



TRAVERSE® Accounting Software

Compliance Release – 2019 Tax Update

Date: December 17, 2018
To: Software Maintenance Plan Subscribers
Products: Accounts Payable, Fixed Assets, and Payroll for TRAVERSE® versions 11.x (All builds)

The 2019 Tax Update contains changes to all state and federal tax withholding formulas and tables based on the requirements known to Open Systems, Inc. as of December 12, 2018. The update is available to all users current on the TRAVERSE Software Maintenance Plan as of December 17, 2018. Contact your software solution provider and backup your programs and data before you install this update.

For TRAVERSE version 11, the update is available via the standard update process. This update has been tested with versions 11.x (all builds) of Accounts Payable, Fixed Assets, and Payroll. If you have any questions, please contact your software provider, call TRAVERSE Support at 1-800-320-3088, or send an email message to traverse_support@osas.com.

As with all reporting processes, check your procedures carefully and consult your accountant or tax preparer for details on how this update affects your business. Additional information is available from the IRS at www.irs.gov. If you have software questions, contact your software solution provider or Open Systems Support.

Tax Changes

State Tax Withholding Table Changes for 2019

California	Colorado	Georgia	Idaho	Illinois	Iowa
Kentucky	Louisiana	Maine	Maryland	Mississippi	Missouri
New Jersey	New York	North Carolina	North Dakota	Ohio	Oregon
Rhode Island	South Carolina	Utah			

State Unemployment Insurance Table Changes for 2019

Alaska	Colorado	Hawaii	Iowa	Kentucky	Minnesota
Missouri	Montana	Nevada	New Jersey	New Mexico	New York
North Carolina	North Dakota	Oklahoma	Oregon	Rhode Island	Tennessee
Utah	Vermont	Washington	Wyoming		

Note: Remember to check your company’s SUI rates for accuracy.

‘Other’ Table Changes for 2019

Alaska	California	Hawaii	New Jersey	New York	Rhode Island
Washington					

Installing the Tax Update for Version 11

Please contact your software provider before you apply the update. Install the update using the normal update process for TRAVERSE version 11. If you use Payroll, you must follow the instructions below to install an additional server update for Payroll. If you would like further information, you can view this video at this link: <https://www.osas.com/videos/trav-compliance-update>.

If you use Payroll, follow these instructions to install the server update before you begin processing payroll for 2019:

1. Backup your programs and data files.
2. Follow the normal update process to install the update.
3. After you install the update and run the usual server update, you must run an additional server update unique to compliance. To do so, open TRAVERSE Server Manager, and click **Maintenance Update** in the Database menu.
4. In the **Update File** field, browse to the downloaded \Server folder and choose the **TaxRates2019PA_20181214.tsmx** file.
5. Click the check box for **Include Payroll Tax Updates**.
6. Click **Next** and **OK** to install the compliance server update.

Staying Current

Check the Open Systems website, www.osas.com, frequently for the latest information on federal and state tax withholding, unemployment, and disability formula and table changes. When the federal government or states make changes, we provide two methods to help you stay current: a Tax Update file which is periodically updated to include new changes, and documents that describe how you can make the required changes yourself.

Additional Information

Federal Unemployment Tax Act (FUTA)

Employers with wages subject to unemployment laws in certain states are assessed an additional FUTA percentage for those employees called a “Credit Reduction.” These percentages are added to the usual FUTA rate for employee earnings in these states.

As in prior years, the final rates for 2018 were not published until November, 2018, and there may be discrepancies between the forecasted percentages and the actual percentages assessed. Each year, some states are added to the credit reduction list and some are removed.

California and the U.S. Virgin Islands had Title XII advance balances on January 1, 2018, making them both potential FUTA credit reduction states. California repaid its outstanding advances, and did not have an outstanding balance on November 10, 2018, hence there will be no FUTA credit reduction for employers in this state for 2018.

The U.S. Virgin Islands did not repay all advances prior to November 10, 2018. Therefore, employers in U.S. Virgin Islands are subject to a FUTA credit reduction of 2.4% in 2018.

Business Services Online

As an employer, you can use the Social Security Business Services Online (BSO) to submit your W-2 information. To do so, save the W-2 file to your hard drive and upload the file using the Social Security Business Services Online. The Social Security Business Services Online site is www.socialsecurity.gov/employer/. For more information, review the information at www.irs.gov.

For tax year 2018, AccuWage Online is available to test your EFW2/EFW2C wage files. You can find more information and instructions on the AccuWage page on the Social Security Administration’s website at www.socialsecurity.gov/employer/accuwage/.

