

Year-end Tips Contents

Important Changes and Notes	3
Sage BusinessWorks Support	4
General Information	5
Back up and Create Archive Companies	5
Adjusting Entries	6
Electronic Filing for Payroll Tax forms and 1099s	6
Preparing for Payroll Year-end.....	6
Payroll Year-end checklist	6
Fringe Benefits.....	7
Allocated Tips	7
Third-party Sick Pay.....	7
Affordable Care Act (ACA)	7
Bonuses.....	7
Payroll Periods vs Check Date	7
Deleting Terminated Employees.....	8
W-2s	8
W-2 forms	8
Enhanced Tax Reporting form requirements	8
Copy-Specific Guidelines	8
Order Forms from Sage Checks & Forms	8
Important Notes	8
Processing W-2s.....	8
Verifying W-2 figures	9
Editing W-2s in Enhanced Tax Reporting.....	9
W-2 Box Limits and Additional Form Requirements.....	9
W-3 Form Printing Guidelines.....	9
Other Payroll Tax Forms	9
Form 941 – Employer’s Quarterly Federal Tax Return.....	9
Form 940 – Employer’s Annual Federal Unemployment (FUTA) Tax Return	9
Form 943 – Employer’s Annual Federal Tax Return for Agricultural Employees.....	9
State Tax Reports.....	9
1099’s	10
Processing 1099 Forms.....	10
1099 Form Types and Requirements	10
Starting a new year.....	10
Verify and Manually change SDI/SUI Rates.....	10
Install Tax Table Update	10

Calculating Percentage-based Taxes 11
 Calculation Formula 11
 Where to Find the Numbers 11
 Limitations to Keep in Mind 11

Important Changes and Notes

Supported Versions

- Install **Sage BusinessWorks 2025 or 2024** to print all tax forms using Enhanced Tax Reporting (Aatrix)
- Sage BusinessWorks will release **2026 payroll tax updates** for versions 2024 and 2025 only
- Sage BusinessWorks and Aatrix **no longer support** Windows 7, 8.1, 10, Server 2008, or Server 2012

One Big Beautiful Bill Act (OBBBA)

- See [New Federal law regarding no federal withholding on tips and overtime](#)
- The article will be updated as more information becomes available

Enhanced Tax Reporting

- Review [Aatrix filing deadlines](#) to ensure timely submissions
- Print **1099, 1096, W-2, W-3, 1094/1095 B & C** forms on plain paper—**do not use red official paper** for any federal form
- Use **Sage BusinessWorks 2024 or newer** to access **1099 INT and DIV** forms
- Enter the recipient's **first and last name in AP, Vendors, Maintain Vendor, Other** when using a Social Security number for 1099 processing
- If tax forms **won't process**, close Sage BusinessWorks and **reopen it as Administrator** (right-click the Sage BusinessWorks icon and select **Run as Administrator**)
- Expect **1099, W-2, and 940 form updates** around **December 20, 2025**. To check for updates, select the form and continue processing; choose **Automatic** if prompted

Tax Changes

- The OASDI limit for 2026 is **\$184,500**
- You must **e-file W-2s** if submitting **10 or more returns**. Visit IRS.gov for details. Federal e-filing is **free**

Program Reminders

- Sage BusinessWorks **retains up to five years** of payroll history
 - Verify history settings in **PR, Utilities, Maintain Payroll Parameters, Years to keep history**
- **Create a company copy** before year-end close for historical reference. [Make a copy of your company](#) before closing the year for historical purposes. You cannot post to prior years, so **verify W-2 figures before closing December payroll**
- You can **print W-2s, 940s, and 941s** after closing the year
- You can't print **1099s** after closing the year
- Complete tasks like **correcting payroll checks** before or with the final payroll run
- If a module doesn't close properly, restore a backup
 - To check for a failed close, see [How to determine if an end of month close failed](#)
 - If a close fails, refer to [Month-end close or data rebuild does not finish successfully](#)

Support and Security

- Contact **Sage BusinessWorks Support** via [live chat](#) or by creating a support ticket on the [Sage Customer Portal](#)
- [How do I confirm that I'm contacting an official Sage representative?](#)

Sage BusinessWorks Support

Help articles, community support, year-end resources, and training tools

Sage Knowledgebase

Browse help articles, videos, and download the latest updates to your software on [Sage Knowledgebase](#). (*Some resources require an active Sage Business Care plan.)

