

Get the 1994 mag media format when you upgrade to *PayMaster 6.4* and also benefit from:

- Workers' Comp option in Check History Report
- Employee detail as part of regular Workers' Comp Report
- New hire report
- Paycheck receipt register

PayMaster Xtra users have long enjoyed the benefits of the Check History Report, which allows you to specify beginning and ending dates for the report (even from the previous year if you haven't deleted those checks through *PayMaster's* bank reconciliation).

Now we've made your life even easier by giving you the option to include the Workers' Comp Report whenever you print the Check History Report by division.

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PayMaster has five different check/stub styles

Please see the insert on check styles to choose the one you want. You can change at any time. Just order the style you want and request the instruction sheet on renaming the appropriate PYCHECK.EXE file.

When you install *PayMaster 6.4*, you'll be asked to specify the style number you currently are using. See the install instructions accompanying the program.

New Hire Report

Every time we turn around, another state requires a New Hire Report. So we thought you'd appreciate it if *PayMaster* 6.4 prints it for you, as shown below. You'll find it on your *PayMaster* menu under REPORTS/OTHER/DATE/HIRE DATE. You have three choices: all employees hired in the current month for all years; all employees hired in the current

month, current year; or all employees.

Backup is critical

At year-end, back up your *PayMaster* data onto two separate sets of diskettes. Use the correct type of diskette for your floppy disk drive, i.e. high density (HD) diskettes in a high density drive; double density (DD) diskettes in a double density drive.

To use DD diskettes in a HD drive, format them specifically as DD diskettes. Check your DOS manual since the command is different, depending on diskette size and DOS version. (Windows File Manager makes it easier to format DD diskettes in a HD drive.) If done incorrectly, the diskettes may not work, and you won't find out until too late.

Do not use HD diskettes in a DD drive. It may look like it's working OK, but you might not be able to get the data back if you need to restore it.

Back up your PayMaster program too! You may

need it in the future to print a 1994 W-2.

Do you believe this? You'd better; and take heed.

Be sure to inform employees of tip credit. An employer, Chez Robert in NJ, hired employees and informed them they would be paid \$2.01 per hour. It was not explained to them about the tip credit. District Court found Chez Robert owed back wages for failure to notify employees of the tip deduction.

In order for the tip credit to apply, the employer must inform employees that the wage is being decreased under the

tip credit provision and the employee must actually keep the tips received.

THE BLUE PAGES

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If the employer cannot show that he has informed employees that tips are being credited against their wages, no tip credit can be taken and the employer is liable for the full minimum wage. Chez Robert was liable for \$229,794 in back tip credit deductions.

Tax law changes

[All changes effective 1/1/95 unless otherwise indicated.]

Federal

- Federal withholding tax tables and Earned Income Credit (EIC) usually change. But we don't have word yet. Once we receive them, we'll mail the printed tables to AutoUpdate subscribers and those on annual support.
- FICA rates remain the same (6.2% for OASDI; 1.45% for Medicare).
- OASDI/Soc Sec wage base for 1995 is \$61,200.
- Maximum OASDI is \$3,794.40.
- Medicare wage base has **no limit (Enter 999999.99 in PayMaster)**.
- There is no maximum Medicare.

The ONLY amounts exempt from Federal tax levy are:

1. Amounts withheld under a child support order received prior to the levy notice.
2. An amount based on the standard deduction and employee's personal exemption.

"J", "F", and "M" visa holders

If you have foreign employees with a "J" visa (no federal withholding), use one of the additional income fields for their income. This status is reserved for trainees only. For "F" or "M" visa holders (no FICA withheld), use second additional income field for their income.

Form 8027 notes

Make sure your "charge tips on charge receipts" amount is not higher than total reported cash and charge tips. If it is, there's something wrong. And if there's something wrong, the IRS will be in touch.

State child support

- IL Uniform Interstate Family Support Act 1/1/95.
- OK Effective 9/1/94 complies with UIFSA
- SC Effective immediately complies with UIFSA.

State withholding

New procedure: In order to receive your tax tables on diskette, please send us the tax table order form on page 7, even if you're on AutoUpdate. We have to make sure your state tax codes match those on the diskette we prepare for you.

