

# Focus

## on Client Ledger System™ Software

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### CLS 5.7 Release Scheduled for December 5<sup>th</sup>

CLS 5.7 is nearing completion, and is currently scheduled for release December 5th. It includes complete support for the 2006 W-2 and 1099 forms, including *laser-printed* plain-paper and pre-printed forms and *dot-matrix* pre-printed forms. While primarily a payroll update, *Accounting Transfer* (AT) now lets you import Peachtree and QuickBooks transactions using translation tables to convert from your client's chart of accounts and/or employee or vendor numbers to your own.

The format of the standard (2-up) W-2 form is unchanged for 2006, although two new Box 12 codes (AA and BB) have been added. The W-3 format has been modified slightly (a "944 employer" check-box has been added). The 1099-INT and 1099-R formats *have* been changed, and **prior versions of CLS are not compatible with the new forms.**

Two W-2/1099 formats introduced in recent versions of CLS can save you time and effort; they are worth mentioning again here:

- Nelco's **universal 4-up format** lets you print employee copies of W-2 forms (or recipient copies of 1099 forms), **along with instructions**, on a single page. **All** of the universal W-2 and 1099 formats use the **same perforated paper** and the **same window envelopes.**
- If you're not using the *universal* format, be sure to select a W-2 format that prints all of an employee forms on a single sheet of perforated paper.
- When printing the employer's copies of W-2 forms (**Copy D**), use the 4-up W-2 format.

CLS 5.7 also includes any required changes to the federal 941, 943 and 944 forms. Form 940 has been completely redesigned for 2006, and the **940-EZ** form has been discontinued.

State unemployment wage reports (continuation sheets) have been updated as needed. New formats are currently available for *Arkansas, Colorado* and *Iowa*. Continuation sheet formats for other states have either been approved or are awaiting approval. In addition, *Florida, Iowa* and *Oklahoma* have indicated that their continuation sheet formats will be changing in 2007; the new formats will be provided to CLS 5.7 users as needed.

*Other payroll-related enhancements include:*

- In **EF**, *Employee File Maintenance*:
  - o For **1099-B** forms, the *Number of Shares* is now entered in **EF 1**, rather than being transaction-based.
  - o For **1099-R** forms, distribution code **B**, *Designated Roth account distribution*, has been added to EF 1.

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- In **EL**, *Employee/Vendor File List*:
  - o All reports sorted by last name now show the employee name in a last-name-first format.
  - o EL 2, the *Employee Name and Address List*, now lets you optionally include the employee's locality.
  - o When printing an *Employee Missing Information Worksheet* (EL 5), you can now select the vertical spacing for the report.
- In **PF**, *Payroll File Maintenance*:
  - o You may now enter a contact's *job title* for vendor series in PF 2, *Enter Contact Information*.
  - o Two new payroll journal column types have been provided in PF 3, *Enter Account/Column Definitions*, for reporting **Box 12** amounts on **W-2** forms:
    - KA** – Roth Contributions to a Section 401(k) plan (AA)
    - KB** – Roth Contributions to a Section 403(b) plan (BB)
- In **SI 1 (3,2)**, *Set Payroll Options*, you can now choose to print W-2 and/or 1099 "total pages" for all copy types.
- When printing *California W-2* forms in **TF**, *California SDI* is now reported on the last line of **Box 14** instead of in the local tax boxes.
- In **TW**, *Tax Worksheets*:
  - o The TW program menu has been rearranged slightly.
  - o When printing a 940, 941 or 944 form, a warning will be displayed if a balance is due.

## Laser Printing of Payroll Tax Forms

Many CLS users choose to laser-print their W-2, W-3, 1099, 1098, 1096, 940, 941, 943 and 944 forms on plain paper. **To laser-print the 2006 forms on plain paper, you will need the CLS 5.7 update.**

CLS can create each of these payroll tax forms, including a *submittable* Copy A of W-2 and W-3 forms, on blank paper using a laser printer. **However, the IRS still requires that Copy A of 1099, 1098, and 1096 forms be printed on the preprinted (pink) forms.**

CLS continues to support *preprinted laser formats* for each of these forms, as well as dot-matrix formats for the W-2, 1098, and 1099 forms. CLS also provides 2-up, 3-up, and now *three* different 4-up W-2 formats for the employee copies.

