

## New IRS penalties!

\$50 for each incomplete W-2.  
\$100 for each intentionally incomplete W-2. Up to \$100,000!  
Unlimited FICA obligations!

If an employer fails to give each employee a W-2 statement by the due date (January 31) or fails to include all of the information required to be shown on the statement, the penalty is \$50 for each failure, but not more than \$100,000/year.

If the failure is due to an intentional disregard of the requirement to furnish the statement, the penalty is \$100/statement or, if greater, 10% of the amount required to be shown on the statement without any limit on maximum penalty in a calendar year.

If you have withheld the incorrect FICA (not the same as *uncollected* FICA) and don't collect it from your employees by year-end, **you** must pay it and **add** the amount to the employee's income in Boxes 10, 12 and 14 of his W-2.

How can you avoid IRS penalties and having to pay your employees' own FICA obligations? By ordering *PayMaster* Version 5.6 **now** to print your 1991 W-2s and your FICA (OASDI & Medicare) Reconciliation Reports. And by joining our auto update service! Then you'll always have the latest version of *PayMaster*. For a low annual fee, plus the cost of shipping and materials for each update, be assured you are current with payroll tax law, tax rates and reporting requirements.

You must have *PayMaster* Version 5.6 with a PYW2.EXE file dated December 1, 1991, or later, to

print the information in the correct boxes on the 1991 W-2s.

Have you ordered your **W-2s**? If not, call us immediately. Open the box when you receive them. Make sure the quantity and type are correct.

### Software Support Hours

9 a.m. to 7 p.m. Eastern  
Standard Time  
Monday-Friday

Computer Aid Corp. will close at noon on December 24 and 31, and will be closed Christmas and New Year's Day.

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Your disks with *PayMaster* Version 5.6 to print the 1991 W-2s are enclosed if you've already sent in your order. If not, mail or FAX your order to us as soon as possible.

## Before you print your W-2s:

1. Check your division screen (INIT/DIVISION) to make sure it displays your State ID for withholding and not the State ID for unemployment. Your W-2s should show the withholding ID. (*PayMaster* now asks for unemployment ID when you print your state wage reports.)
2. On the division screen, check the responses to the tax related questions for Add'l Income 1 and 2. If you gave year-end bonuses but did not want to withhold federal and state taxes, you responded *n* to "Withhold federal, state, local tax." Change the response to *y*, (and make sure OASDI and FICA are *y* also), so the bonus amount is included in the correct boxes on your W-2s. See page 3 for how to label these for W-2 income type.
3. Make sure you have version 5.6 of *PayMaster* with a PYW2.EXE file dated 12/1/91 or later. That's the only one that will print OASDI/Soc Sec and Medicare in separate boxes on the 1991 W-2s. Print them on plain paper to double check.
4. If allocating tips on an annual basis, do that now. If allocating by hours, double check the receipts amount in your division file -- this is what's used for hourly annual allocation.
5. Print your reconciliation reports and make any necessary corrections:
  - OASDI/Social Security
  - Medicare
  - SDI (if appropriate)
  - Taxes (State) Paid
6. Print your W-2s on plain paper first to double check them. You can print them as many times as you want. Hold the paper up to actual W-2s to ensure it lines up correctly. Verify the figures using the 941/W-2 worksheet on page 4.

Not sure what goes in Boxes 17 and 18 on the W-2? See page 3 for that information plus other important W-2 information on deductions.

## End of Year Processing

Probably the most important part of payroll (other than actually paying your employees, of course). See *PayMaster* manual page 3-485 for easy end-of-year processing instructions.

Just as you process end of month/quarter to clear out the MTD and QTD files, you must process end-of-year so your YTD totals for each employee are reset to zero. You do not have to process end-of-month/quarter. Processing End of Year takes care of that as well as deletes employee records not needed.

ONLY after you have printed (and double-checked!) your reports and backed up your data should you process end of year to clear the data files to zero. (Refer to Q&A (p. 8) if you don't have time to print your W-2s first.)

*Before* you process end of year, you must print your reports: (Remember you can print your payroll and employee reports to the printer or to a file.)

