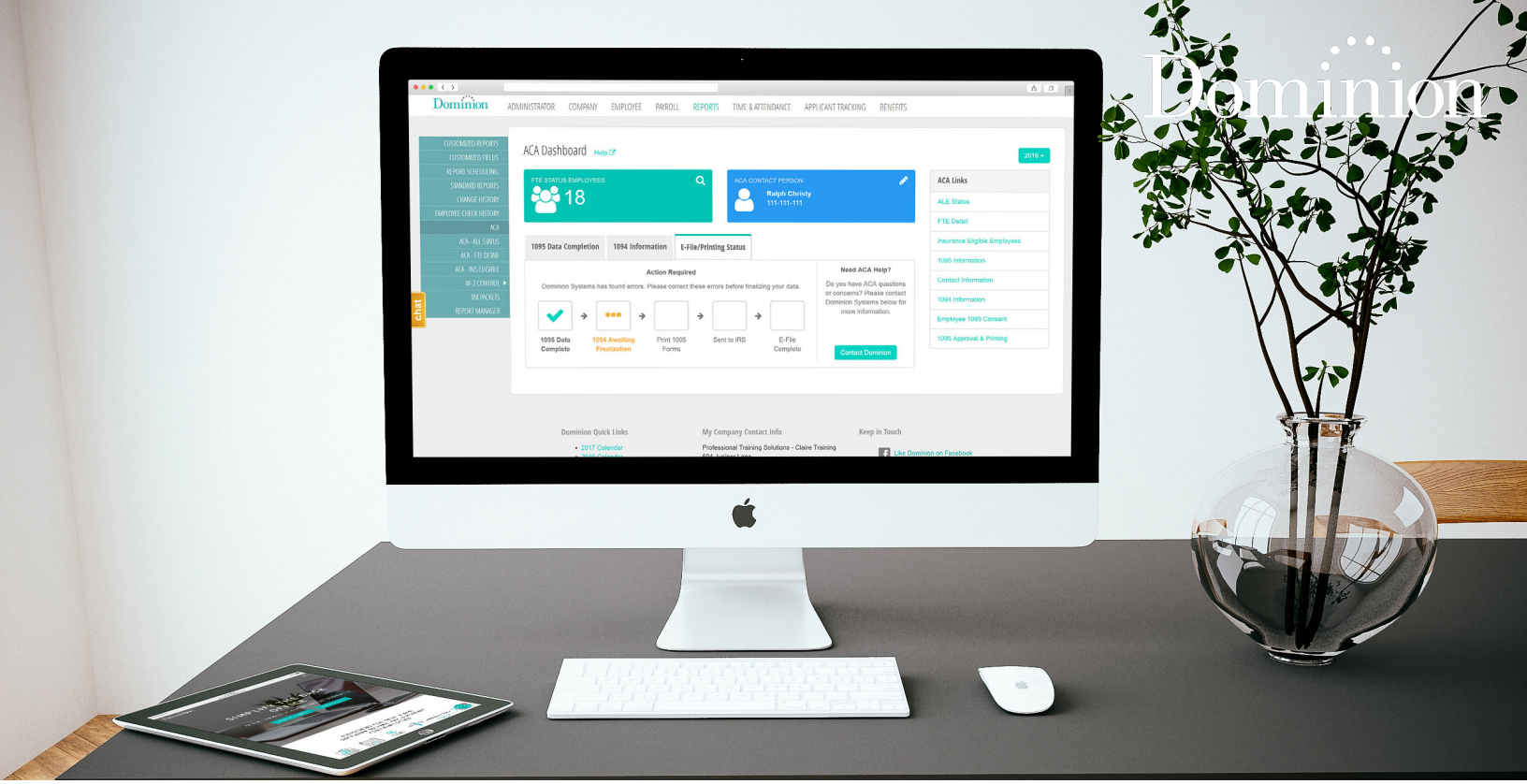

2018 YEAR-END HANDBOOK

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COMMON YEAR-END ADJUSTMENTS

Company Paid HSA Adjustments

The IRS states that the total amount (both employee and employer) of contributions to a Health Savings Account (HSA) must be shown on the employee W-2 in Box 12 with a code W. If your company has contributed to your employee's HSA, then you will need to make sure that data is tracked within the software. Please contact solutions@dominionsystems.com if you need to add the deduction to track this benefit.

