



on Client Ledger System™ Software

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CLS 6.0 Release Scheduled for December 4th

CLS 6.0 (the update to the MS-DOS version of CLS) is nearing completion, and is currently scheduled for release December 4th. This release includes the 2009 W-2 and 1099/1098 formats: *laser-printed* plain-paper and pre-printed forms, and *dot-matrix* pre-printed forms, are supported. The formats of the standard (2-up), pre-printed W-2, W-3, 1099, 1098 and 1096 forms (except for the 1099-C) are basically unchanged for 2009.

With CLS, all W-2 and W-3 forms, including Copy A, may be printed on plain paper. Submittable 940, 941, 943 and 944 forms may also be printed on plain paper. For 1099, 1098 and 1096 forms, all copies *except* Copy A may be printed on plain-paper - Copy A must be filed using "official" *scannable* forms. Note that this is an IRS requirement, not a CLS limitation; per the IRS website, a penalty of \$50 per return may be imposed for using forms that cannot be scanned.

The format of the 1099-C is new; a box has been added to indicate that a borrower is personally liable for the loan. Also, a new Distribution Code "U" (dividend distribution from ESOP under Section 404(k)) has been added to the 1099-R, but the form itself is not affected. Two check-boxes have been added to the 1096 form, but this change does not affect CLS.

CLS 6.0 also includes any required changes to the federal 940, 941, 943 and 944 forms for the 2009 year-end. The 944 format is new for 2009; the new 941 format for 2010 will be part of the March CLS 6.0 update.

State unemployment wage reports (continuation sheets) are being updated as needed. A new format for Florida, which provides for reporting of out-of-state wages, will be released for the first quarter of 2010, and will be included in the March CLS update. State continuation sheets printed by CLS, with the exception of Alabama, West Virginia and Wyoming, can be submitted on plain paper.

The CLS 6.0 update is required if you plan to print submittable federal payroll tax forms on *plain paper*. Your CLS 6.0 update also entitles you to receive updates for payroll tax form changes during the first three quarters of 2010.

New York Metro Transit Authority Tax

The NY MTA tax is a new employer tax, currently .34% of wages subject to FICA, without regard to a cap. To set up this tax in CLS: In PF 4,1 navigate to the second tax in the fourth column (SDI/Other). For the CY (current year) Employer Rate, enter .34; for the CY Wage Limit, enter 9999999.00. Also enter the appropriate expense and liability accounts.

The employer tax recap at the bottom of the payroll journal will now include the MTA tax calculation for the "current" period, and CT 4 can generate the transactions to accrue it.

Since the tax took effect March 1, a journal entry must be made to record the tax for previous periods. To calculate this adjustment, run the YTD payroll journal from March 1 through the end of the previous period; the employer tax recap will show the tax that should have been accrued.

CLS~CheckWriter Payroll Tax Updates

CW 2.81 includes new federal and state payroll tax tables for 2010. It adds the ability to print the payroll summary to a comma-delimited file, and some additional minor report fixes. The new version will be released just before Christmas.

Status of CLS II (the "Windows" version of CLS)

The basic version of CLS II is nearing completion. Along with the financial statements and the audit reports, we are currently able to prepare federal W-2, 1098, 1099 and 1096 forms, and all of the federal 94x forms (940, 941, 943 and 944). All but a handful of the state continuation sheets have been completed, and the rest will be available by year-end.

*However, none of the CLS add-on products are ready for release, and this includes Unemployment Plus, the electronic filing modules (W-2/1099 and SUTA), XML Filing of 94x forms, and the Tax Package Interface. **Because these products are not complete, CLS II will only be available as a test-site version this year-end.***

When complete, CLS II will be offered in configurations similar to, but more flexible than, the MS-DOS version of CLS. All of the versions listed below may be installed on multiple computers belonging to your firm, and there will be no limit to the number of ledgers you can have in a single data path. The new CLS II configurations are listed below:

- *CLS General Ledger version:* provides financial statements, but no after-the-fact payroll; local program installation; *two users can simultaneously access a shared, user-defined data path.*
- *CLS One-User version:* provides financial statements and complete after-the-fact payroll; local program installation; the data path must be local and is pre-defined.
- *CLS Two-User version:* local program installation; *two users can simultaneously access a shared, user-defined data path.*
- *CLS Networkable version:* 5-user license; local program installation, but the user-defined data path may be shared by up to five (5) simultaneous users; *fully aware of the other users. **If this version of CLS II is also installed on a shared server, updates will automatically propagate to the workstations.***
- *Additional 5-user license packs for the Networkable version:* each license pack gives five (5) additional users simultaneous access to a shared data path, up to a maximum of 255 users.

