

Sage 50/50cloud U.S. Version 2020.1 Update Notes

• 2020.1 – Payroll Updates for Compliance with Revised Employee W-4 Withholding Form

- **Issue:** The U.S. Internal Revenue Service (IRS) released a new W-4 tax form that eliminates the concept of Allowances for employees, as a result of legislation passed by Congress with the passage of the Tax Cuts & Jobs Act of 2017. Therefore, the process for computing Federal Income Tax when payroll is run for employees has been altered significantly with the additional information given by employees on the revised W-4 Form.

- **Solution:** Several new payroll fields on the “Withholding Info” tab of Employee Maintenance records was added and changes to the Payroll Tax Calculator were made to remain compliant with Federal Personal Income Tax Computations for calendar years 2020-2025.

Revised W-4 Withholding Certificate Form for Employee:

The Early Draft of Form W-4 for 2020

Form **W-4** Employee's Withholding Allowance Certificate OMB No. 1545-0074
Department of the Treasury Internal Revenue Service
2020
Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.
Give Form W-4 to your employer.
Your withholding is subject to review by the IRS.

Step 1: Enter Personal Information

1a First name and middle initial Last name
1b Social security number
Home address (number and street)
City or town, state, and ZIP code
1c Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov.

1d Single (or married filing separately) Married filing jointly
 Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

Complete Steps 2 through 4 if they apply to you; otherwise, skip to Step 5. See instructions on page 2.

Step 2: Account for Multiple Jobs

Caution: The correct amount of withholding depends on income earned from all jobs in the household. If you:
• Hold more than one job at a time, or
• Are married filing jointly and both you and your spouse work, account for this below or you may owe additional tax when filing your tax return. (If you and/or your spouse have income from self-employment, see page 2.)

2 Multiple jobs. Do only one of the following:
• Use the calculator at www.irs.gov/W4app for most accurate withholding; or
• Use Worksheet 1 on page 3 and enter the result on line 4c below for roughly accurate withholding; or
• If there are only two jobs in your household, you may check here. Do the same on Form W-4 for the other job. With this option, more tax than necessary may be withheld from your wages, but you generally won't have too little tax withheld.

Complete lines 3 through 4b on Form W-4 for only one job in the household. (Your withholding will be most accurate if you do this on the Form W-4 for the highest paying job.)

Step 3: Claim Dependents

3 Dependents. If your income will be \$200,000 or less (\$400,000 or less if married filing jointly) (see instructions):
• Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$
• Multiply the number of other dependents by \$500 ▶ \$
Add the amounts above and enter the total here 3 \$

Step 4: Other Adjustments (optional)

4a Other income. If you want tax withheld for other income you expect this year that will not have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income. You should not include income from any jobs 4a \$
b Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use Worksheet 2 on page 3 and enter the result here 4b \$
c Enter any additional amount you want withheld each pay period 4c \$
d Exemption. You can claim exemption from withholding for 2020 if:
• For 2019, you had no federal income tax liability; and
• For 2020, you expect to have no federal income tax liability.
If you meet both of these conditions, certify by writing "Exempt" here 4d

Step 5: Sign Here

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.) Date
Employers Only: Employer's name and address First date of employment Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 102002 Form W-4 (2020)

Sections or "Steps" Introduced:

Step 1, Personal Information/Status

Step 2, Multiple Jobs
Check box for "Higher" withholding

Step 3, Dependents

Step 4, Other Income, Deductions, Additions, Exempt Status
Worksheets for multiple jobs and itemized deduction amounts added

Step 5: Signature

Requires calculating annual amounts

Maintain Employees/Sales Reps window and Withholding Info tab R2020.1

Maintain Employees & Sales Reps

File Edit Go To Window Help

Close New List Save Save & New Delete Change ID Letters Reports Attachments Event Log

Maintain Employees & Sales Reps

W-2 Form ID: JMATTIS Employee Inactive Sales Rep Both

Name: Jim MI Matts Suffix: Nickname

General Additional Info Pay Info **Withholding Info** Vacation/Sick Time Employee Fields Company Fields