Additional Instructions for Washington State Paid Family and Medical Leave Program

The Paid Family and Medical Leave program is an insurance program funded through premiums paid by employers and workers in the form of payroll withholdings.

- Employers will start collecting premiums for the program on January 1, 2019.
- For 2019, the premium is 0.4% of each employee’s gross wages. Premiums are capped at the Social Security Wage Base.

- The total premium is shared by the employer and the employee. An employer can elect to pay the employee's share of the premium.
- Employers with fewer than 50 employees are not required to pay the employer portion of the premium.
- Premiums must be remitted quarterly during the month following each completed calendar quarter.

Tax Tables PWA__SO1, PWA__SO2, and PWA__SO3 are used for the premium calculation. Tax Code **SO1** and **SO2** are added for the employee portion of this new program under the state Tax Authority for Washington. Tax Code **SO3** is added for the employer portion of this new program under the state Tax Authority for Washington. To have them calculated, you will need to set up these tax codes in the Tax Authorities function on the PA Codes Maintenance menu.

You can find more information at this website: <https://paidleave.wa.gov/>, or contact your tax professional.

Form 1096 – Annual Summary and Transmittal of US Information Returns form revision

Tax-exempt organizations must file Form 1096. Form 1096 has been revised to reflect the addition of two new forms due to P.L. 115-97. The 2018 Form 1096 has 17 boxes, whereas the 2017 Form 1096 has 15 boxes.

Affordable Care Act (ACA) Changes

TRAVERSE v11 contains features that allow you to collect required data and print some required ACA forms through our partner, Aatrix Software. An active Enhanced Payroll Tax Reporting (EPTR) subscription is required to use these features.

When you are ready to file, TRAVERSE exports the data to the Aatrix Software, where the data is imported into a forms preparation program. You must then check the imported data for accuracy and completeness, edit it if necessary, and approve it. After you approve the data, you can then print and send the forms and/or use the Aatrix eFile service to electronically file the information with the government.

Aatrix Software

Our partner, Aatrix Software, allows you to collect required data and print some ACA forms. Aatrix Software also offers the eFile service, which you can use to electronically file your tax information with the government.

Aatrix's changes are listed under [Aatrix Wiki page](#). **Note:** There is only one AUF file that includes W-2 and ACA information. You can download the latest copy from <http://aatrix.com/traverse>.

Qualified Equity Grant

On the 2018 W-2 form, a new Box 12 Code **GG** has been added to report new qualified equity grants under section 83(i). The Tax Cuts and Jobs Act added section 83(i) for "qualified equity grants." The law also added new Form W-2 reporting requirements for these grants. Employers with employees who have qualified equity grants must report the amount includible in gross income under section 83(i) for an event which occurs in the calendar year in box 12 using code **GG**.

On the 2018 W-2 form, a new Box 12 Code **HH** has been added to allow employers to report the aggregate amount of income which employees elect to defer under section 83(i) as of the close of the calendar year in box 12, using code **HH**.

For more information about section 83 in the Tax Cuts and Jobs Act, see the [SSA Publication No. 42-007](#).

In order to handle the QEG amounts, you will need to set up the Payroll application. Follow these steps:

1. In the Payroll Codes Maintenance menu, open the Earning Codes screen.

2. Set up a new earning code – for example, QEG. Clear the **Include In Net Pay** check box, select “Miscellaneous” as the earning type, **1** as multiplier, **0** add to base, the W-2 box will be **12**, and W-2 Code/Description will be **GG**. **Save** your changes.
3. In the Exclusions function on the Payroll Codes Maintenance menu, select each tax authority in turn, and add the QEG earning code as needed. (*contact your tax professional to determine which taxes are appropriate*). **Save** your changes.

In order to handle the QEG deferral amounts, you will need to set up the Payroll application. Follow these steps:

1. In the Payroll Codes Maintenance menu, open the Earning Codes screen.
2. Set up a new earning code – for example, D83. Clear the **Include In Net Pay** check box, select “Miscellaneous” as the earning type, **1** as multiplier, **0** add to base, the W-2 box will be **12**, and W-2 Code/Description will be **HH**. **Save** your changes.
3. In the Exclusions function on the Payroll Codes Maintenance menu, select each tax authority in turn, and add the D83 earning code as needed (*contact your tax professional to determine which taxes are appropriate*). **Save** your changes.

Continue with normal payroll processing.