Fringe/Non Cash/W-2 Taxable

Fringe benefits are items that must be added to an employee's taxable wages for W-2 purposes. These are benefits that the employee already received and will not be 'paid' for, but instead should have the values recorded to increase taxable wages. **Will the amount of the fringe benefit display in Box 14 on the W-2?*

- The employee WILL NOT be paid again in the calendar year
- The employee WILL be paid again in the calendar year
- Social Security and Medicare (FICA) taxes ONLY
- All taxes withheld*
  **Note: The employee MUST be getting paid another value large enough to cover the taxes that would need to be withheld for this benefit AS WELL AS the taxes for the current payroll*
- Employer will cover employee and employer portion of Social Security and Medicare (FICA) taxes

The employee WILL NOT be paid again in the calendar year

- Go to Payroll | Adjustments | Detail
- Calculate the amount of the Social Security tax on the amount of the fringe benefit
  - Example: $100 fringe benefit ($100*6.2% = $6.20)

  **Note: If the employee is over the Social Security wage limit of $127,200 then the tax is zero*
- Calculate the amount of the Medicare tax on the fringe amount
  - Example: $100 fringe benefit ($100*1.45% = $1.45)

  **Note: If the employee is over the $200,000 wage base, the percentage for the employee tax increases to 2.35%*
- Select the appropriate employee and enter a description in the 'Adjustment Name'
- Put amount of the benefit in the appropriate earning field (100)
- Put amount of the benefit in the appropriate deduction field (100)
- Enter the amount of Social Security tax calculated above (6.20)
- Enter the amount of the Medicare tax calculated above (1.45)
- Enter the total of the Social Security and Medicare taxes as a negative value in either the Federal or State tax to cover the FICA taxes owed on this amount (-7.65)
- Click 'Save'

The employee WILL be paid again this year

Social Security and Medicare (FICA) taxes ONLY

- Social Security and Medicare (FICA) taxes ONLY
- Go to Payroll | Adjustments | Detail
- Select the appropriate employee and enter a description in the 'Adjustment Name'
- Put the amount of the benefit in the appropriate earning field
- Put the amount of the benefit in the appropriate deduction field
- Click 'Save'

**Note: You WILL see Social Security/Medicare tax errors in the preview. As long as the employee is getting paid in that payroll or again prior to the end of the year, the software will automatically collect the FICA taxes owed for the taxable fringe benefit.*

All Taxes Withheld

**Note: The employee MUST be getting paid another value large enough to cover the taxes that would need to be withheld for this benefit AS WELL AS the taxes for the current payroll.*

- Go to Payroll | Pay Data | Grid
- Find the employee and click on the 'D' to the left of their name
- Click 'Add Deduction' and find the appropriate deduction, enter the amount and save
- In the Pay Data Grid, enter the amount of the same amount of the benefit in the appropriate earning

*If you do not see the deduction listed under 'Add Deduction', you have a slightly different set up. Click on the 'D' and the select 'Add Earning'. Select the appropriate item and put in the amount of the benefit and click save. NO Further steps are typically necessary in this instance.

Review the preview to ensure the amounts are being added to and subtracted from each employee check PRIOR to accepting the payroll

**Note: You should NOT see a Social Security/Medicare tax error in the preview in this instance*

Employer will cover employee and employer portion of Social Security and Medicare (FICA) taxes

- Gross up the amount of the benefit
  - Example: $100 Fringe benefit; to get the gross: $100/.9235 = $108.28

    **Use rate of .9855 if employee has exceeded the Social Security wage limit of $118,500*

    **Use rate of .9765 if the employee has exceeded the Medicare wage base of $200,000*
- Go to Payroll | Adjustments | Detail
- Select the appropriate employee and enter a description in the 'Adjustment Name'
- Enter the calculated gross in the appropriate earnings category (108.28)
- Put amount in the appropriate deduction (using the actual amount of the fringe 100)
- Can use check amount rather than deduction if you are grossing up a gift card or cash
- Enter amount of Social Security tax (if they have not exceeded the limit) (Gross * 6.2% (108.28 * 6.2% = 6.71))
- Enter amount of Medicare tax (use 2.35% if they have exceed the wage base) (Gross * 1.45% (108.28 * 1.45% = 1.57))
- Click 'Save'