Sage Community Hub

Select [Sage Community Hub: Sage BusinessWorks](#) to access the following resources:

- **Community** – Ask questions, submit a product enhancement idea, and read product announcements
- **Knowledgebase** – Search articles, download software and updates, and access serial numbers and activation codes
- **Contact** – Chat with Sage or submit an online support case
- **Learning** – Explore Sage University and watch support/training videos
- **Services** – Update payment details and purchase checks or forms

Year-end Center

Select the [Sage BusinessWorks Year-end Center](#) to find links for payroll year-end processing. Stay up to date with the latest tips, updates, and important year-end information.

Sage University

Access an extensive library of on-demand learning topics and comprehensive classes on [Sage U](#).

Contact support

For year-end processing questions, contact Sage BusinessWorks Customer Support via [Sage Live Chat](#), available Monday to Friday, 6:00 a.m. to 5:00 p.m. Pacific time. To purchase or upgrade a support plan, call 1-800-447-5700, option 2.

General Information

Back up and Create Archive Companies

Always perform a **full backup** of your company data before closing Payroll or Accounts Payable. Keep this backup indefinitely for audit purposes. See [Backing up company data and system files](#).

General back up information

1. Always back up **within Sage BusinessWorks**, even if you use another backup utility.
2. If you encounter an error or exclusive lock issue, refer to [Release or disconnect users or tasks](#).

New in 2025: You can also use the [Automatic Backup Utility](#) to schedule and manage backups without manual steps.

Back up before closing the month, quarter or year

Steps to Back Up Company Data:



1. Select **File, Backup** to open the **Database Backup Wizard**, then click **Next**.
2. Select the **Company ID** to back up, then click **Next**.
3. In the **Select Backup File Name** window:
 - Choose a folder or drive from the list on the left
 - Use the default file name or enter a new one. Click **Next**
 - The default format is: CompanyID_Date_Time.zip
4. Click **Start** to begin the backup.
5. After you complete the backup, a prompt will ask if you want to back up another company. Click **Yes** and repeat the steps if needed.

Archive or copy your company prior to closing the year in any module

Create a Sage BusinessWorks backup before closing December in any module.

If you haven't printed and verified W-2s and need to process January's payroll, follow the steps below to archive company data before closing December.

How to create a copy of your company

1. Ensure all other users exit the company before making a copy.
2. Go to **Utilities, Maintain Companies**.
3. Click **OK** at the exclusive option message.
4. Click the **Lookup** button  to select the Company ID; click **Accept**.
5. Click the **Copy** button .
6. Enter a new **Company ID** (for example, PAY2025 to represent Payroll for the year 2025) and click **OK**. Also click '**Copy User security**' to grant same user security as in the original company.

For more information see [Creating an archive or copy of a company](#)

How to use your archive company

- Do not close Payroll or Accounts Payable for December in the copy/archive company. Use the archive company for printing W-2s or 1099s only. The copy company is the archive company and is used for printing purposes only
- The OASDI limit for 2026 is **\$184,500**
- If the Tax Table Update (TTU) is installed prior to printing W-2s, you will need to change the OASDI limit to \$176,100 to print the 2025 W-2s. To change the limit:
 1. Select **PR, Taxes, Maintain Tax Tables**.
 2. Click the **Lookup** button and select **US** for US Federal.
 3. Click the **Allowances, Limits and Rates** button.
- For further instructions, see [Payroll Tax Table Update was installed too early](#)
- After closing in the current company, verify beginning balances for vacation and sick accruals. See [Vacation time and sick pay calculation](#) for further instructions

Adjusting Entries

After closing the fiscal year, you can post prior-year adjustments in all modules **except Payroll**. For details, see [How to post using prior and future transaction dates](#).

General Adjustment information

- **G/L Adjustments:** If your adjustment affects revenue or expense accounts, Sage BusinessWorks automatically updates retained earnings—**no extra steps needed**
- **Use the Correct Module:** Always post adjustments in the appropriate module
 - **Example:** To adjust a cash account, use **Cash Management**. Posting directly in G/L may disrupt bank reconciliation
- **Inventory Reminder: Do not** run a month- or year-end close or rebuild in **Inventory Control** during the Physical Inventory process. This can prevent updates to book quantities. For more info, see [How to process a Physical Inventory](#)
- **Check the current month:** Select **File, System Status Report**. On the window displayed, click the **Module Information** button

Posting Limitations

Prior or Future Transactions	G/L	P/R	A/R, A/P, C/M, I/C, and O/E
Prior month postings	24 months back	Current quarter only	12 months back
Future month postings	12 months ahead	Can't post to future	1 month ahead
Example: Current month = December 2025	Dec 2023 through Dec 2026	Oct 2025 through Dec 2025	Dec 2024 through Jan 2026

To post transactions to prior or future months, adjust the following settings:

- Accounts Receivable (AR)
 1. Go to **AR, Utilities, Maintain A/R Parameters – Posting Accounts**.
 2. Set **Allow future postings** to **Yes** or **Warning**.
- All Other Modules
 1. From the launcher go to **Utilities, System Preferences**.
 2. Ensure **Allow prior month postings** is set to **Yes**.