- CA New withholding tables.
- CT New withholding tables.
- ID New withholding tables.
- IL No longer required to file Form W-2 with the state, but must maintain records for 3 years.
- KY Morehead local tax increased from 1% to 1.5% 7/1/94.
- ME New withholding tables.
- MN New withholding tables.
- MO New withholding tables.
- NJ New withholding tables.
- NM New withholding tables.
- NY NY State, NY City, City of Yonkers new withholding tables.
- SC New withholding tables.
- UT New withholding tables.

State unemployment

- CA New payment document will be developed for employers to submit with the deposits of quarterly liabilities. Those with 250 or more employees must report wage info on mag media.
- CT Taxable wage base increases to \$10,000.
- PA Will accept the uniform format for magnetic media reporting of unemployment starting with the 3rd Qtr 1994.

State new hire report

(PayMaster 6.4 has New Hire Report!)

- CT 35 days to report new hires.
- FL Required if more than 250 employees.
- IA All newly hired reported within 15 days.



SOFTWARE SUPPORT HOURS

9:00 am - 6:00 pm Eastern Time, Mon.-Fri.
 We will be closed:
 12:00 noon Dec. 23 through Dec. 26
 and Dec. 31-Jan. 2.

Before you print your W-2s:

W-2 FORMS

Only W-2 forms ordered from us are guaranteed to work with *PayMaster*. Not all printing companies print W-2s with boxes the same size and in the same place. Call immediately if you haven't yet ordered your W-2s. Their availability is not guaranteed after December 15.

PROGRAM CHANGE NECESSARY

Because of SSA changes to the mag media W-2 format, mag media filers need *PayMaster* Ver 6.4 to print the information in the correct mag media format. Your *PayMaster* Version 6.4 must have a PYW2.EXE file dated 12/94.

1. Verify your federal tax ID via INIT/COMPANY.
2. Make sure your correct state ID for *withholding* is entered in each state tax table (Version 6.x¹ users) via INIT/TAX/STATE/tax code #/GENERAL. Earlier versions of *PayMaster* had a field in the division screen for the withholding/unemployment number. Version 6.x has the *withholding* number in the tax tables and the *unemployment* number in the Division file. Your W-2s must show the state *withholding* ID. You need *PayMaster* Version 6.x/6.x **Xtra** to print multiple state IDs on W-2s.
3. On each division screen, check the responses to tax related questions for Additional Income. If you gave year-end bonuses but did not want to

¹6.x refers to any *PayMaster* version that starts with 6.

withhold federal/state taxes, you responded *n* to **Withhold federal, state, local tax**. Change those responses to *y*, (and make sure OASDI and Medicare are *y* also) to include that amount in the 941 and the correct boxes on the W-2s.

Not sure what goes in Boxes 12 and 13 on the W-2? Please see page 5 for that information plus other important W-2 information.

Verify that each additional income type has the correct label (*e, f, i*, etc.). Please see the box on page 5 for definitions.

4. Make sure that only those employees who actually are *statutory* employees have an *x* in that box. [Responding *n* in the **federal? y/n** field on the employee screen puts an *x* in the *statutory* box on the employee's W-2.] You can check this by printing your W-2s on plain paper and looking for *x*'s in the appropriate box. You can also check via DISPLAY/EMPLOYEE. Move your cursor to that field for the first employee. Press [F4] or [END] to display the next employee and on down the line. Your cursor remains on the same field.
5. Make sure only those employees covered by a pension plan have an *x* in the pension box. Responding *y* in the **pension? y/n** field on the employee screen puts an *x* in the pension box on the W-2. [With an *x* in the W-2 pension plan box, special limits may apply to the amount of IRA contributions the employee may deduct.] You can check this the same way you do #4.
6. If you have not collected the full amount of any deductions with *n* (pre-tax) as the tax response,

collect it in cash before year-end. Increase the deduction amount in the employee's YTD pay file so the 941 and W-2s will be correct. If your deduction responses are all y's, no collections or adjustments are necessary.