Employee uses W4 prior to 2020 [How do I enter employee contributions?](#)

Withholding details from the employee's W-4:

Multiple Jobs

Payroll Field Names	Filing Status	State/Locality	Allowances	Line 3 - Dependent Annual Amt	Line 4a - Other Income Annual Amt	Line 4b - Deductions Annual Amt	Add Withholding
Federal	Single/Married filing separa...		0	2,500.00	4,780.00	2,000.00	0.00
State	Single	GA	0				0.00
Local	Single		0				0.00

Payroll Field Names	Filing Status	Allowances	Add Withholding	Percentage	Catch Up	FSA Amount
Special 1		0	0.00			
Special 2		0	0.00			
Special 3		0	0.00			
Special 4		0	0.00			
Special 5		0	0.00			
401(k)				0.00	No	

[What are Catch Up contributions?](#)

W-2 Checkboxes:

Employee has retirement plan such as a Simple IRA, 401(k), 403(b), etc.

Statutory Employee

Maintain Employees/Sales Reps window and Withholding Info tab R2020.0 and PRIOR Launched with R2020.1

Maintain Employees & Sales Reps

File Edit Go To Window Help

Close New List Save Save & New Delete Change ID Letters Reports Attachments Event Log

Maintain Employees & Sales Reps

Employee ID: ACHESTER Employee Inactive Sales Rep Both

Name: Amanda W Chester Suffix: Mandy [Learn about Sage payroll services](#)

General Additional Info Pay Info **Withholding Info** Vacation/Sick Time Employee Fields Company Fields

[How do I enter employee contributions?](#)

Withholding details from the employee's W-4:

Payroll Field Names	Filing Status	Allowances	Add Withholding	State/Locality	Percentage	Catch Up	FSA Amount
Federal	Single	1	0.00				
State	Single	1	0.00	MA			
Local	Not Required	0	0.00				
Special 1		0	0.00				
Special 2		0	0.00				
401(k)					4.00	No	
403(b)					0.00	No	
408(k)					0.00	No	
457(b)					0.00	No	

[What are Catch Up contributions?](#)

W-2 Checkboxes:

Employee has retirement plan such as a Simple IRA, 401(k), 403(b), etc.

Statutory Employee

- **2020.1 – 1099 Tax Forms Integration with Aatrix**

- **Issue:** Sage 50 US has always supported the printing of 1099-MISC/1099-INT and 1096 tax forms to pre-printed forms. In 2015, Aatrix provided a Mapping Wizard that permitted users to export the 1099 Vendor Report and transform the data in Microsoft Excel, which enabled the eFiling of such tax forms for the first time, however, 21 additional steps were required in order to do so, when compared with the similar process for filing W-2s.
 - **Solution:** Sage 50 US 2020.1 now directly integrates 1099 information with the Aatrix Tax Forms engine, and simplifying the process by eliminating the need to manually map the information to the required fields, facilitating more adoption of eFile options and reducing the level of users that balked at the process once seeing how many steps were previously involved.

- **2020.1 – Human Resource Forms and Compliance Engine with Aatrix**

- **Issue:** Desktop Payroll users typically hunt for necessary Human Resources forms for properly documenting employee activity, and traditionally, Sage 50 never offered these forms, including entries on the revised W-4 Form used to compute proper Federal Income Tax Withholding.
 - **Solution:** Sage 50 US 2020.1 with the addition of the Aatrix Human Resource Forms and Compliance Engine offers a comprehensive set of forms for employee and payroll management.

To access the Aatrix Human Resource Forms in 2020.1, the Sage user can go to Reports & Forms>Forms>Human Resource Forms as shown below.

Note: In later Releases of the product, additional entry points to be added in later Releases of the product, namely on the Navigation Aids/Dashboard, from the “Employees & Payroll” pane and under “Forms”.