For more details, see [How to prevent or allow prior period postings](#).

Electronic Filing for Payroll Tax forms and 1099s

You must get a User ID and choose a password to file electronically with the Social Security Administration.

- For more information, call 1-800-772-6270 or 1-800-772-1213, or visit <http://www.ssa.gov/bsowelcome.htm>
- Aatrix lets you file W-2 forms electronically using Enhanced Tax Reporting.

Preparing for Payroll Year-end

Payroll Year-end checklist

After completing your final payroll for the year, review the **Payroll Checklist**

1. Open the **Sage BusinessWorks**.
2. Select **View**.
3. Make sure both **Viewer** and **Modules** are selected.
4. On the left, under **Modules**, select **Payroll**.

5. In the viewer, you'll see **Common Tasks** for Payroll.
6. At the bottom, select the **Checklists** tab.
7. You'll find checklists for, end of month, end of quarter, and end of year.

Fringe Benefits

- **Employees must pay taxes on fringe benefits**, such as personal use of a company vehicle, life insurance premiums over \$50,000, or any non-cash benefits. Employers either record these benefits on each payroll or as a lump sum at year-end. If recorded as a lump sum, the employer must include it as a company-paid deduction on the employee's **final paycheck of the year**.
- For more details, refer to [Process Fringe Benefits for W-2 reporting - FAQ](#).

Allocated Tips

- **Allocated tips** are the difference between reported tips and 8% of the employer's gross receipts. Employers report them in **Box 8 of the W-2 only**. These tips **don't count as employee income**, and **employers don't withhold taxes** on them.
- For additional information, see [Process allocated tips](#).

Third-party Sick Pay

Sage BusinessWorks doesn't handle third-party sick pay reporting because it varies by plan. **Refer to IRS Publication 15-A** for official guidance.

For more help, see:

- [Process Third-Party Sick Pay when employer pays employer portion of FICA](#)
- [Third-Party Sick Pay - employer pays FUTA and SUI](#)

Affordable Care Act (ACA)

For more information see [Process Affordable Care Act \(ACA\) forms for Sage BusinessWorks Accounting](#).

Bonuses

Bonuses are taxable by law. Employees must pay federal withholding tax (FWT). (State rules may vary—check with a tax advisor for details.)

- **Bonuses are taxable.** Mark the **Other Pay** as taxable and check the **Add to Gross** box
- **If you create a time card for an employee receiving a bonus**, it will override any standard time card already on file for that employee
- To set up and pay bonuses in Sage BusinessWorks see [Process bonus checks](#)

What if I want to hand an employee \$500 in cash?

If you want to give an employee **\$500 in cash as a net bonus**, you'll need to **gross up** the amount so that taxes are covered and the employee still receives exactly \$500 after deductions. See [Gross up a net value check](#) for additional information for calculating the rate for your bonus check.

Formula: Net bonus amount / [1 - (Total tax rate ÷ 100)] = Gross bonus amount

Example: \$500 / [1 - (**7.65 ÷ 100)] = \$541.42

So, you'd pay **\$541.42** to cover taxes and ensure the employee receives **\$500 net**.

** The 7.65% rate is just an example. Your actual tax rate may vary based on federal, state, and local taxes, plus any other deductions. Check with your payroll provider or tax advisor to get the correct rate.

Payroll Periods vs Check Date

According to IRS rules, employees must pay taxes based on the **date they receive their paycheck**, not when they performed the work. This means:

- If an employee gets paid in **2026** for work done in **2025**, the income is taxed in **2026**.

- The IRS uses the concept of **constructive receipt**, which means income is taxable in the year it's made available to the employee—regardless of when the work occurred

Deleting Terminated Employees

During the December month-end close, delete terminated employees either as a group or individually using **Maintain Employees**. The system retains payroll history for at least two years, and you can extend it to five. To change the history period, go to **PR, Utilities, Maintain Payroll Parameters**.

Note: You cannot delete employees who have activity within the last two years or within the extended history period.

W-2s

Employers filing 10 or more information returns, including Forms W-2, must file electronically unless granted a waiver by the IRS. All employers are encouraged to file Forms W-2 electronically. For more information on electronic filing, refer to the [General Instructions for Forms W-2 and W-3](#) and [Topic no. 801](#), [Topic no. 802](#) and [Topic no. 803](#).