7. If allocating tips on an annual basis, do so prior to printing your W-2s (and after backing up your data). If allocating by hours, double check the receipts in your division file—this is what's used for hourly annual allocation. All division receipts should add up to company receipts.
8. Verify that your OASDI maximum is \$60,600 and Medicare maximum is \$999,999.99 (INIT/TAX/FICA) before you print the reports in step #9.
9. Print your reconciliation reports and make any necessary corrections:
 - OASDI (Social Security)
 - Medicare
 - SDI (if appropriate)
 - Taxes (State) Paid or State/local tax reconciliation
10. Print the FICA tax credit report. This is the one you'll use if you file your corporate income taxes on a calendar year. If your fiscal year ends other than 12/31, print it anyway. The data
Continued on next page.

used for this report is zeroed out when you process end of year. A smart thing to do is print this report at the end of your fiscal year and at the end of the calendar year, so you'll be able to calculate the tax credit your company can take.

11. Print your W-2s first on plain paper 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 with your quarterly 941s. (Call if you'd like our **941 and W-2 worksheet** faxed to you.)

PayMaster will print **one** W-2 per employee, even if the employee works in more than one division. Exceptions: if an employee has more than three items in Box 13; if an employee moved from one state to another (one W-2 for each state).

12. When printing the alignment copy/copies on the actual W-2 forms, make sure they are aligned both vertically **and** horizontally.
13. It's an SSA requirement that each 42nd W-2 (subtotal) must be the bottom one on the page, so always start the first W-2 at the top of a page.

New codes for HP LaserJet III, LaserJet 4, and compatibles, to use with *PayMaster 6.4*

Speaking of printing your W-2s, remember how, in the past, you had to enter different laser codes in your System file (INIT/SYSTEM) to print your W-2s on laser, and then change them back to what they were to print your regular reports and check? Also, some of you had to turn your printer off and back on before printing laser checks to make sure they were aligned correctly. Well, you'll be pleased to know that these steps are history. You won't have to do that anymore, once you install *PayMaster 6.4* and make the initial change to the printer codes in your System file.

What codes should you use?

Setup codes, first line:

27 69 27 38 107 50 83 27 38 108 54 100 48
69 0

Next two lines: all zeroes.

Cancel codes, first line:

27 69 27 40 51 64 27 38 108 54 100 48 69
0 0

Next two lines: all zeroes.

Important W-2 information for Additional Income and Other Items		
Additional Income <i>W-2 Income Type</i>	1994 W-2 Box	Use for this type of income:
e	13 (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 another 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 <i>o</i> because it's to be included in Box 1.
f	12	Fringe benefits included in Box 1, such as a company-provided vehicle.
i	13 (C)	Cost of group-term life insurance coverage over \$50,000.
n	none	No dollar amount included on W-2.
o	1	"Other compensation" in Box 1 (example: annual bonus)
s	13 (J)	Nontaxable sick pay.
Other items	Box	Description
State SDI	14	State SDI. [NJ is split into SUI and SDI.]
401(k) employee amount	13 (D)	Employee contribution to 401(k) (elective deferrals to 401(k) plan). Make sure the deduction name in your Division file (INIT/DIV) reads 401K (no spaces). Yes, that's a capital K.

Mag Media Preparation

Yes, there have been changes to the 1994 mag media format. You must have *PayMaster* Version 6.4 or 6.4 **Xtra** with a PYW2.EXE dated 12/94 to prepare the current format for mag media filing of W-2s. (If you're not on AutoUpdate, call us for a *PayMaster* 6.4/6.4 **Xtra** order form and prices.)

PayMaster will prepare the correct format state mag media for all states where mandatory. If your state accepts the mag media federal specifications, you can also use *PayMaster* for your state mag media filing in those states where it is optional.

1. Follow the steps on page 4, **BEFORE YOU PRINT YOUR W-2S**, without preparing the mag media file, to make sure everything's OK.
2. Then, to prepare the mag media file, put a newly formatted floppy disk in drive a: or b:.
3. Print the W-2s again, printing to **[D]isplay** instead of **[P]rinter** this time. Respond *n* to **Reprint?** *y/n*. Use the PRINT SCREEN key to print the last W-2 that appears on the screen—these are your W-3 totals. **Do not remove the floppy disk before it's done. It's not completely done until you're back at the main PayMaster menu.**

If preparing mag media for more than one company, do them all, one right after the other, inserting an additional diskette whenever *PayMaster* prompts you. This is the way the SSA prefers it.