- ✓ Payroll report summary (detail optional).
- ✓ Quarterly reports -- 941, 940, wage.
- ✓ Employee report (optional, but suggested).
- ✓ 8027 annual tip allocation report. (If allocating tips on an annual basis, do so **before** printing the 8027 or the W-2s. Refer to your manual for annual allocation instructions.)
- ✓ Any other reports your state requires.
- ✓ The W-2s (see the important information in the column on the left about what to do before printing your W-2s).

### THE BLUE PAGES

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## Federal Tax Law Changes

All federal changes effective 1/1/92  
unless otherwise specified.

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Is your minimum wage  
correct? Federal minimum  
wage is \$4.25 as of 4-1-91.

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- Federal withholding and Advanced Earned Income tables change.
- FICA
  - OASDI \$55,500 taxable wage base. Still 6.2%. Maximum amount \$3,441.00.
  - MEDICARE \$130,200 taxable wage base. Still 1.45%. Maximum amount \$1,887.90.
- Garnishment for child support -- maximum 50% of disposable income if person has a second family; 60% of disposable income if no second family. Can be higher if state law allows.

## State Withholding Changes

All state change effective 1/1/92  
unless otherwise specified)

- CA New tax tables
- CO Mag media filing
- CT Employers required to withhold taxes from other states must withhold CT taxes less the amt. required to w/h under laws of other jurisdiction.  
  
Employers who file federal mag media will be required to file CT mag media for 1992 W-2s, optional for 1991 W-2s.
- KY Berea City tax rate increases to 2%.
- NC New tax tables
- OH Batania Village increases income tax from .5% to 1%
- PA 3.5% rate decreases to 3.1%, 1/1/92.  
Rate decreases to 2.8%, 7/1/92.
- MT new rates and exemption amounts.
- UT New tax tables
- WI Employers required to file federal W-2s on mag media must file 1991 WI W-2s on mag media.

*PayMaster*  
will do  
state mag  
media for  
these  
states:  
WI  
CO

## Unemp loymen t

- IA Taxable wage base \$12,000.
- MD 2.2% surcharge on employer contribution, eff 10/1/91.
- NJ Taxable wage base \$15,300.
- PA Unemployment surcharge 4%.
- WY Taxable wage base \$10,900.

## SDI

- NJ Taxable wage base \$15,300.
- PA Employee contribution of .05% is back.
- PR Taxable wage base is \$9,000.
- WV No longer need to assess employees effective 10/1/91.

## Q & A

Q. I don't have time to print my W-2s before I have to run my first payroll of 1992. What can I do?

A. If you've enough room on your hard disk, copy the 1991 W-2 data into a new subdirectory (call it 91W2), and set up a new company code (use 91W2) and data path in your SYSTEM file. (If you have more than one company, call them A91W2, B91W2, etc.) Try out each company code and make sure the data's OK. Change Division 1's name to "91W2" so you know at a glance you are using the 91W2 data. After backing up the data on two separate floppies, process end of year on your real company data, using your original company code. When it's time to run the W-2s, use the 91W2 company code.

Don't worry about a new authorization code. The company name is the same; you don't need a new code. Use the same one as before. Call if you need more help.

Q. How can I be sure that my mag media file is OK before I send it off to the Social Security Administration?

A. Use DOS to print out the file and spot check the information and the totals. (Your wide carriage printer must have wide paper in it.) Assuming your magnetic media file is on a floppy disk in drive a:, type:  
`C>copy a:w2report prn`

Hint: When preparing your mag media, print to the screen so you don't have to worry about "reprint." Then print your paper W-2s separately.

Q. My salaried employees who are tipped are ignored when there's allocation. How can I change that?

A. Change their pay type from Salaried to **H**ourly.

Q. I forgot to order the tax tables!

A. All is not lost. If a little more or less is withheld for federal, state, or local taxes, it's not critical for one payroll. Order them now to make sure you have them for the next payroll. The OASDI/Soc Sec and Medicare percentages remain the same as

for 1991: 6.2% for Soc Sec and 1.45% for Medicare. The 1992 taxable wage bases, however, do change. See page 7.

Q. I have third party sick pay that must be included in my W-2s. How do I do it?

A. Call or FAX us to request the "Third Party Sick Pay Instructions for W-2s." We'll FAX or mail them at no charge.

Q. Will *PayMaster* track an employee's deductions if there isn't enough pay to withhold them?

A. If you enter the amount per pay period to be deducted in the employee's file, *PayMaster* will deduct that amount, and when there is not enough net pay for the deduction, *PayMaster's* Deductions Owed report will show what each employee owes. *PayMaster* will not, however, automatically deduct the back amount like it does for taxes.