You may also use Nelco's Universal format perforated paper for the employee copies of W-2 and recipient copies of 1099/1098 forms. A 10% discount is available on orders placed by 12/29/06 (see insert).

## Update Reminders

- CLS add-on programs are compatible *only* with the CLS version for which they are released. If you use the Tax Package Interface, W-2/1099 Magnetic Media Processing, Unemployment Plus, SUTA Magnetic Media or XML Filing of 940, 941, 941c and 944 Forms add-on products, earlier versions will not work with CLS 5.7. Remember to update them also.
- Update prices for add-on products apply *only* if you own licensed versions of those products.
- Place your order early! Orders are processed and shipped in the order received. Once CLS 5.7 is released, orders are processed *during* shipping, which increases the turn-around time. During the holiday season, delivery delays are beyond our control.
- CLS updates are shipped on CD-ROM. CLS is no longer available on 3½" diskettes.
- Updates for CLS bug fixes are available free of charge from the CLS website. If you would prefer to receive those bug fixes by mail, you may subscribe to our update service for only \$40.
- Review your order form for accuracy. Is your credit card number correct, including the expiration date? Is the grand total correct? If you charge the update to a personal credit card, be sure to provide the billing address associated with that card.
- Do not include sales tax *unless* you are located in *Georgia*.

CLS Focus is published by Financial MicroSystems, Inc. for users of Client Ledger System™ software. We encourage readers to share ideas for publication. Forward all correspondence, including address changes, to:

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## Active Payroll has been in use for the last two years

This exciting product adds active payroll capability to the CLS ~ CheckWriter. Paychecks can be printed on pre-printed checks or, using the MICR add-on, on blank check stock. (*The MICR option is the perfect solution if you are printing paychecks for multiple clients*).

The payroll setup in the CheckWriter is similar to that of CLS. Define one or more payroll series, then select the *payroll items* (which appear on the employees' pay stubs) to be used with each series. Many payroll items have already been defined, but you can create new ones if necessary.

Information is entered for each employee, including: name, address, federal and state filing status, withholding state, FICA, FUTA and SUTA taxability, salary or hourly rate, and overtime rates (if any).

The payroll package calculates the paycheck, including pay for overtime, holidays worked and paid time-off (you enter the hours for each category), along with any bonuses or commissions. It calculates all of the federal and state income taxes (an employee may work in different states, but not during the same pay period). *User-defined* local taxes, either percentage-based, fixed dollar amounts, or head-taxes, may also be calculated.

Other deductions such as 401(k) plans, IRAs, insurance (before or after tax), garnishments, uniforms, union dues, and repayment of advances are also supported. The payroll package handles tips (either paid separately or included in the paycheck), meals, and fringe benefits (such as a company car) so that the relevant taxes can be deducted as they are incurred.

Paychecks are prepared in batches, with each batch being created for a single pay frequency (i.e., weekly, bi-weekly, etc.) and/or bank account. Paychecks for salaried employees and hourly employees with a standard workweek are pre-calculated as they are added to the batch. Paychecks for other employees are created by entering the appropriate time (for time-based items), and/or dollar amounts (such as bonuses and commissions). *Entry is fast and easy*, and the calculated paychecks are immediately displayed on screen. All paychecks may be edited before they are printed.

The CheckWriter provides an excellent audit trail, but doesn't prepare its own financial statements or the quarterly and annual payroll tax returns - CLS is used for this purpose. Transactions created by the CheckWriter are imported into CLS on a regular basis (monthly or quarterly). New accounts and employees created in the CheckWriter will be automatically added to CLS during the import process.

The payroll add-on package is fully integrated with the rest of the CheckWriter, and the paychecks appear on all of the standard CheckWriter reports such as the check register, general ledger and transaction register.

Reports specific to the payroll package include a *preliminary payroll* report (paychecks to be printed), *Payroll Check Register* (a list of the printed paychecks in each batch), *Payroll Check Detail* (a snapshot of the paychecks printed in each batch), *Payroll Journal* (in a format similar to CLS), and *Payroll Transactions* (the accounting transactions generated by each paycheck).

