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1099 & W-2

2010 Review of W-2/1099 Preparation Systems

Are Your Clients Prepared for Increased 1099 Headaches?

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From the October 2010 Issue

Year-end wage and information reporting has always been somewhat of a peculiar activity, in large part because it combines two compliance processes that, in terms of accounting, have nothing to do with each other. Wage reporting, aka W-2 filings, are a payroll matter, while 1099 filings are an accounts payable concern. They don't even get filed to the same federal and state agencies.

W-2/1099 Compliance 2010 Review Sections

- **Basic System Functions**
 - General Navigation/Ease-of-Use
 - Multiple Concurrent Users
 - Multi-Client/Employer Mgmt
 - After-the-Fact Payroll/Tax Tables

The unification of these activities is tied to their mutual filing deadlines of January 31 of each year, which is due to their connection to income tax reporting for the recipients of the forms. As seasoned tax and accounting professionals, you likely know the ins-and-outs of information reporting. But if your clients manage these processes themselves, how prepared are they for the major changes that may be coming by tax year 2011?

- Batch-Style Entry/Multi-View
- Product Availability Calendar
- **Reporting**
 - Custom Reporting/Output Formats
 - States/Jurisdictions
 - Forms Supported
 - Plain Paper/Pre-Printed Forms/Envelopes
 - E-filing Capabilities
 - Payee Form Options/Self-Sealing
 - Mail-Merge Transmittal Letters
 - Invoicing/Billing Functions
 - Options to Outsource Print/Mailing
 - Auto-Population of 94X Series
- **Import/Export/Integration**
 - Import Capabilities
 - Integration w/payroll apps
 - Import/Integrate w/acctg systems
 - Portal and/or DMS integration
 - Export to Tax, CWU, other pgms
 - Export to common file formats
- **Help/Support**
 - Built-in Support Features

A provision in the recently enacted health care legislation may catch many small businesses, corporations and even nonprofit organizations off-guard, perhaps doubling or more the number of forms 1099 they have to issue. The new legislation changed the requirements that once only applied to entities doing business/paying out funds to non-incorporated entities, such as individuals, sole-proprietorships and LLCs. It's no longer that simple. Under the new legislation, every business that contracts/pays more than \$600 to any other business, even corporations, during the course of a year, must issue a 1099.

Spend more than \$600 at Costco or Sam's Club? You're required to issue a 1099. Spend more than \$600 through Dell.com? Ditto. For even very small businesses, this may end up being a headache. For larger ones, it may be overwhelming. There may be hope for relief, however, as there have been recent calls to either exempt small businesses from this added reporting requirement or to repeal that part of the legislation. Considering it's already October, it's time to make sure you and your clients are prepared to handle their W-2 and 1099 reporting. *CFO Magazine* has a good article on the new tax law changes at www.cfo.com/article.cfm/14518134/c_14518513.

This review section looks at systems that are designed specifically to fill a need that is still often missed by many small business accounting systems,

- OS Compatibility
- System Updates
- Support website/documentation
- Live Support
- **Summary & Pricing**
- **Overall Rating**

or that may not handle higher workloads as efficiently. These programs range from systems that are intended for large-volume filers, while others are designed specifically for professionals who manage these processes for multiple clients. A few new web-based versions are even geared toward low-volume filers with simple

requirements, giving them the benefit of a pay-as-you-go filing method to the IRS, SSA and state agencies.

Other features in the programs vary widely, from strong integration with a business' GL or payroll applications, to client management utilities and reporting, and even the option to outsource the printing and mailing functions, which can be burdensome on businesses filing hundreds or thousands of returns and sending them to recipients.

There is also the continuing requirement to file information returns electronically if the business has more than 250. If the law isn't changed, many more businesses will certainly be passing this threshold. All of the programs in this review offer electronic filing options.

If the law isn't changed, things will get tough for many small businesses come January, so now is the time to make sure your clients either have the tools to manage these processes or, if you provide year-end information reporting as a service, that your programs can handle the extra workload. Even if the law is changed, this could make for a good conversation with your clients.

[1099 Express – 1099 Express & W-2 Express Enterprise 2010](#)

Designed as an annual reporting system, 1099 Express provides support for producing and filing all 1099 variations, plus forms 1098, 1096, 5498, W-2G, and the new IRS forms 1099-K, 3921 and 3922 including recipient copies and electronic filing capabilities for state and federal entities.