Q. I lost the TRANSFER program. Help!

A. TRANSFER is now under the UTILITY menu item. It works the same as the old transfer. It's just easier to use because you can access it directly from the *PayMaster* menu.

Throughout the BLUE PAGES there are references to payroll tax laws and requirements in effect as of the date specified. These references to the laws and the explanations provided are designed to familiarize the employer with said laws, but are not meant to serve either as a legal or accounting opinion, or as any indication that reference to the Internal Revenue Code or Regulations issued thereunder and appropriate administrative or court rulings interpreting same is unnecessary. All persons using this newsletter should look to and rely upon their respective legal counsel and accountants with respect to these laws and requirements.

**941 AND W-2 WORKSHEET**

Fill in amounts from your 941s & Taxes Paid Reports	Quarter ending 3/31/91	Quarter ending 6/30/91	Quarter ending 9/30/91	Quarter ending 12/31/91	TOTALS	Should = amount in this W-2 box
Total wages, tips and other compensation						Box 10
Soc Sec/OASDI wages						Box 12
Soc Sec/OASDI tips						Box 13
Medicare Wages & Tips						Box 14
Actual employee's Soc Sec/OASDI tax						Box 11
Actual employee's Medicare tax						Box 15
Total (Federal) income tax withheld						Box 9
State taxes withheld (from Taxes Paid Report)						Box 24

**ORDER FORM FOR FEDERAL & 3 STATE TAX TABLES  
ON DISKETTE FOR PAYMASTER**

Diskette size <input type="checkbox"/> 5 1/4" <input type="checkbox"/> 3 1/2"	Check one box and fill in appropriate amount		
<input type="checkbox"/> check enclosed <input type="checkbox"/> send COD		\$0 for tax tables	\$
Name of States:		I'm on auto update (\$5). Cost is \$0 if you return your old tax table diskette with this form.	\$
Tax code 1:	Additional states \$10/state		\$
Tax code 2:	Shipping	AK & HI \$10 all other states \$5	\$
Tax code 3:	COD charge	\$5.00	\$
List additional tax codes numbers and state names on separate sheet	VA residents	add 4.5% sales tax	\$
		TOTAL	\$
<b>SHIP TO:</b> Name			
Company			
Street Address			
City/State/Zip			
Area code/telephone			

**User Spotlight**

**"We save \$6,500 per year and 1 ½ hours per week by using PayMaster instead of an outside payroll service."**

The spotlight is on Phil Mantas,

Phil Mantas in front of Ponzio's bakery counter.

manager, Carol Cardone, bookkeeper, and Chris Fifis, owner, of Ponzio's Kingsway Restaurant in Cherry Hill, New Jersey. Ponzio's is famous for their bakery, milk-fed veal and seafood. They butcher meats themselves and have five full-time bakers on staff! Their Christmas cookie trays make a great gift (all of us at Computer Aid know firsthand how good the cookies are!) The original Ponzio's, in Brooklawn, NJ, opened in 1949 and expanded to Cherry Hill in 1964.

The Cherry Hill location installed Computer Aid's *PayMaster*, General Ledger, Accounts Payable, Restaurant Accounts Receivable, and Restaurant Inventory Control and Menu Analysis programs two and a half years ago.

When Carol joined the staff in 1986, everything was done manually. After a month, Chris asked if she would like to get computerized. She knew by then there was too much to do by hand, so she said "please computerize."

First, they didn't buy *PayMaster*. They bought programs from a company that is local and specializes in restaurants. They didn't get their payroll module because the tip credit was incorrect. Right from the start they had problems: the accounts receivables didn't age correctly; processing end of year had to be done by software staff, who took a couple of days to get there even though they were only a few blocks away. It was frustrating; work piled up and everything was at a standstill until glitches were corrected. After two years, they couldn't deal with the problems any more. Chris looked for software at the Restaurant Show in Chicago and stopped at the Computer Aid booth.

He ordered demo programs, and Carol and Phil very carefully went through each module -- they didn't want to make another expensive mistake.