W-2 forms

Enhanced Tax Reporting form requirements

- Print the **employee copy** of the W-2 on blank 4-up perforated paper with instructions on the back
- Print **all other copies** on plain paper
 - For details see [Does the IRS/SSA require tax forms be on red official forms?](#)

Copy-Specific Guidelines

- **Federal copies:** Print in a 2-up format on plain paper. The SSA accepts forms printed from Sage; red ink forms are not required
- **Employer copies:** Print on plain 4-up perforated paper for easy separation
- **State copies:** Print in a 4-up format on plain paper

Order Forms from Sage Checks & Forms

- Website: www.sagechecks.com
- Phone: 1-800-617-3224
- Need help choosing forms, see [What W-2, W-3, and 1099 forms do I order?](#)

Important Notes

- When you select **PR, Taxes, Print W-2 Forms** Sage automatically launches **Enhanced Tax Reporting**
- Aatrix releases updated forms by **December 20th**
 - If Sage shows a prior year form (e.g., 2023), select it and continue
 - When prompted, choose **Automatic Update** to download the latest version
 - Installing the most current Sage BusinessWorks service pack **will not update** your forms

Processing W-2s

- Print W-2s on plain paper before closing the year to verify the figures before final printing
- You can print W-2s after closing the year, if you have verified your W-2 figures and have not yet installed the payroll tax update
- To print W-2s, go to **PR, Taxes, Print W-2 Forms**
- For additional information on processing W-2's in Enhanced Tax Reporting, see [Processing and printing W-2 forms](#)

Verifying W-2 figures

Sage BusinessWorks calculates W-2 box amounts using check detail. It calculates Box 1 (Federal Wages) and Box 16 (State Wages) based on gross wages, adjusted by tips and certain other pay types and deductions. If these figures are incorrect, see [reconciling your W-2 figures](#).

Editing W-2s in Enhanced Tax Reporting

If employee totals were manually updated in setup mode, then the W-2 information will need to be edited in the **Enhanced Tax Reporting** grid. For processing W2's in Enhanced Tax Reporting see [Processing and Printing W-2 forms](#) and [How to print corrected W-2 forms \(W-2C\)](#).

W-2 Box Limits and Additional Form Requirements

- W-2 forms allow **up to two local taxes** and **four Box 12 entries**
- If you exceed these limits, the IRS requires a **second W-2**
- Use **Enhanced Tax Reporting** to create an additional form

W-3 Form Printing Guidelines

- Print the **W-3 form** only after printing the **Federal copy** of the W-2s
- Use **Enhanced Tax Reporting** to print the W-3 on plain paper
- You don't need red ink forms or pre-purchased forms

For more details, see:

- [How to print W-3](#)
- [Does the IRS/SSA require tax forms be on red official forms?](#)

Other Payroll Tax Forms

Form 941 – Employer's Quarterly Federal Tax Return

Aatrix releases tax form updates on the 20th of the month before the end of the quarter. The **2026 941** tax form will be released by **March 20th, 2026**. Visit the [frequently asked questions on processing the Form 941](#) for answers to common questions.

- Access using **PR, Taxes, Print 941**

Form 940 – Employer's Annual Federal Unemployment (FUTA) Tax Return

This is an annual form and is not updated until December 20th of the current year. The **2025 940** tax form will be released by **December 20th, 2025**. Visit the [frequently asked questions on processing the Form 940](#) for answers to comment questions.

- Access using **PR, Taxes, Print 940**
- For additional information see [Calculating Unemployment \(940\) figures](#)

Form 943 – Employer's Annual Federal Tax Return for Agricultural Employees

This is an annual form and is not updated until December 20th of the current year. For additional information see [Setting up Agricultural Employees for Form 943](#).

Accessing Form 943:

1. Select **PR, Taxes, Enhanced Tax Reporting and eFiling**.
2. Select **Federal**.
3. Choose the **943/943-A/943V Reports**.

State Tax Reports

Yearly forms will be updated by December 20th of the current year. Quarterly forms will be updated on the 20th of the month before the end of the quarter.

Accessing State Reports:

1. Select **PR, Taxes, Print State Tax Reports**.
2. Select the desired report.
3. Select the **Year and Filing Period**.
4. Click **OK**.

1099's

You must print 1099 forms **before** closing December. **Closing the calendar year removes all 1099 information for 2025.** Closing December sets the Maintain Vendors 1099 payment information field to \$0.00 to start on the next year's totals. For additional information on processing of 1099 forms see [1099 processing Frequently Asked Questions](#).