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[1099 Fire, Inc. – 1099 Fire and W-2 Fire](#)

1099 Fire offers two separate programs for filing of year-end wage and information reporting. The company's self-branded 1099 Fire program offers compliance for all forms 1098, 1099 and 5498, plus 3921, 3922, 1096 and W-2G, while the W-2 Fire system offers forms W-2, W-3 and correction versions of each.

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[AccountantsWorld – After-the-Fact](#)

[Payroll](#)

AccountantsWorld offers a suite of web-based and installed accounting and client service programs for professional accountants, including two payroll and income reporting-related systems.

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[Advanced Micro Solutions – 1099-Etc](#)

The 1099-Etc system from Advanced Micro Solutions is a suite of modules designed for after-the-fact payroll, laser forms generation and electronic filing, with the core of the program providing W-2 and 1099 year-end compliance capabilities.

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[American Riviera Software Corp. – Magtax Professional](#)

The Magtax wage and year-end information reporting system from American Riviera Software is available in standard and professional versions, offering multi-client management for professional accountants handling these processes for business entities.

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[CCH Small Firm Services – ATX](#)

[& TaxWise W-2/1099 & Payroll Compliance Reporting](#)

CCH Small Firm Services offers two year-end compliance systems designed for professionals managing multiple employer/payer clients: W-2/1099 and Payroll Compliance Reporting.

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[EG Systems – The W-2/1099 Filer](#)

The W-2/1099 Filer system from EG Systems provides a comprehensive multi-payer program for year-end and quarterly wage and information reporting to federal and all state entities. Forms can be printed to plain or pre-printed stock, and free electronic filing to federal and state is available.

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[Form Magic – Tax-Mate 1099](#)

Form Magic offers several specialty compliance systems, including programs designed for processing forms 1042, medical reimbursements and SEC filings.

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[Greatland – Winfiler Plus](#)

Greatland's Winfiler Plus is a comprehensive W-2 and 1099 compliance package that also offers wage reporting capabilities, options for e-filing of federal and state reports, TIN verification and multi-client management tools.

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[IDMS – Account Ability Tax Form Preparation](#)

The Account Ability system from IDMS, Inc. is an annual information reporting program designed for multi-employer/client management. The program supports all versions of forms 1098, 1099, 5498 and W-2, W-2C and W-2G in addition to compliance for all states and U.S. territories using the combined filing program.

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[Spokane Computer, Inc. – MAG-FILER](#)

The MAG-FILER wage and year-end information reporting system provides a professional and comprehensive program for managing 1099 and W-2 compliance.

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[Convey Introduces Fully Managed 1099 Service](#)

Convey Compliance, which provides several 1099 compliance technologies and services, recently released a new web-based service for corporate accounts payable departments. The Taxport A/P system is designed to use the benefits of SaaS (no challenges of installation, integration and IT maintenance) to make 1099 reporting simple and automated, with the vendor directly managing most of the processing as a service.

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[Tenenz Adds W-2/1099 E-Filing to Laser Link and TFP 20.10](#)

Tenenz has long been known as a supplier of tax forms, folders, newsletters, organizers and other paper-based supplies for tax and accounting professionals. However, the company also offers software for year-end information reporting and tax estimating. The company's two W-2/1099 products are Laser Link (for preparation of forms W-2 and 1099 to blank or pre-printed stock) and TFP 20.10 (for W-2 and 1099 data to pre-printed forms).

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[W2 Mate Offers E-Filing and PDF Generation of Recipient Form Copies](#)

W2 Mate from Real Business Solutions is designed to provide accounting professionals or business users with year-end information reporting capabilities. The network-ready system can be used to manage multiple payers/clients and includes preparation for forms W-2, W-3, 1099-INT, 1099-MISC, 1099-DIV, 1099-R and 1096, enabling users to produce all copies of forms for paper-based or electronic filing to the SSA, IRS and states that support the combined filing program.

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[WageFiling.com Offers Pay-As-You-Go](#)

[1099 and W2 Filings](#)

The completely web-based WageFiling.com system offers simple filing for small businesses with lower volumes of W-2s and 1099s, allowing users to easily log in and enter data, electronically file to federal and states, and then generate recipient copies.

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