HUMAN RESOURCES & PAYROLL

2016 Reviews of W-2 and 1099 Preparation Systems

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With the number of contractors likely to increase in the coming years, the need for accurate and timely 1099 processing will continue to grow. While many small business owners, unfamiliar with the process may think that 1099 processing is simply completed at the end of the year, the work of processing 1099 begins once a contractor is hired to complete a project, with personnel collecting information such as professional status (sole proprietor, LLC, Corporation) and Tax I.D. number immediately. Having this information entered into an accounting system promptly effectively eliminates the need to spend untold hours in January scrambling to collect this information from vendors that can be hard to reach.

For businesses of any type that may hire a contractor, it's imperative that a system be in place to ensure that 1099's are processed on a timely basis. Late or missing filings run the risk of both IRS and other state or local taxing organizations for not properly or promptly reporting income paid. It only makes sense that small businesses in particular may turn to accounting professionals to assist with 1099 preparation and filing requirements, rather than run the risk of being found non-compliant.

However, it isn't just contractors receiving 1099's. While 1099-MISC remains the most frequently processed form, businesses and other entities are also responsible for processing other 1099 forms such as 1099-INT to note any interest payments received, 1099-Div, which is Dividends and Distributions to indicate any distribution of retirement funds, and 1099-C, which is provided to individuals when a debt owed, such as credit card debit, has been settled for the lower amount. The Affordable Care Act (ACA) has also added additional reporting burdens to business owners and individuals alike.

When looking at products included in this review, keep in mind that all of the products are typically updated in the later part of the year, so you'll likely not see a final version until later in the year. Nevertheless, most of these products offer downloadable demos, so you can give them a try prior to purchasing.

This review looked at a variety of 1099 products, from basic 1099 processing to those that offer easy integration with other tax and related products. The products that are reviewed in this include:

Click a product to read the full review.

- AccountantsWorld – After-the-Fact Payroll
- American Riviera Software – Magtax
- AMS Software – 1099-Etc
- EG Systems – W2/1099 Filer
- Real Business Solutions – W2 Mate
- Spokane Computer – MAG-FILER
- Tenenz Laser Link
- Wolters Kluwer Small Firm Segment – W2 and 1099 Payroll Compliance

Related article:

- Tenenz EagleView

When reviewing these products, we looked at four different areas, which include:

Basic System Functions – This is where we look at the basic format of the product (on-premise vs. online), as well as just how easy the product is to use. We also address other areas, helping to answer common questions such as: Are user data entry screens easily navigated? Is forms-driven data entry available? Are additional modules available to increase product functionality?

Reporting – Reporting functionality is particularly important when looking at 1099 processing systems, so reporting options were reviewed and explained. We also looked at things such as the ability to use both pre-printed and blank forms when processing 1099's. Can completed forms be saved in another format, such as a PDF? We also looked at the capability of filing forms electronically, and whether another module was required in order to do so. We also looked at whether reports can be exported to Excel or PDF?

Import/Export/Integration – Here we looked at how well this product would work with your existing accounting system. We also looked at whether the W-2/1099 product is part of a suite of products that offers full integration with client accounting data? Integration capability with other popular accounting products such as QuickBooks and Sage 50 was explored as well. Finally, we looked at whether data could be imported to Excel or CSV file formats, and whether that same data can be exported to those formats as well?

Help/Support options were also looked at. This included covering product support options as well as questions such as are product updates available? What about email and chat support? What are the training options available, and does the product contain good help functionality, getting started wizards, users manuals, or any other tools designed to assist new users?

While these reviews can hope to answer some the questions above, it's up to each firm to determine exactly what their needs are when looking at W2/1099 products for their own firm. And because products vary widely between basic forms processing, to those that contain sophisticated features that are suitable for larger firms with more complex needs, you alone can be the best judge for which of the reviewed products is best-suited for your firm.

So whether you're in the market for a product for in-house use, or to offer services to your clients, there's a product available that is sure to suit your needs.