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2007 Review of W-2/1099 Preparation Software

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Dec. 01, 2008

Payroll is a recurring nightmare for many small businesses, mostly because of the perceived complexities of submitting withheld funds to two federal agencies, as well as their state and local counterparts, along with new hire reporting to the SSA. And then there are payments to contractors and other non-wage recipients, which are often handled through a business' accounts payable module as opposed to their payroll program. This can add to the dilemma faced by small business owners when quarterly and year-end state and federal information returns are due.

Of course, forms W-2 and 1099 are completely unrelated when it comes to the IRS and SSA, but when quarterly and year-end returns are being processed, these two disparate tasks join forces and can result in significant penalties if accurate returns are not filed with the IRS, Department of Labor and the Social Security Administration, and recipient copies are not sent out on time. With even small businesses often filing hundreds of W-2s and 1099s, and larger entities easily responsible for thousands, the mountainous chore is quickly apparent.

This is where the business owner or their trusted accountant enters the realm of W-2/1099 software, a special breed of applications that fill a niche often left by many payroll and AP programs. Fortunately, the compliance tasks associated with these

year-end information returns continue to get easier because the systems on the market keep streamlining, and the government has steadily increased its support for electronic filing. Businesses can file forms 1042-S, 1098, 1099, 5498, 8027, W-2 and W-2G electronically through the IRS and SSA's online reporting systems (FIRE and SBO).

As all of you hopefully know, any 'payer' business filing more than 250 copies of Form 1099 now must file them all electronically or magnetically, but keep in mind that magnetic media filing is being phased out by the IRS and will no longer be accepted after Dec. 1, 2008. The SSA has already discontinued mag-media filing. For entities with fewer than 250, paper filing will still be supported.

All of the programs reviewed in this section have versions designed for use by professionals managing multiple clients, and all offer electronic filing features, while a few also still provide a magnetic media filing option. Most of these systems have been on the market for several years, even decades in a couple of cases, but they have different levels of forms support and associated features. Likewise, user interfaces and data import functions vary between programs. Therefore, professionals should strongly consider the importance of these features before investing in one of the programs. After all, with potentially hundreds or thousands of 1099s and W-2s, nobody really wants to enter them all manually.

Furthermore, printing and other output options can be a considerable component. If a form is prepared on paper, whether a program can print to plain or pre-printed stock makes a difference. For electronic filing, which is where we are all headed soon anyway, the program must save the files in a manner that is compliant with the federal and state agencies that are being reported to, and also make it easy to complete the process of submitting information returns and track the progress of these filings.

As professional accounting and payroll suites continue to fill out their programs, I expect these functions will be better integrated to provide more comprehensive support for all traditional business reporting and management obligations. But for now, by combining W-2 and 1099 tasks into a singular program (or a pair of related programs,) the systems in this review section fill a much needed gap in the offerings provided by professional payroll and accounting suites, particular in their 1099 reporting functions. □

1099 Express — 1099 Express Enterprise & W-2 Express

1099 Express provides two options for year-end information compliance: the self-titled 1099 Express system, which generates forms 1099, 1098 and 5498; and W-2 Express, which is geared toward year-end wage reporting. The systems operate completely independently of each other but utilize nearly identical interfaces, which offer simple integration with Microsoft Excel.

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Advanced Micro Solutions — 1099-Etc

AMS Software's flagship program 1099-Etc offers core functions for W-2 and 1099 preparation for professionals managing compliance for multiple entities. The program offers forms support that includes virtually all versions of forms 1098, 1099, W-2 and W-3, along with 1042s, 1096, 5498, 943 and specialized forms for Puerto Rico.

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American Riviera Software Corp. — Magtax

Magtax is a low-cost year-end information return compliance system that supports forms W-2, 1099-Misc, 1099-C, 1099-R, 1099-Div, 1099-Int, 1099-S, 1099-B, 1099-G, 1098 and 1098-C, with versions available for in-house filing for one company and for professionals managing these compliance processes for an unlimited number of payer clients and recipients, including filings by subsidiary entities.

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CCH Small Firm Services – ATX — W-2/1099

ATX, which was acquired by CCH, a Wolters Kluwer business, a little more than a year ago, offers an unlimited W-2/1099 preparation system that is functional as either a stand-alone system or can be used in conjunction with the vendor's suite of tax preparation products that includes federal and state income tax compliance for all entity types, Kleinrock research tools, and trial balance and document management functions.

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Convey Compliance Systems, Inc. — 1099Convey Desktop Edition

The 1099Convey Desktop Edition provides year-end information return compliance for all 1098 and 1099 forms, in addition to 5498, W-2, W-2G, W-9n 1042-S and B-Notices. The system can print to plain paper and pre-printed stock and also offers built-in electronic filing functions for both IRS and SSA reporting

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EG Systems, Inc. — The W-2/1099 Filer

The W-2/1099 Filer program from EG Systems is a network-ready year-end information reporting system that offers compliance and filing tools for all versions of forms 1099 and 1098, plus W-2, W-3, 940, 941, 943, 1043 and 5498. The program can manage any number of client “payer” companies and recipients, and can print to laser, inkjet or dot-matrix printers onto plain or pre-printed paper, mailing labels and envelopes.

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Form Magic, Inc. — Tax-Mate 1099

Form Magic’s primary offering is the Tax-Mate 1099 system, which provides compliance and print and electronic filing year-end wage reporting to the IRS and SSA. The program can support any number of payer companies and recipients and is available in several versions depending upon the requirements of the user and Payer companies.

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Greatland Corporation — Winfiler Plus

Winfiler and Winfiler Plus provide information return compliance and print and electronic filing options. Both versions are geared toward use by professionals with multiple business clients and support unlimited payers and recipients. Import from ASCII and QuickBooks is available in Winfiler 07 and Winfiler 08 as an update.

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IDMS Inc. — Account Ability Tax Form Preparation

The Account Ability system is designed for preparers who handle the annual wage statements and information returns for multiple clients. It also offers

support for any number of payer companies and payees and offers compliance functions for all versions of forms 1099, 1098 and W-2, W-2c, along with W-3, W-3c, 1096, 5498, 5498-ESA and 5498-SA.

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Spokane Computer Inc. — MAG-FILER

The MAG-FILER system provides compliance for all versions of forms 1099, 1098, 5498, W-2 and W-3, along with 1042S, with the ability to import data from most payroll and accounting systems. The program is designed for use by professionals handling year-end compliance for multiple entities with an unlimited number of payees, and includes the ability to print to plain or preformatted stock or to electronically file all forms and reports.

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