

Your Independently Owned
ADVANTAGE
 PAYROLL SERVICES
 Precision You Can Count On

Year End-2011 Informational Newsletter

November

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Dear Valued Client:

Advantage is committed to providing you with the highest level of customer service. To help ensure accurate processing of your year-end package, we are providing the enclosed year-end newsletter. Please review it carefully, as it contains a wealth of information that can help make your year-end tax and payroll reporting easier, as well as accurate.

For your convenience, you can access the Fringe Benefit Payroll Worksheet on our website, www.liadvantage.com, which will help you report any fringe benefits and other special processing requests. Simply complete the worksheet and fax to your payroll specialist before you process your last payroll of 2010. If you use our Online Instant Payroll product to submit your payroll, please contact your local office if you need assistance in posting your fringe benefits.

Please note that our offices will be closed on Monday, December 26, 2011, and Monday, January 2, 2012, in observance of the Christmas and New Years Day holidays.

It has been our pleasure serving your payroll and tax needs in 2011, and we look forward to an outstanding year-end.

If you have questions regarding this information, please call your payroll specialist.

Sincerely,

Advantage Payroll Services

2011 Payroll Reporting Deadlines

In order for us to produce timely and accurate payrolls for your final processing of the year, we ask that you observe our deadlines for reporting payroll information.

The payroll *check date* determines the year in which the payroll is reported - payroll period start and end dates do not. To avoid tax reprocessing and amendment charges, all payroll information for 2011 should be reported by Friday, December 30, 2011, or before a payroll with a January 2012 check date is processed. Please note that once a payroll has been processed with a 2012 check date, any changes to your 2011 files will be processed as amendments. Please see the section "Amendments to Tax Year 2011" for more detailed information.

The last day to report changes for 2011 is Friday, December 30, 2011, or before a payroll with a January 2012 check date is processed. **Please contact your representative for specific cut-off times.**

Please also remind your accountant to report payroll adjustments no later than the cutoff date.

Please review and verify your check dates carefully when reporting payroll at year end.

December 2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
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25	26	27	28	29	30	31

Please note this exciting news!

- Employer copy D of W-2s are included at no additional charge
- For your convenience, W-2s will be sent UPS Delivery
- EE W-2s are pressure sealed and ready to mail at no additional charge



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Amendments To Tax Year 2011

Advantage will close all client payroll accounts on Friday, December 30, 2011. Reporting corrections or amendments to payroll information after Friday, December 30 could result in amended tax returns rather than revisions to the original tax returns. Both amended and revised returns will be subject to additional fees as described below.

We recognize that under special circumstances you may be unable to obtain all required information before year-end. Please contact us prior to December 30 if you will have additional 2011 payroll information so we can make appropriate accommodations. Holding payroll files open after December 30 could cause a delay in your employees receiving their Forms W-2 and may result in penalty assessments from government agencies for undeposited taxes, as well as additional processing fees.

The fee to produce an amended or revised return is \$85.00 per quarter/per agency. For example, Form 940 / 941 are \$85.00, state income tax return is \$85.00, state unemployment insurance (SUI) tax return is \$85.00, etc...

Replacement Forms W-2 are billed at a rate of \$40.00 per employee.

If there is a change to an employee's name or social security number, we will produce a Form W-2c at a rate of \$40.00 per employee. Please note that the original Form W-2 should be submitted to the Internal Revenue Service (IRS) with the Form W-2c. IRS regulations do not require a W-2c for address changes.

Please note that should corrections be needed, the original Form W-2 should be submitted to the IRS with the Form W-2c. IRS regulations do not require a W-2c for address changes.

Should you have any questions, please contact your payroll specialist.

Magnetic Media W-2's

Employers who submit 250 or more employee Forms W-2 for the calendar year are required by the Social Security Administration (SSA) and some state and local agencies to file this information electronically. Failure to comply could result in costly penalty assessments.

Clients who do not use our Tax Filing Service will receive a letter in November regarding our Tax Reconciliation option that reports and reconciles year-end information in accordance with federal, state, and local requirements. Please contact your payroll specialist if you did not receive this letter.

W-2 Delivery

Advantage Payroll Services understands how important your year-end tax forms and employee Forms W-2 are to you, your business, and your employees. With this in mind, we have partnered with United Parcel Services (UPS) to deliver your Forms W-2 by two-day air delivery service. UPS has an unparalleled reputation for quality service and on-time deliveries.