**Note: You should NOT see Social Security/Medicare tax errors in the preview from this adjustment. If you do, the tax for this adjustment could have potentially been calculated or input incorrectly*

Group Term Life/Excess Life Insurance in Excess of $50,000

Group term life insurance (GTL) in excess of $50,000 is a taxable benefit to employees and must be reported on the W-2 in Box 12 with a code C. The taxable portion of the GTL insurance is determined using an IRS regulated table. **IRS table for calculating the taxable portion of the GTL insurance.*

Note: If you already record this every payroll, you do not need to complete any additional steps.

- The employee WILL NOT be paid again in the calendar year
- The employee WILL be paid again in the calendar year
  - Social Security and Medicare (FICA) taxes ONLY
  - All taxes withheld*

    **Note: The employee MUST be getting paid another value large enough to cover the taxes that would need to be withheld for this benefit AS WELL AS the taxes for the current payroll*
- Employer will cover employee and employer portion of Social Security and Medicare (FICA) taxes

GTL - The employee WILL NOT be paid again in the calendar year

- Go to Payroll | Adjustments | Detail
- Calculate the amount of the Social Security tax on the amount of the GTL benefit
  - Example: $100 GTL benefit ($100*6.2% = $6.20)

    **Note: If the employee is over the Social Security wage limit of $127,200, then the tax is zero*
- Calculate the amount of the Medicare tax on the GTL amount
  - Example: $100 GTL benefit ($100*1.45% = $1.45)

    **Note: If the employee is over the $200,000 wage base, the percentage for the employee tax increases to 2.35%*
- Select the appropriate employee and enter a description in the 'Adjustment Name'
- Put amount of the benefit in the appropriate earning field (100)
- Put amount of the benefit in the appropriate deduction field (100)
- Enter the amount of Social Security tax calculated above (6.20)
- Enter the amount of the Medicare tax calculated above (1.45)
- Enter the total of the Social Security and Medicare taxes as a negative value in either the Federal or State tax to cover the FICA taxes owed on this amount (-7.65)
- Click 'Save'

GTL - The employee WILL be paid again in the calendar year

Social Security and Medicare (FICA) taxes ONLY

- Go to Payroll | Adjustments | Detail
- Select the appropriate employee and enter a description in the 'Adjustment Name'
- Put the amount of the benefit in the appropriate earning field
- Put the amount of the benefit in the appropriate deduction field
- Click 'Save'

**Note: You WILL see Social Security/Medicare tax errors in the preview. As long as the employee is getting paid in that payroll or again prior to the end of the year, the software will automatically collect the FICA taxes owed for the taxable fringe benefit.*

All Taxes Withheld

**Note: The employee MUST be getting paid another value large enough to cover the taxes that would need to be withheld for this benefit AS WELL AS the taxes for the current payroll.*

- Go to Payroll | Pay Data | Grid
- Find the employee and click on the 'D' to the left of their name
- Click 'Add Deduction' and find the appropriate deduction, enter the amount and save
- In the Pay Data Grid, enter the amount of the same amount of the benefit in the appropriate earning

*If you do not see the deduction listed under 'Add Deduction', you have a slightly different set up. Click on the 'D' and the select 'Add Earning'. Select the appropriate item and put in the amount of the benefit and click save. NO Further steps are typically necessary in this instance.

Review the preview to ensure the amounts are being added to and subtracted from each employee check PRIOR to accepting the payroll

**Note: You should NOT see a Social Security/Medicare tax error in the preview in this instance*

GTL - Employer will cover employee and employer portion of Social Security and Medicare (FICA) taxes

- Gross up the amount of the benefit
  - Example: $100 GTL benefit; to get the gross: $100/.9235 = $108.28
    **Use rate of .9855 if employee has exceeded the Social Security wage limit of $127,200*
    **Use rate of .9765 if the employee has exceeded the Medicare wage base of $200,000*
- Go to Payroll | Adjustments | Detail
- Select the appropriate employee and enter a description in the 'Adjustment Name'
- Enter the calculated gross in the appropriate earnings category (108.28)
- Put amount in the appropriate deduction (using the actual amount of the GTL 100)
- Use check amount rather than deduction if you are grossing up a gift card or cash
- Enter amount of Social Security tax (if they have not exceeded the limit) (Gross * 6.2% (108.28 * 6.2% = 6.71))
- Enter amount of Medicare tax (use 2.35% if they have exceed the wage base) (Gross * 1.45% (108.28 * 1.45% = 1.57))
- Click 'Save'