The first module they bought was *PayMaster*. They had always wanted to bring payroll in-house since the outside service cost \$7,000 per year. Phil looked at a total of four different payroll programs and decided on *PayMaster* because it was the easiest to run, yet it still did all the complicated calculations. Surprisingly, with *PayMaster* Carol could do 150 checks from start to finish in two hours -- 1 to 1½ hours **less** time than when she filled out the input forms for the outside service and verified the checks before they were distributed.

Phil set up the General Ledger next. It was easy to operate, very user-friendly, and gave him a lot of information. The designing of the financial reports was better than other off-the-shelf packages. He says "it has very good 'red flags', with warnings when you make mistakes and enough artificial intelligence to let you know when you're doing something wrong."

Carol says, "The accounts payable is a snap; real easy to learn and use. The documentation for all the programs uses terms that are easy to understand. You don't have to be a systems analyst because the manuals are in English, not computer language."

With the accounts receivable software, she can enter all her charges and run her statements for the month in one day, even though some of her 150 accounts have 60 - 70 charges in a month. She also uses the software for the Brooklawn store's mailing labels.

Inventory control is used for liquor, bakery and groceries. The automatic reorder list has helped tremendously in organizing and saving time. When there were big increases in the cost of flour and sugar, the program instantly alerted them, so they were able to raise prices on menu items using a lot of these ingredients. Before using the software, it

took them a long time to realize their profits were going down.

They are all very pleased with Computer Aid's software and support. Phil says "the savings in payroll alone paid for all the software in seven months." Carol says "the support from Virginia is better than the support two blocks away. I get help immediately 99% of the time!"

Programs Available from Computer Aid

# Questionnaire

We're not just listening, we're asking! Some of the improvements to *PayMaster* over the past few years were suggested by users:

- Rebecca Armona of La Pizza Loca in Bueno Park, CA, asked to be able to print the last quarter's reports (and void checks) even after you've closed out the quarter. Now you can.
- Gloria Waddell of Comida in Mesa, AZ, asked to have the option of printing or not printing pay rates on checks or the input sheet. Now you can.

As we continue our work on improving *PayMaster*, we'd like your ideas and suggestions. Please indicate how important these software features are to you now, in 3 years, in 5 years, on a scale of 1 to 10 with **1 being very important**.

<i>PayMaster</i> feature	Number you'd like	Rate importance (1 - 10)		
		Now	In 3 years	In 5 years
Number of deduction fields (currently 5)				
Number of pay fields (currently 11: 3 jobs with regular, overtime, misc; additional income 1 & 2)				
Flexibility of deduction fields for tax purposes (currently 2)				
Networked version of <i>PayMaster</i>				
Field in which to record whether I-9 form has been completed, plus report				
Other suggestions:				

We've been asked a number of times if we offer seminars and we're considering offering one in Chicago at the time of the annual NRA show in May. We'd like to get an idea of topics that would interest our users:

Proposed Seminar Topic	Would you attend?	
	Yes	No
<i>PayMaster</i> and how to use it.		
Payroll laws for restaurants that you should be aware of: Tip Credit, Overtime Pay, Tip Allocation, Reporting Credit Card Receipts Without CC Tips.		
A demonstration of Time & Attendance hardware/software and its interface to <i>PayMaster</i> . Clock in and out on our time clock. Pull your hours over to the computer and see how <i>PayMaster</i> handles them.		

Please complete this form and return it to us. Many thanks!

Name	Company
Phone	

## Important W-2 Information

Additional Income W-2 Income Type	W-2 Box	Use for this type of income
-----------------------------------	---------	-----------------------------

e	17 (L)	The substantiated, i.e. non-taxable, portion of the amount you reimbursed employees using a per diem or mileage allowance. NOTE: You must use your other Additional Income to record the portion of the reimbursement that is more than the amount treated as substantiated. This one would have a W-2 income type of "o" because it's to be included in Box 10.
f	23	Fringe benefits included in Box 10, such as a company-provided vehicle.
i	17 (C)	Cost of group-term life insurance coverage over \$50,000.
n	none	No dollar amount included on W-2.
o	10	"Other compensation" in Box 10 (example: annual bonus)
s	17 (J)	Sick pay not includable as income.