# Updates for CLS Add-on Packages

Add-on packages for CLS currently include:

- SUTA Magnetic Media Processing (SM)
- W-2/1099 Magnetic Media Processing (TM)
- CLS Tax Package Interface (TX)
- Unemployment Plus (UP)
- XML Processing of 940, 941, 941c and 944 forms (XM)

The **SUTA Magnetic Media** (SM) program, for filing state unemployment tax wage information on magnetic media, now supports fifteen states. SM has been updated to reflect the file format changes needed for 2006.

With the **SM** add-on program, you can submit *wage continuation sheet information* electronically. A few of the states also require a separately printed tax return.

<u>State</u>	<u>Filing Requirement</u>	<u>Comment</u>
Arizona	Not required	Must also submit UP form
California	250+ employees	
Connecticut	250+ employees	
Florida	Varies	
Georgia *	100+ employees	Online submission only
Illinois	250+ employees	
Kentucky	10+ employees	Online submission only
Louisiana	250+ employees	
Minnesota	All employers	Online submission only
Mississippi	250+ employees	Must also submit UP form
New Jersey	10+ employees	Online submission in 2007
North Carolina	100+ employees	
South Carolina	100+ employees	Must also submit UP form
Tennessee	250+ employees	
Texas	250+ employees	

\* Files for Georgia must be compressed prior to submission; CLS creates the required "Zip" file.

The **W-2/1099 Magnetic Media** (TM) program has been updated to reflect file format changes for 2006. Previously, 2006 was to be the last year 1099 files could be submitted on diskette, however this has been changed. Both W-2 and 1099 magnetic media files must now be submitted on-line.

The **Unemployment Plus** (UP) program now includes the ability to print submittable unemployment tax cover pages for fourteen states; it has been updated for 2006.

With the **UP** add-on program, you can *print unemployment tax returns* for:

Arizona UC-018	California DE-7	Connecticut UC-2/5A
Florida UCT-6	Georgia DOL-4	Illinois UI 3/40
Kentucky UI-3	Louisiana ES4-B/C	Minnesota DEED-1 (file copy only) *
Mississippi UI-2/3	North Carolina UI-101	South Carolina UCE-120/101
Tennessee LB-0456/0851	Texas C-3	

\* *Minnesota* now requires electronic filing for all employers. You can use **UP** to print a *file copy* of the tax return.

The **XML filing of 940, 941, 941c and 944 forms** (XM) program lets you create 940, 941 and 944 XML files to be submitted to the IRS electronically. Additional third-party software is required to transmit these files to the IRS. *Ericom Software's ProTerm Enterprise Suite* may be purchased at a *reduced price* through Financial MicroSystems, Inc.

## CLS 6.0 will be released in May 2007

A new Windows®-based version of CLS (Version 6.0) is on the horizon. It looks much like the DOS version of CLS; it's keystroke-based to preserve entry speed, so your learning curve will be minimal. However, it is a true Windows-based product, with full support for Windows-only printers. And it's completely compatible with Microsoft's new *Windows Vista™* operating system, which is scheduled to be released in the first quarter of 2007.

Other new features include:

- Speed – this new version of CLS is very fast
- Taller entry screens (43 lines instead of 25)
- Larger displayed reports (showing 75% more of each page)
- Multi-year ledger history
- Multi-year financial statements
- Transaction memos
- The ability to insert transactions during entry
- A more flexible payroll journal (up to 33 columns that can be rearranged at any time)
- Multi-year payroll history

CLS 6.0 will be available in May 2007.

## CLS and Windows Vista™

As mentioned above, Microsoft's new operating system, *Windows Vista™*, is scheduled to be released during the first quarter of 2007; it will be available in both 32-bit and 64-bit versions. CLS 6.0 is compatible with both versions of Vista. *However, while CLS 5.7 runs fine on 64-bit computers running a 32-bit operating system (either XP or Vista), it is not compatible with the 64-bit version of Vista.* Microsoft has chosen not to support DOS-based (16-bit) products in this version.

## Printfil and Right PDF Printer Pro

Available since last February, *Printfil* and *Right PDF Printer Pro* add much-needed printing flexibility to CLS. *Printfil* lets you easily capture a network or USB-port laser printer. You can also use it print CLS reports (except payroll tax forms) on Windows-only printers or PDF writers. If you don't already own a PDF writer, *Right PDF Printer Pro* is an inexpensive, high-quality product that works well with CLS.