**Note: You should NOT see Social Security/Medicare tax errors in the preview from this adjustment. If you do, the tax for this adjustment could have potentially been calculated or input incorrectly*

Group Term Life Calculation Table

Figure the monthly cost of the insurance to include in the employee's wages by multiplying the number of thousands of dollars of all insurance coverage over $50,000 (figured to the nearest $100) by the cost shown in Table 2-2. For all coverage provided within the calendar year, use the employee's age on the last day of the employee's tax year. You must prorate the cost from the table if less than a full month of coverage is involved.

IRS Group Term Life Instructions

Example (As provided by the IRS). Tom's employer provides him with group-term life insurance coverage of $200,000. Tom is 45 years old, is not a key employee, and pays $100 per year toward the cost of the insurance. Tom's employer must include $170 in his wages. The $200,000 of insurance coverage is $270 (.15 x 150 x 12), and is reduced by the $100 Tom pays for the insurance. The employer includes $170 in boxes 1, 3, and 5 of Tom's form W-2. The employer also enters $170 in Box 12 with code "C".

Table 2-2 Cost Per $1,000 of Protection for 1 Month

Age	Cost
Under 25	$ .05
25 through 29	$.06
30 through 34	$.08
35 through 39	$.09
40 through 44	$.10
45 through 49	$.15
50 through 54	$.23
55 through 59	$.43
60 through 64	$.66
65 through 69	$1.27
70 and older	$2.06

Third Party Sick Pay

Payments made to employees from a third party agent typically need to be recorded so that the employer portion of taxes are collected and filed on your behalf. Also, in the event that the third party agent is not providing W-2s for that information, the data would need to be recorded to be included on W-2s provided by Dominion Systems.

- Go to Payroll | Adjustments | Third Party
- Select the appropriate employee and enter a description in the 'Adjustment Name'
- Select the appropriate earning type from the drop-down
- Put the gross amount in the dollars field
- Enter the net amount in the check amount field
- Enter any taxes that may apply
- Click 'Save'

2% Shareholder/S-Corporation

Health insurance paid for by an S corporation must be reported as taxable compensation on the shareholder's W-2.

- Go to Payroll | Adjustments | Detail
- Select the appropriate employee and enter a description in the 'Adjustment Name'
- Enter the value in the S-Corp Earnings
- Enter the same value in the S-Corp Deduction
- Click 'Save'

  **Note: S-Corp adjustments are FICA exempt. You will NOT see Social Security/Medicare tax errors for this in the preview*

Cost of Employer Sponsored Health Insurance

IRS requires any company who issued 250 or more W-2s in 2015 to track employer provided health costs on the 2018 W-2s in Box 12 with code DD. Click here to determine what amounts are included in this regulation. If you are an employer who meets these requirements and are not currently tracking these amounts within the software, please contact solutions@dominionsystems.com and a representative will be able to assist in getting this set up.

IMPORTANT INFORMATION

Affordable Care Act Reporting

The Affordable Care Act (ACA) created new reporting requirements under Sections 6055 and 6056 in the Internal Revenue Code requiring certain employer demographics to provide information to the IRS about the health plan coverages they offered (or didn't offer) to employees. Employers with 50 or more Full-Time (FT) or Full-Time Equivalent (FTE) employees in 2017 are considered an Applicable Large Employer (ALE) for 2018. Every ALE is required to provide each FT employee (or any employee who was offered insurance) form 1095 and file both the 1094 (Employer Summary Report) and 1095 reports to the IRS.

Who will print my 1095s?