A number of CLS users have asked us about the cost to convert to CLS II when it is finally released. You've been extremely patient with us and have been waiting for this product for a long time. To thank you, and because we would really like you to upgrade, we're keeping the prices as low as possible. These prices are, of course, contingent on your being on the "current" version of CLS - in this case, CLS 6.0. *There will be no additional charge for upgrading your existing add-on products.*

- Current users of *CLS ~ General Ledger* or *CLS ~ Limited Edition* may upgrade to a two-user version of the comparable CLS II product for \$100. If you've purchased more than two licenses for either the general ledger or the limited edition, you may choose instead to receive the networkable, 5-user license for \$200.
- Current users of the CLS Single-User version can upgrade to the 5-user version of CLS II for \$150 or the 10-user version for \$200.
- Current users of the CLS Network version can upgrade to the 10-user version of CLS II for \$200 or the 15-user version for \$250.
- Year-end update prices for CLS II will remain about the same as they've been in the past.

FMSI Holidays

Please take note! Financial MicroSystems will be closed on November 26th - 27th for Thanksgiving, and December 24th - 25th, and December 31st - January 1st for the holidays.

CLS Focus is published by Financial MicroSystems, Inc. for users of Client Ledger System™ software. We encourage readers to share ideas for publication. Forward all correspondence, including address changes, to:

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Updates for CLS Add-on Packages

If you are using any of these add-on packages, they must be kept "current". Add-on packages for CLS include:

- SUTA Magnetic Media (SM)
- W-2/1099 Magnetic Media (TM)
- Tax Package Interface (TX)
- Unemployment Plus (UP)
- XML Filing of 940, 941 and 944 Forms (XM)

The **SUTA Magnetic Media** (SM) program, for filing state unemployment tax wage information on magnetic media, has been updated to reflect file format changes for 2009. With the **SM** program, you can submit wage continuation sheet information electronically. A few states also require a separately printed tax return or transmittal form. Except for Connecticut, South Carolina and Tennessee, filing requirements are per employer.

State	Filing Requirement	Comment
Alabama	5+ employees	Must also submit UP form unless filing online
Arizona	Not required	Must also submit UP form
Arkansas	250+ employees	Online submission only
California	250+ employees	
Connecticut	All new employers, 250+ employees (all other filers)	Online submission only
Florida	Varies	Online submission only
Georgia	100+ employees	
Illinois	250+ employees	
Kansas	100+ employees	Online submission only
Kentucky	10+ employees	Online submission only
Louisiana	200+ employees	
Maryland	100+ employees	Must also submit UP form unless filing online
Massachusetts	All employers	
Michigan	Not required	Online submission, must also submit UP form
Minnesota	All employers	Online submission only
Mississippi	250+ employees	Must also submit UP form
Nebraska	Payroll of \$100,000 or more	Online submission, must also submit UP form
New Jersey	All employers	Online submission only
North Carolina	100+ employees	
Ohio	Not required	Must also submit UP form
South Carolina	100+ employees (all employers or agents)	Must also submit UP form
Tennessee	250+ employees (all employers or agents)	Must also submit UP form
Texas	10+ employees	
Virginia	100+ employees	Must also submit UP form
Wisconsin	25+ employees	Must also submit UP form unless filing online
Wyoming	Not required	Must also submit UP form

The **W-2/1099 Magnetic Media** (TM) program has been updated to reflect file format changes for 2009.

The **Unemployment Plus** (UP) program, which provides the ability to print submittable unemployment tax cover pages for certain states, has been updated for 2009. A new Florida UCT-6 format will be required for the first quarter of 2010; it will be part of the March CLS 6.0 update. Kansas will be releasing a new format for the K-CNS-100, but has notified employers that only pre-printed forms will be accepted in the future. We are working with Nelco, the supplier of payroll tax forms used by CLS, to try to resolve this issue.