4. From the DOS prompt, double check your file before sending it to the SSA:
Do a directory listing to make sure your W2REPORT file has greater than zero bytes.
Type: *Dir a:* (or *b:*) [ENTER]. You'll see something like this (844544 is the bytes):

```
Directory of A:\
W2REPORT  844544 1-31-95  4:45p
```

If you have a wide-carriage, dot matrix printer (make sure you first put in wide paper), you can print this file with the DOS *type* command, redirecting it to the printer or LPT1, LPT2, etc.:
Type: *Type a:w2report > prn* (or *LPT1* or *LPT2*) [ENTER].

This will not work on a laser. Instead, take a look at it on the screen:

Type: *Type a:w2report | more* [ENTER].

End-of-Year Processing

This is probably the most important part of payroll (other than actually paying your employees, of course). See *PayMaster* manual page 3-485 (5.x and earlier versions), or page 4-51 (Version 6.x manual), 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 YTD totals for each employee are reset to zero. At end-of-year, you do not have to process end-of-month/quarter. Processing end-of-year (EOY) takes care of that and also deletes unneeded employee records.

ONLY after you have printed (and double-checked!) your reports (including W-2s) and backed up your data and program should you process end-of-year to clear the data files to zero.

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

These are the reports you want to print:

- OASDI, Medicare and SDI reconciliation reports.
- Payroll report summary (detail optional).
- 941, 940, wage (QTD and YTD).
- 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.)
- FICA tip credit report.
- Any other reports your state requires.
- The W-2s (please see the important information on page 4 about what to do *before* printing your W-2s).

What's that? No time to double check everything and print the W-2s before processing your first 1995 payroll? No problem. Before processing end-of-year, create a 1994 W-2 data company. Then you can enter the code for the W2 company and print the reports, including W-2s, later. Please see Q&A on page 8 of this **BLUE PAGES** or page 4-19 in the 6.0 manual.

But turn the page first for information on making sure you have enough space on the hard disk.

Continued on next page.

"Last Quarter" reports are **not** available after you process end-of-year. That data is zeroed out during the EOY processing.

Space Crunch

You might want to check that you've got enough hard disk space before creating the 1994 W-2 company. Type DIR at C> and press [ENTER]. The very last line tells you how many bytes are left on the disk.

And, before processing end-of-year, make sure you have enough space on your hard disk for the PYPAY#.DAT and PYEMPL.DAT files.

ALERT: Do not use DOS/Windows to simply delete the files in your old (1992, 1993 etc.) directories. That will not remove them from your *PayMaster* path. Use *PayMaster* instead. Call us for a copy of the instructions.

Xtra users

Remember, *PayMaster* keeps the data in the check history file forever, unless you tell it to delete it. From the *PayMaster* menu, choose PROCESS/BANK REC/DELETE CHECKS. If you have the divisions version, choose the division you're in or all divisions. Then follow these prompts:

1. **Delete <1> all or <2> cancelled and voided checks:** 1 or 2
(<2> means checks cancelled and voided through *PayMaster*.)
2. **Cut off date (m/d/y):** 12-31-93
3. **All check information through 12/31/93 will be deleted. Warning. Press a key. Press a key.**
4. **Continue? (y/n)** y
5. **Check deletion in progress. Do not disturb computer.** You may want to get a cup of coffee at this point. It'll take a while, depending on how many checks you've been keeping in the file.
6. When it's done: **Processing complete. Press a key. Press a key and [ESC] back to the main menu.**

ORDER FORM FOR FEDERAL & 3 STATE TAX TABLES ON DISKETTE

AutoUpdate subscribers receive tax tables on diskette free, but must send this form to us so we can verify the state numbers.