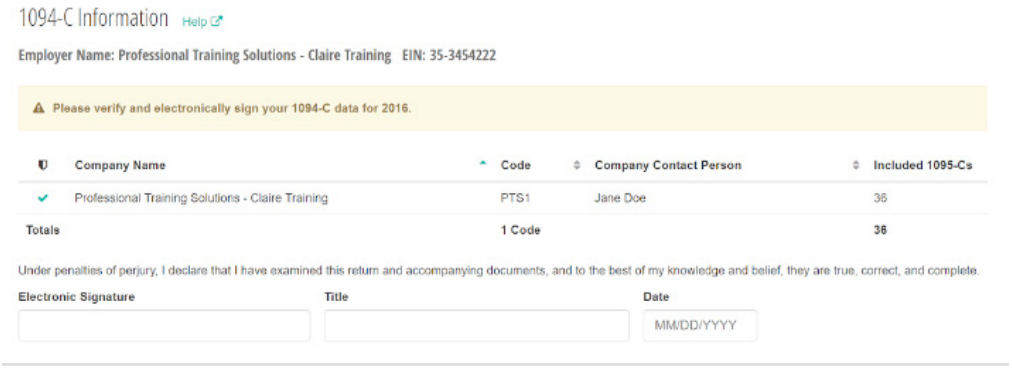
To verify whether Dominion will be printing your 1095s or if they will be printed by you, go to Reports > ACA > 1095 Approval & Printing (right side menu)

The company contact that is listed in the 1094 as the contact will be the administrator who receives any notification related to the ACA Reporting.

How do I finalize my 1094?

Once the 1095's are completed, an authoritative 1094 transmittal must be completed for each FEIN. If you have multiple client codes within a single FEIN, only one 1094 must be completed. The 1094 can be finalized by going to Reports > ACA: select '1094 Information' and press the 'Continue to 1094 Data'. Select the button 'Finalize 1094-C on the bottom right corner of the page and electronically sign your 1094-C data.

The 1094 must be finalized and signed by the company contact no later than December 31st, 2018.



2019 Company Holidays

Holidays will need to be updated for your company for the upcoming calendar year. The holidays need to be set and applied to the employees, prior to the date of the holiday. To set the holidays that you have determined apply for your company, go to: Time & Attendance | Company | Holidays

1. Select the current available holiday rule

Note: If you have more than one holiday rule available, you will need to update each active rule.

2. Select the appropriate calendar year

3. Review the 'Hours' box

The number of hours that should be awarded to employees that qualify for paid company holidays should be listed here (i.e. 8).

Note: Specific holidays can be overridden individually if they differ from the amount set in the 'Hours' box.

4. Select Holiday Worked Earning

Select an earning ONLY if your company would like the hours worked on days considered a holiday to be recorded as a different earning type (rather than the standard Regular and Overtime determination).

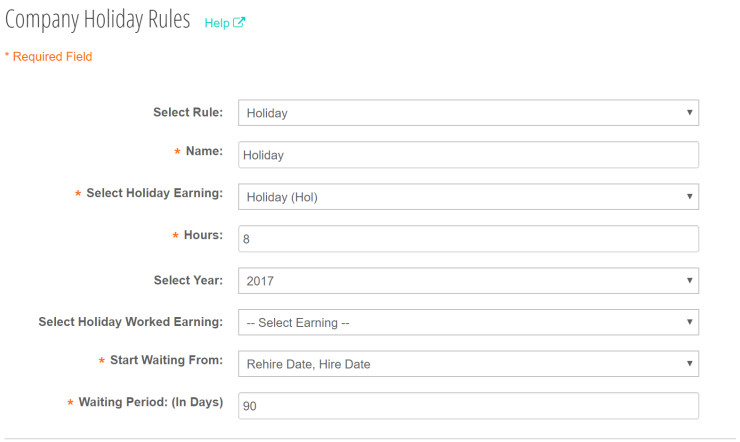
5. Company Waiting Period

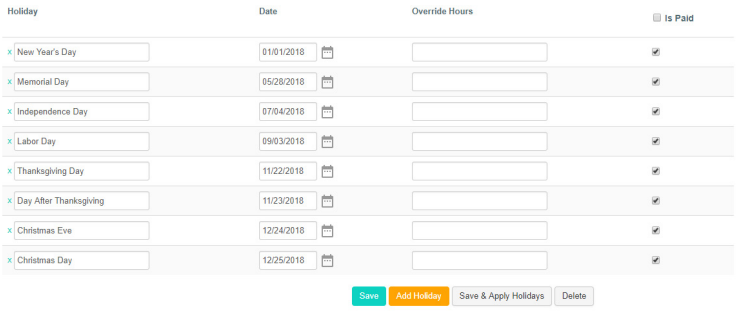
If your company has a standard waiting period before an employee is eligible for company paid holidays, you can enter the number of days here and select the appropriate date for it to begin counting in the 'Start