Processing 1099 Forms

1. Print and review the 1099 Worksheet under **AP, Vendors, 1099 Worksheet**.
2. Verify the figures and your vendor's information.
3. Go to AP, Vendors 1099 Processing to print 1099 **forms before closing December**. Even if your fiscal year differs, print the 1099 forms at the end of the calendar year.

1099 Form Types and Requirements

Enhanced Tax Reporting prints 1099 forms (MISC, NEC, DIV and INT)

- **Payer copy (Copy C):** Uses blank 4-part pre-perforated forms
- **Federal 1099 (Copy A):** Uses blank paper. No red forms needed
 - **1099 NEC:** 3-up form printed on plain paper
- **Federal 1096:** Uses blank paper. No red forms needed
- **Recipients copy:** Uses blank 4-part pre-perforated forms
- **State copy:** Uses blank paper. Some states don't require filing of 1099s
- For additional information see [What W-2, W-3, and 1099 forms do I order?](#)

Notes:

- Sage BusinessWorks 2024 and 2025 support 1099-DIV and 1099-INT forms
- Forms can be purchased from Sage Checks & Forms at <http://www.sagechecks.com>, by phone at 1-800-617-3224
- Be sure to order enough blank 4-part pre-perforated forms as the Payer and Recipient copies of the forms will need to be printed on these forms
- Use a standard 8.5" x 11" printer driver for printing reports

Starting a new year

Verify and Manually change SDI/SUI Rates

SDI and SUI rates vary by company, and the Tax Table Update (TTU) only revises these fields in **Maintain Tax Tables**. Sage BusinessWorks uses the values in Activate States to calculate SDI and SUI for your company. After installing the 2025 TTU, verify that the rates in **PR, Taxes, Activate States** are correct for each company. For more information, see [How to change State Disability \(SDI\) or State Unemployment \(SUI\) rate](#).

Install Tax Table Update

- **TTU Availability:** The TTU for Sage BusinessWorks 2025 and 2024 will be available in late December
- **Install Timing:** Only install after:
 - Printing **W-2s**
 - Completing **tax reports**
 - Closing **Payroll for December**

Stay informed:

- Sign up for [Product News and Alerts](#) to get email notifications
- Check the Sage [download page](#) in late December

Special Cases:

- If you **haven't printed W-2s** but need to run **January 2026 payroll**, use the **2025 tax tables**
- After printing 2025 W-2s and reports:
 - Update **SUI and SDI rates** in **PR, Taxes, Activate States**
 - Install the **2026 tables**
- **Automatic Adjustments:** After installing the update, Sage BusinessWorks adjusts the taxes below on the next check:
 - FICA
 - FUTA
 - SUI
 - SDI
 - For additional information, see [How percentage-based taxes are calculated](#)
- **Manual Adjustments:**
 - Table-driven taxes don't self-adjust, but differences are usually minimal
 - For questions about tax rates, consult your **tax advisor**

For more details, see [How and when to install Service Packs and Tax Table updates](#).

Calculating Percentage-based Taxes

Sage BusinessWorks calculates percentage-based taxes—such as **OASDI, Medicare, FUTA, SDI, and SUI**—based on **year-to-date (YTD) taxable pay plus the current period's taxable pay**, not just the current pay period.

Calculation Formula

- $\text{YTD taxable pay} + \text{Current period taxable pay} = \text{Calculated YTD taxable pay}$
- $\text{Calculated YTD taxable pay} * \text{Percentage rate} = \text{Calculated tax for YTD taxable pay}$
- $\text{Calculated tax for YTD taxable pay} - \text{YTD tax withheld or accrued} = \text{Tax to withhold for this payroll}$

Where to Find the Numbers

- **YTD taxable pay:** Go to **PR, Employees, Maintain Employees**, then click **Totals**
- **Current period taxable pay:** Calculated from time card entries
- **Percentage rate:** **PR, Taxes, Maintain Tax Tables** (for OASDI, Medicare, FUTA) or **Activate States** (for SDI, SUI)
- **YTD tax withheld or accrued:** Also found under **PR, Employees, Maintain Employees, Totals**

Limitations to Keep in Mind

- Sage BusinessWorks adjusts taxes **only during payroll processing**—it doesn't adjust for terminated employees
- If you **over-withhold**, the system won't reduce the amount. It calculates **\$0.00** until the overage balances out
- If an employee **reaches the taxable limit**, Sage BusinessWorks won't self-adjust. **Contact Customer Support** for help

For more information see [Troubleshooting percentage-based tax calculations](#).