In order to bring you this efficient service with tracking information, we ask all clients to review the street address we have on file for delivery of your tax forms. This will not affect the address to which payroll or other materials are sent. If you would like to have your Forms W-2 delivered to a post office box, we can accommodate you with U.S. Express Mail for an additional \$12.00 fee.

Please note that deliveries outside the United States will be charged fees based on a case-by-case basis.

Reporting Amounts on Form W-2, Box 14

The Internal Revenue Service allows employers to use Form W-2, Box 14 (Other) to report certain earnings or deductions to an employee's pay (for example, charitable contributions and union dues). Use of this box is optional, but many employers find it beneficial to note or clarify information for an employee. Let your payroll specialist know if you want to use this feature, and provide the four-character description you would like printed on the Forms W-2.

Mark Your Calendar With Our Holiday Schedule

Our office will be closed on Thursday, November 24, 2011 for the Thanksgiving holiday; Monday, December 26, 2011 for the Christmas holiday; and Monday, January 2, 2012 for New Years Day.

If you are normally scheduled to report payroll on these days, please make alternate arrangements with your payroll specialist before the holiday.

We at Advantage Payroll would like to wish you and yours a very safe and happy holiday season.

December 2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
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4	5	6	7	8	9	10
11	12	13	14	15	16	17
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November and December Calendar

November

- Verify employee addresses and social security numbers
- Confirm delivery address for Forms W-2 with your payroll specialist
- Confirm employer name to be printed on Forms W-2 with your payroll specialist
- Review fringe benefits and consult with your accountant or tax advisor
- Confirm holiday processing schedule for Thanksgiving week

December

- Schedule bonus payroll processing with your payroll specialist; please allow 48 hours notice
- Report fringe benefits to your payroll specialist in writing using the worksheet provided in this newsletter. If you use our On-line Instant Payroll product and need assistance in posting fringe benefits, please contact your local office.
- Confirm holiday processing schedule for Christmas, observed on Monday, December 26, 2011
- Confirm holiday processing schedule for New Years, observed on Monday, January 2, 2012
- Remind employees who claim exempt status to file a new Form W-4 for 2012
- Advantage will close all client payroll accounts on Friday, December 30, 2011

Year 2012 Federal Tax Deposit Frequency

Each fall, the Internal Revenue Service (IRS) mails Tax Deposit Frequency letters to all employers, notifying them of their deposit frequency for the next year. Your tax deposit frequency will either be semi-weekly or monthly, based on your company's total federal tax liability for the look-back period of July 1, 2010 to June 30, 2011.

This notice contains important information for Advantage to correctly calculate due dates for your federal tax liability.

Please forward a copy of the notification letter to your payroll specialist as soon as you receive it.

Please note: If you are a monthly depositor and your tax liability exceeds \$100,000 within one deposit period, the associated deposit is required the next business day and your filing frequency changes to semi-weekly for the remainder of the calendar year.

2012 Rate and Filing Frequency Changes

Most states review and update employers' unemployment insurance (SUI) rates effective January 1 for the New Year. You should receive a new rate notice in late 2011 from each state in which you are registered.

You will also receive notification of revised state and local filing frequencies, via agency letter or coupon book

for your 2012 tax payments.

Please forward copies of rate notices, agency letters, or coupon books to your payroll specialist if you are enrolled in our Tax Filing Service; Advantage does not receive this information from state and local agencies.

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Verifying Company & Employee Information

The Social Security Administration (SSA) requires that all Forms W-2 are complete and accurate. Please help us by verifying the accuracy of your company name, address, and all tax identification numbers on file. This information is listed on the cover sheet of your third quarter 2011 tax returns. **The cover sheet in your third quarter tax package also lists the employer name that will be reported on your Forms W-2 and 1099 and verifies the address to which the forms will be sent.** If you find a discrepancy in either address, please contact your local Advantage office as soon as possible.

Prior to year-end, please request an Employee Status report from your payroll specialist. This report contains each employee's name, address, and social security number. Please take a few minutes to verify that this information is correct and report any changes to your payroll specialist before December 30, 2011. The SSA may issue a \$50.00 penalty for each Form W-2 submitted with an incorrect social security number or employee name. Advantage charges \$40.00 to produce a Form W-2c to correct information that is reported after December 30.