6. Review the Holiday dates listed

- Select the 'Is Paid' box for any holiday that your company will be observing
- The date of the holiday can be edited to fit your company holidays if necessary
- Additional holidays can be added if necessary

7. Click Save & Apply Holidays





2019 Tax Rate Notices

Tax rate notices that your company receives from any government entity for 2018 should be forwarded directly to Dominion Systems' Tax Department as soon as possible to ensure proper tax rates are entered and calculated for 2018. Notices can be scanned and emailed to taxdept@dominionsystems.com or faxed to 1.616.248.3853.

Turbo Tax

Dominion Systems partners with TurboTax to allow your employees the added convenience of quickly and easily downloading their tax information if they choose to utilize TurboTax to complete their tax returns.

Benefits:

- Secure, private user access to tax information via credentialing
- Fast, accurate and consistent data entry into tax forms
- Paperless electronic document delivery
- Ease in completion of tax forms
- Compliance with complex government regulations

Your company has the ability to decline this additional feature and can withdraw consent:

- Go to Reports | W-2 Control | TurboTax Consent
- Scroll to the bottom of the page and click 'Withdrawal of Consent'

**Note: Your withdrawal of consent will remain in effect until the time in which a company administrator re-accepts the agreement for your company*

W-2 INFORMATION

How long do I have to make changes to my 2018 payroll data?

The ability to run additional payrolls to correct employee data ends at 11:59pm on December 31, 2018. Any adjustments made to correct data MUST be accepted through a payroll run with a check date in 2018 no later than that time.

If it is found you must make further adjustments to 2018 payroll data, beginning January 1, 2019 they must be manually completed by Dominion Systems. Please email taxdept@dominionsystems.com with all necessary employee data and the details of what needs to be changed (fees apply).

When will my W-2s be ready to review?

Dominion Systems will run internal audits beginning January 1, 2019 to confirm, to the best of our ability, that all wages, taxes, and special codes are set accurately. Once these audits are complete, 2018 W-2s will be released to the company administrators for review. Company administrators will receive an email notification that states the W-2s are available to review. We strive to complete these audits as soon as possible, but you should expect all audits to be completed and emails sent no later than January 15, 2019.

How will I be receiving my W-2s?

Dominion Systems offers two methods for receiving W-2s: Dominion or Company

To determine how your company is set:

- Go to Reports | W-2 Control | Company W-2 Approval

Who Will Print W-2s: Company

- Your company will save $0.75 per W-2!
- Company Administrator will be responsible for :
  - Approving W-2s (your employees will not be able to view/print their W-2 until this step is complete).
    **How do I approve the W-2s?*
  - Notifying employees who have consented to receive their W-2s electronically that they are ready to view/print.
    **How do I notify my employees?*
  - Printing any W-2s for employees who have not consented and those employees who are no longer with the company.
    **How do I print the W-2s?*
- Employer copies of W-2s will be available for the Company Administrators to print/store electronically at their convenience out the Standard Reports section within the software.

Who Will Print W-2s: Dominion

- Dominion Systems will print, stuff, and deliver the W-2s to your company for the employees who have NOT consented to receive their W-2s electronically.
  **How can they consent or withdraw their consent? *How can I see who has consented?*
- For the employees who HAVE consented to receive their W-2s electronically, Company administrators will need to approve the employee to view/print their W-2s when they are ready.
  **How do I approve the W-2s?*
- Employer copies of W-2s will be available for the Company Administrators to print/store electronically at their convenience out the Standard Reports section within the software.

**Note: The employees will NOT be able to view/print that year's W-2 until it has been approved.*

When should I expect my W-2s?

If your company is set for Dominion Systems to print your company's non-consented W-2s, we do our best to have your company's W-2s printed and sent back within a timely manner. You should expect to receive your W-2s no later than the end of the third full week in January.

**How can I tell if Dominion is set-up to print my W-2s? *When will I have my W-2s if my company is set to print their W-2s?*

Will the gross wages on the last check stub show on the W-2?