- In addition to entering the correct W-2 income type (*e, i, o*, etc), you must make sure that your responses to FICA, Federal, State, Local, and SDI are *y* to include the additional income amount in the proper boxes.
- State SDI goes in Box 18. And yes, NJ is split into SUI and SDI.
- 401(k) Deduction (for employee contribution to 401(k) -- The deduction name in your Division file (INIT/DIVISION) **must** read **401K** for the employee-contributed amount to appear in Box 17 labelled **D**. Yes, that's a capital K in 401K.
- If you have any pre-tax deductions with *n* as any response for the different taxes, and you could not collect the full amount from an employee's net pay, collect that amount in cash before year end. Then, increase the amount of that deduction in the employee's Year-to-Date Payroll file so the W-2 will be correct. (If your pre-tax deduction responses are all *y*'s, no collections or adjustments are necessary.)

All of us at Computer Aid Corporation  
wish all of you  
a Very Merry Christmas  
and  
a Happy and Prosperous New Year.

# Order Form

## PayMaster Ver. 5.6 to prepare the 1991 paper and mag media W-2s.

Users on automatic update pay only for materials (\$20) and shipping (\$15), plus COD charges if applicable. All orders must be prepaid or COD.

Price List for PayMaster Upgrading		
Current version of <i>PayMaster</i>	On Support	Not on Support
Version 5.5	\$80	\$125
Version 5.45	\$255	\$400
Version 5.44	\$405	\$550
Version 5.03 or 5.23	\$605	\$750
Version 4.x	\$805	\$950
Version 2.x	\$905	\$1,050

<b>Divisions option available only on full featured version</b>
Call for price information

ORDER FORM FOR PAYMASTER VERSION 5.6			
Current version of PayMaster: _____ Tipped version? (y/n) _____ Direct deposit option? (y/n)? _____ Number of divisions? _____	Check one box. Fill in dollar amount from chart above.		
Serial number: # _____		I'm on auto update (\$20 materials)	\$
Diskette size: [ ] 5 1/4" [ ] 3 1/2"			
[ ] Check enclosed [ ] send COD		I'm not on auto update (see prices above)	\$
Send me the divisions option for my program, for up to ___ divisions			\$
Annual Telephone Support, Auto Update, or both (see October 1991 BLUE PAGES for prices)			\$
All orders: Shipping and handling (\$15; Alaska & Hawaii \$20)			\$
COD charge \$5.00			\$
VA residents add 4.5% sales tax			\$
<b>TOTAL</b>			<b>\$</b>
SHIP TO: Name _____			
Company _____			
Street address _____			
City/State/Zip _____			
Area code/telephone _____			

Products Available from Computer Aid Corporation		
<i>PayMaster</i> Payroll Program	Full featured restaurant version, with tipped employees, maximum 3,000 employees per year for entire company. Add \$200 for each additional division (maximum of 50 divisions). Direct deposit option \$300.	\$1,500
	Small Business Version, with tipped employees, maximum 100 employees per year for entire company. Divisions not available.	\$900
	Fast Food Version, no tipped employees, maximum 100 employees per year for entire company. Divisions not available.	\$700
	Hotel version, with tipped employees, maximum 3,000 employees per year for entire company. Add \$500 for each additional division. Custom programming for union hotels available. Direct deposit option \$300.	\$2,500
Time & Attendance Software/ Hardware	Hardware: Time clock (also available with magnetic stripe reader or bar code reader) Bar code generator	\$1,000-2,000 \$195
	Software: Time clock software Software to interface to <i>PayMaster</i>	\$895-\$2,500 \$500-\$1,000
Restaurant Inventory	Restaurant Inventory, Menu and Cost Control	\$1,700
	CosWatch	\$200
Accounting	Account Payable	\$700
	Accounts Receivable, Billing and Inventory Control	\$1,700
	Restaurant Accounts Receivable	\$1,000
	General Ledger	\$1,000
	Order Entry (includes Order/Invoice Search & History)	\$1,000
	Manufacturing Inventory Control	\$1,000
	Purchase Order	\$700
	Fixed Assets -- Compiled Version	\$100
	Laser Check Writer Software	\$1,295
	Fast Pay Check Writer Module	\$300
	Multi-User Master Menu/Data Link and Report Writer	\$900
	Single-User Master Menu/Data Link and Report Writer	\$150
Demo software, per module (for payroll, specify Restaurant or Hotel Version)		\$55
Software support additional. Call for prices.		