With the **UP** program, you can print unemployment tax returns for:

Alabama UC-CR4	Arizona UC-018	Arkansas DWS-ARK209B
California DE-7	Connecticut UC-2/5A	Florida UCT-6/6W
Georgia DOL-4	Illinois UI 3/40	Kansas K-CNS-100
Kentucky UI-3	Louisiana ES4-B/C	Maryland DLLR/OU-15
Michigan UIA-1020	Minnesota DEED-1 (file copy only) *	Mississippi UI-2/3
Nebraska UI-11T	New York NYS-45-MN	North Carolina UI-101
Ohio JFS-66111	South Carolina UCE-120/101	Tennessee LB-0456/0851
Texas C-3	Virginia VEC-FC-20	Wisconsin UCT-101

* Minnesota requires electronic filing for all employers. You can use **UP** to print a file copy of the tax return.

The **XML Filing of 940, 941 and 944 Forms** (XM) program lets you create 940, 941 and 944 XML files to be submitted to the IRS electronically. Additional third-party software is required to transmit the XML files to the IRS. Ericom Software's *ProTerm Enterprise Suite* is bundled with the XML Filing program. The current XML file formats have been updated for 2009. Any changes required for 2010 reporting will be available in March.

CLS and Windows® 7

Windows® 7 is being released by Microsoft on October 22nd. Windows® 7 appears to be a streamlined version of Windows Vista®, although, unlike Vista, Windows 7 has received very good initial reviews.

New computers purchased after October 22nd may have Windows 7 pre-installed (or Vista, with a free upgrade to Windows 7). Like Windows Vista, Windows 7 is being offered in both 32-bit and 64-bit versions, and in several different flavors: Home Basic, Home Premium, Business, Professional, Ultimate and Enterprise.

Windows 7 also provides a new feature called “Windows XP Mode”. XP Mode is offered *only* for the Windows 7 *Professional* and *Ultimate* versions, and will run *only* on computers supporting “*hardware virtualization*”. XP Mode is a free download which installs a copy of Windows® XP SP3 in a “virtual” environment running under Windows 7. Under XP Mode, you can install and run any XP-compatible software (such as CLS 6.0) just as you have in the past.

When running *directly* under Windows 7, CLS 6.0 has the same restrictions it does under Windows Vista. That is, it will run only in the 32-bit version of Windows 7, and requires Printfil (a third-party print capture utility) to route CLS reports to an HP-compatible laser printer. Basically, if CLS 6.0 runs on your current Vista computer, it will run fine if you upgrade that computer to the same version of Windows 7.

The new “Windows” version of CLS, CLS II, is completely compatible with all versions of Windows XP, Windows Vista and Windows 7.

There are several additional important points to note about Windows 7:

- Many computers currently running Windows Vista can be upgraded to Windows 7. And, Microsoft makes it fairly easy to update “like versions” of Vista (e.g., Windows Vista 32-bit Home Premium to Windows 7 32-bit Home Premium).
- If you are upgrading an “unlike version” of Vista, no easy upgrade path exists. However, Laplink Software’s *PCmover® Windows 7 Upgrade Assistant* can help you upgrade from an “unlike version” of Vista.
- Likewise, if you are upgrading a computer currently running Windows XP, there is no easy upgrade path. *PCmover® Windows 7 Upgrade Assistant* may be of use to you, *but we really don’t recommend that you even try to upgrade an XP-based computer to Windows 7.*

Update Reminders

- Order confirmations are now being emailed as orders are entered. Please verify that we have the correct email address listed on your order form and correct it if necessary.
- CLS add-on programs are compatible *only* with the CLS version for which they are released. If you use the Tax Package Interface, W-2/1099 Magnetic Media, Unemployment Plus, SUTA Magnetic Media or XML Filing of 940, 941 and 944 Forms add-on products, remember to update them also. Update prices for add-on products apply *only* if you own licensed versions of those products.
- Place your order early! Orders are processed and shipped in the order received. Once CLS 6.0 is released, orders are processed *during* shipping, which increases the turn-around time. During the holiday season, delivery delays are beyond our control.
- Updates for CLS bug fixes are available free of charge from the CLS website. If you would prefer to receive those bug fixes by mail, you may subscribe to CLS 6.0 updates-by-mail for only \$59.
- Review your order form for accuracy. Is your credit card number correct, including the expiration date? If you charge the update to a personal credit card, be sure to provide the billing address associated with that card.
- Do not include sales tax *unless* you are located in *Georgia*.

We’d like to hear from you! CLS year-end updates reflect your needs; let us know how CLS can better serve your client write-up needs.

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