Fringe Benefits

Please review your fringe benefit requirements with your accountant or tax advisor. On the back page of this newsletter, you will find a worksheet for reporting benefit information to your payroll specialist. If you use our On-line Instant Payroll product to submit your payroll, please contact your local office if you need assistance in posting your fringe benefits.

Some examples of fringe benefits include:

- Personal use of company vehicle
- Dependent care assistance (non-Section 125 plans)
- Employee business expense
- Group term life insurance over \$50,000
- Moving expenses
- S-Corp. health insurance
- Pension plan
- Employer Contribution to HSA

The taxation of fringe benefits varies by state and must be reported on Form W-2. Due to taxation requirements, fringe benefits must be reported to Advantage and processed on or before December 30, 2011.

Ask your payroll specialist about reporting your fringe benefits during the year to eliminate the last-minute rush.

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Bonus Payrolls

Bonus checks can be produced along with your scheduled payroll; however, if you want separate paperwork or you want checks issued for a date other than your normal payroll date, bonus checks must be processed separately. Please specify how the bonus checks are to be taxed, if any voluntary deductions should be withheld, and whether you want checks to be live or direct deposited. If you have any questions about how your bonus checks should be taxed, contact your accountant.

Report all bonus payrolls in writing by faxing or e-mailing the information to your payroll specialist. Please provide 48 hours advance notice for exception processing.

Retirement Plans

The federal government requires Box 13 on Form W-2 to be marked for each active and/or eligible participant of a retirement plan for any part of the calendar year. This will be done automatically if you have employees with year-to-date deferred compensation amounts in our system.

Consult your accountant or tax advisor if you have pension plans other than those reported in our payroll system, or if you need assistance in determining your pension plan's reporting requirements under federal government regulations. If it is determined that the pension box needs to be checked on Form W-2, please submit a list of the effected employees to your payroll specialist. This can also be reported on the Fringe Benefit Payroll Worksheet.

1099's

If you have independent contractors who were paid through our payroll system in 2011, Advantage will automatically prepare a Form 1099-MISC for all individuals who are properly coded, *regardless of the amount paid*. Please notify us before December 30, 2011, if you do not want Forms 1099 prepared for contractors with less than \$600.00 to report.

If your independent contractor(s) was not paid through our service, we can still prepare and file the required Form 1099-MISC for you. Form 1099 reporting is required for contractors who are paid \$600.00 or more in a calendar year.

If you want Advantage to prepare your off-system Forms 1099, simply provide the year-to-date payment information to your payroll specialist before December 30. Be sure to include the contractor name, address, valid tax identification number, and amount paid.

Advantage can also provide the necessary reporting for Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit Sharing plans. Other versions of the Form 1099 family of reporting are not offered at this time.

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**Year End-2011
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 Newsletter**

We would like to take this opportunity to thank you again for letting us serve your payroll and payroll tax needs. Thanks to you and the team members here at Advantage Payroll Services, we have had a great year.

This Advantage Payroll Services office is independently owned and operated and a member of the United Payroll Associates with offices across the United States. Advantage has the highest client retention level in the industry. Our specially trained client service representatives provide fast, individualized services tailored to your needs.

Advantage Payroll Services' mission is to provide our clients with a professional and competitive solution to your payroll and payroll tax needs with unparalleled dedication to customer service. In addition to adding new products and services, we want to continue to improve on our customer service. In order to help us achieve this goal, please call us or provide your comments on the next Client Satisfaction Survey. We hope that together we have great success in 2012.

Critical Due Dates For 2011 Taxes

Please note the following deadlines for tax payments for tax year 2011. Please contact your payroll specialist for details.

- Due date for undeposited tax liability of \$100,000 or more is Tuesday, January 3, 2012.
- Final 2011 due date for semi-weekly depositors is Wednesday, January 4, 2012.
- Final 2011 due date for monthly depositors is Tuesday, January 17, 2012.

Federal, state, and local tax agencies may impose penalties and interest if deposits are made after the scheduled due dates. Please verify your deposits and normal due dates carefully to avoid assessments.

Adjustments or amendments made to your payroll file after December 30, 2011, may result in penalties and interest. We realize that under certain circumstances you will not have all of your tax information available by December 30. If you want us to make additional tax deposits for your account we can do so, but we ask that you sign a penalty waiver before we proceed. We appreciate your cooperation.

January 2012

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