Box 1 wages displaying on the W-2 are Federal taxable wages, NOT gross wages. To calculate the value to be shown in this box, take the gross wages for the year and subtract any pre-tax deductions and retirement contributions. **IRS W-2 instructions*

Will the amount of the fringe benefit show separately on my W-2 in box 14?

Fringe benefit amounts are able to be shown on the W-2 in Box 14, but are not required. Box 14 is for other information and is not used in any way by the IRS. If you would like to have a fringe benefit amount display in Box 14, please email your request to solutions@dominionsystems.com.

What do the codes in Box 12 of my W-2 mean?

The codes and amounts displayed on the W-2 in Box 12 are important to the IRS as well as for preparing individual tax returns. There are many items that could be displayed in this box, below are a few of the most common codes and their meaning.

W-2 Code	Description
C	Group Term Life/Excess Insurance
D	Employee 401K Contributions
E	Employee 403B Contributions
G	Employee and Employer 457B Contributions
W	Employee and Employer HSA Contributions
AA	Employee Roth 401K Contributions
BB	Employee Roth 403B Contributions
DD	Cost of Employer Sponsored Health Insurance
EE	Employee and Employer Roth 457B Contributions

How do I approve the W-2s?

- Go to Reports | W-2 Control | Company W-2 Approval
- Select the appropriate tax year
- Select the employees you would like to approve
- Click 'Save'

  -Or-
- Use one of the quick approval buttons located below the list of employees

  **Note: The approval buttons are not available for the year until the W-2s have been released by Dominion Systems.*

  **When are the W-2s released?*

How do I notify my employees?

Once employee W-2s are approved by a Company Administrator, an email notification can then be sent(if they input an email address) to notify them that their W-2s are now available to retrieve through their Employee Self Service log-in.

- Go to Reports | W-2 Control | Company W-2 Approval
- Select the individuals to send notification to
- Click 'Send Notification' at the bottom of the screen

How do I print the W-2s?

Employee and Employer W-2s are available to be printed in the Standard Reports section

- Reports | Standard Reports
- Select 'W-2 Wage and Tax Statement'

  **I do not see this report to select in my available reports*
- Select the appropriate year and set the report filters (All, Only Non-Consent, Only terminated, Etc.)
- Select the 'Queue' report option
- Click 'Create Report'
- The report will run in your 'Report Queue' allowing continuous utilization of the software while the W-2s are creating.
  - The 'Report Queue' is located at the top of the web page, above the menu selections, and will house the report for 30 days or once you reach the max limit of 15 reports ran in your individual queue.

How can employees consent or withdraw their consent?

When employees consent to receive their W-2 electronically, they are waiving the right to have a paper W-2 printed for them. Once a Company Administrator has processed and approved the W-2s, the employee will be able to access and print their copy via their Employee Self Service log-in. They will have the added convenience of accessing and printing their W-2 at their convenience (and as many times as they need) without having to wait for printing processes and delivery.

To change consent option for W-2s:

- Reports | W-2 Consent | Employee W-2 Consent
- Read the electronic agreement listed
- 'Accept Agreement' or 'Withdrawal of Consent' can be selected at that time
  **Note: The acceptance (or withdrawal) of the electronic W-2 agreement will remain in effect going forward until such time the employee wishes to change their election*
- If the employee desires notification once W-2s are available to print, they are able to enter an email address at this time and verify the email address with a sample email.

How can I see who has consented to receive W-2s electronically?

There are 2 ways to view which employees have currently consented to receive their W-2 electronically

On Screen

- Reports | W-2 Control | Company W-2 Approval
- A date will be displayed in the electronic consent fields for those who have consented

Report

- Reports | Standard Reports
- Select 'W-2 Approval List' from the available reports
  **I do not see this report to select in my available reports*
- Select the appropriate year
- Click 'Create' report

I do not see this report to select in my available reports.

If you currently do not see the report you are looking for in the available reports to select, the report is currently not set to display.

To schedule the report to display:

- Go to Reports | Report Scheduling
- Select email address (if nothing is available in the drop down, enter a new email to the right)
- Find the report you are looking for and change the 'Not Scheduled' field to be 'Standard Reports'
- Click 'Save'