Diskette size (DD) <input type="checkbox"/> 5¼" <input type="checkbox"/> 3½"	\$50 for tax tables (up to 3 states)	\$50
<input type="checkbox"/> check enclosed <input type="checkbox"/> send COD All orders must be prepaid or COD.	Additional states—\$10 per state	\$
Name of States: <i>(List additional tax codes and state names on separate sheet)</i>	VA residents add 4.5% sales tax on above two amounts.	\$
	Shipping: CA, AK, HI \$10 for UPS 2nd day air; all others \$5 UPS ground	\$
Tax code 1:	COD charge \$7.50	\$
Tax code 2:	If on AutoUpdate, check here <input type="checkbox"/> and enter zero for TOTAL.	\$
Tax code 3:	TOTAL	\$
Ship to: Name		
Company		
Street Address		

City/State/Zip

Area code/telephone

Q & A

Q. I have to process my first payroll of 1995 and don't have time to print my W-2s first. Help!

A. If you've got enough room on your hard disk, you can have *PayMaster* Version 6.x/6.x **Xtra** create a new subdirectory for you and copy the data into it. ***Make sure you do this before processing end-of-year on the data.***

Decide on a new company I.D. code (e.g. 94W2). If more than one company, use company I.D. codes such as A94W2, B94W2, etc. The prompts are shown in **bold**. What you enter is in *italics*. Our example uses 94W2 and drive C: for the Flora company data.

1. **Enter company I.D. code:** *94W2*
2. **1) Add a company, 2) Archive copy of existing company, or 3) Try again:** *2*
3. **Data drive:** *C*
4. **Suggested data path:** *C:\PRV6\94W2*
Enter data path: *C:\PRV6\94W2*
Enter a new path if you wish, or press [ENTER] to accept this data path.
5. **Enter code of source company:** *flora*

PayMaster will create the new directory in the path specified and will copy the data into it. When it's finished, you're at the password prompt. Enter your regular password. You're now in the 94W2 company. Add *94W2* to the Division name(s) so you know at a glance you are using the 94W2 data (appears above the main menu). Print a payroll summary to make sure the data's OK.

Then, after backing up the data on two separate sets of 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 **94W2 company code**.

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. See Mag Media Preparation on page 6.

Q. I forgot to order the tax tables. What can I do?

A. Fill in the form on page 7 (even if you're on AutoUpdate) and send it in now so you'll have them for your next payroll. Using the old tax withholding tables for one or two pay periods isn't critical. The OASDI and Medicare percentages remain the same for 1995. The 1995 OASDI taxable wage base, however, does change. See page 3.

Q. If my printer jams up in the middle of printing my W-2s, am I stuck?

A. Good news. You **can** resume printing your W-2s. Choose REPORTS/W-2s as you normally would. Respond *y* to **All employees?** Respond *y* to **Resume an interrupted run?**. At the **Print from employee =** prompt, enter the code of the first employee to print. *PayMaster* will print from there, including the W-2 subtotals and total.

Q. I have DOS 6.0 and cannot back up from *PayMaster's* utility menu. What can I do?

A. You have three choices:
1. Use the DOS 6.0 MSBACKUP program from the DOS prompt, making sure you select the correct subdirectory and files.

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.

2. Copy your DOS Ver 5.0 BACKUP and RESTORE commands into the DOS directory on your hard disk so *PayMaster* can use them. You may have to use the DOS SETVER command first.
3. PKZIP. (Please call us for instructions.)

Workers' Comp Report continued from page 1.

When printing the Check History Report by division, respond *yes* at the Workers' Comp prompt, and your Workers' Comp Report (using the same dates as you specified for the Check History Report) will print at the end of the Check History Report.

Non-**Xtra** users have a new feature in the regular Workers' Comp Report (found on the menu under REPORTS/OTHER/WORKERS COMP).

PayMaster now lists all employees showing each one's total payroll, surcharge on O/T and net payroll.

Remember: for your Workers' Comp Report to be correct, you must have Workers' Comp rates entered on each employee screen. The job with the highest pay rate must have the Workers' Comp code.

New Paycheck Receipt Register in *PayMaster* Version 6.4

Never again will you have to use your word processor to prepare a paycheck receipt register. *PayMaster* now does it for you as shown below!

Print for the entire company, or by division. By code or name, and by department if you wish. It all depends on how you respond to these questions in your Division file (INIT/DIV).

As the holiday season draws near, and as greetings of good cheer resound throughout the countryside, we wish to take this opportunity to say

Thank You!

to all of you, our customers and friends, and to wish each of you continued prosperity and success in your business and personal lives.

Happy Holidays!