## Get CLS Updates Quickly and Save \$\$

Be the first to be notified about CLS bug fixes. Once you have registered your company on the CLS website, you can elect to receive e-mail notices from us. This means that as soon as we place a bug fix (what we call an intermittent update) on the website, you can use the link e-mailed to you to jump right to the login page and read all about the changes that we've made. You can decide for yourself if it applies to you, and if so, download it immediately.

For those users who prefer to receive CLS 5.7 bug fixes the old-fashioned way, via the postal service, you may subscribe to our Update Service by Mail for only \$40. As soon as each crucial update is released and placed on the website, we will create disks and mail them to you. Just keep in mind that it takes us a day or two to get them duplicated and ready for mailing and then another couple of days for the post office to deliver them via first-class mail. If you choose to download the bug fixes from the CLS website, you get them immediately *and* you save \$40.

## How many W-2 and/or 1099 forms do I need to order?

Use **W-2/1099 Forms Requirements** [program **TF**, Menu Selection **6(1)**] to estimate the number of payroll tax forms you will need. Don't forget to order **Copy A** of any 1099/1098 forms you need, and *perforated paper* for the employee copies of W-2 forms and vendor copies of 1099 forms. Copy A of the W-2 forms may be printed on either plain paper or preprinted forms.

## Help...

### My tax forms are printing the wrong year!

CLS 5.7 contains the tax form images approved for 2006. To correctly print plain paper forms, you must update to CLS 5.7.

## Ordering 2006 Payroll Tax Forms

CLS continues to support plain paper and preprinted laser forms and preprinted dot-matrix forms from a number of vendors. Nelco, Inc. is our recommended forms supplier. We are confident that Nelco will meet your tax form needs.

FMSI is pleased to announce that we've made arrangements with Nelco for CLS users to receive a 10% discount off the tax forms you need for 2006 reporting!

Use promotional code **96L** to save **10%** on *all orders for tax forms* placed by 12/29/06.

You can contact them at either **(800) 266-4669** extension **4275** or **www.nelcosolutions.com** to place your order.

## Order CLS 5.7 Early!

Place your CLS 5.7 order early and receive two free support calls. Make sure your order is faxed to us or postmarked by 11/17/06 and we'll take care of the rest. You will receive two coupons which can be redeemed for future support calls. That's a savings of \$50 to \$70!

## FMSI Holidays

Please take note! Financial MicroSystems will be closed on **November 23<sup>rd</sup> - 24<sup>th</sup>** for Thanksgiving, and **December 25<sup>th</sup>, December 26<sup>th</sup>** and **January 1<sup>st</sup>** for the holidays.

## CLS Tech Support News

### Free Technical Support with CLS 5.7

When you purchase a CLS update, you automatically receive 90 days of free (warranty) technical support. During this time, our technical support staff will be happy to assist you with CLS payroll questions or questions about the new CLS 5.7 features – at no additional charge.

### Help us help you

Please include your CLS customer number, your company name, and the correct person to contact when calling or e-mailing for technical support. Support calls are logged in as they are received. CLS users with Priority Support appear first on our call-back screen, then those with warranty support, followed by those with no support or an older version of CLS. Support calls without a CLS customer number appear *last*. To ensure the quickest response when using e-mail, please make sure to direct all technical support e-mails to:

[techsupport@clientledgersystem.com](mailto:techsupport@clientledgersystem.com)

## CLS Website

Visit our CLS website ([www.clientledgersystem.com](http://www.clientledgersystem.com)) for answers to many of the frequently asked questions (FAQs) about CLS, and a list of laser printers supported by CLS. It also provides current information about compatibility with Microsoft Windows XP, any known problems with Novell Netware or Pervasive SQL, and how to resolve these issues.

While most of the CLS website is open to anyone, current CLS users will need to register (and receive a password) in order to download updates, view your company's current CLS account status, or receive e-mail notification about new CLS updates.

We'd like to hear from you! CLS year-end updates reflect your needs; let us know how CLS can better serve your client write-up needs.

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