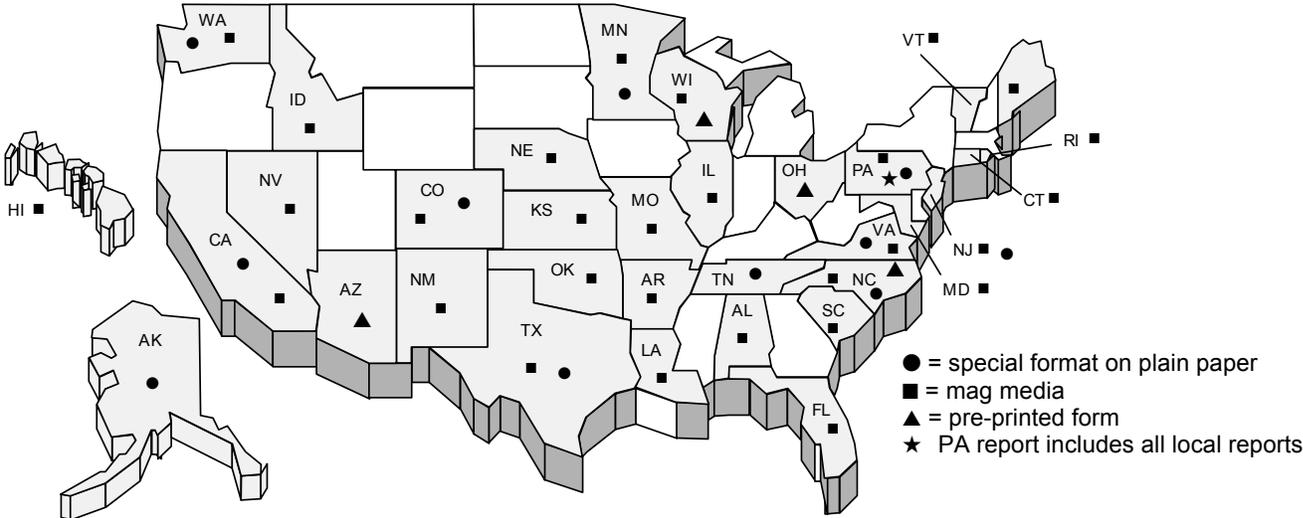


PayMaster™ 7.2 is here!
Avoid penalties—upgrade now to
fulfill your states' reporting requirements



Special state reports

PayMaster 7.2 does even **more** state special reports than before. Why is this important to you?

If your state requires a special format for your quarterly reports,

and you do not file in that format, you will have penalties.

PayMaster 7.2 provides you with the proper format for the state reports as shown in the map above. States are added as needed.

changed both the mag media and printed forms, adding the employee's first name to the wage report that includes SUTA wages, personal income tax (PIT) wages, and PIT withheld. *PayMaster* will now do the DE6 Alternate Form on plain paper (shown on page 2). No need to order special forms from the state anymore! (Thanks to Grant Beech, CPA, San Jose, CA, for the suggestion.)

Continued on page 2.

What's inside

<i>PayMaster 7.2</i> benefits	1-2
New CA DE6 Alternate Form	2
Tax law changes	3
Q&A	4
Order form: <i>PayMaster 7.2</i> manual; 941 & Sch B forms	5-6
Spotlight on Parker Management — Pizza Huts	7
EFTPS deadline is near	8

New!
PayMaster now does CA DE6 Alternate Form

California, for example, beginning with the first quarter 1997,

CA new DE6 form requires *PayMaster 7.2*

Users on Auto Update will receive their program soon. If you're not on Auto Update, please call for prices and ordering information.

PayMaster 7.2

continued from page 1

☐ Other benefits of Ver. 7.2

When you upgrade to *PayMaster 7.2*, you also get:

- Six jobs per employee, each with its own regular, overtime, & miscellaneous rates.
- Improved batch entry with tips on the first screen to make life easier if you don't record individual receipts.
- For biweekly payrolls, option of separate entry of week one and week two to track weekly labor costs.
- Workers Comp codes on a separate screen, with fields for each code's rate.
- A second SUTA code field on employee screen to allow wage reports by division.
- **Z** or **X** on employee screen to display choices on fields with a one-letter response.
- Direct deposit (option) allowing up to three accounts per employee, checking and/or savings, plus user-defined header records.
- Greater flexibility with deductions 1 & 2: choices of C and D for garnishments to allow dollar amount or % higher than 25%, without a minimum net pay. Can set

- maximum per pay period.
- Easy tax table update from diskette via *PayMaster's* menu.
- Printing of address labels, time cards, and time card labels on laser printers.
- Check history (*Xtra* version) allows outstanding check report by date range.
- Tip report shows cash tip %, charge tip %, and wage adjustment for each employee.
- New safeguards, including:
 - ◆ Prompt for **U** at warning messages.
 - ◆ Warning when processing CALCULATE/SELECT if you don't press **d** after

- entering an employee's data.
- ◆ Ability to reinstate a range of checks if you canceled them in error during bank reconciliation (*Xtra* version).



Tax law changes

Federal

- Please see the December 1996 **BLUE PAGES** for 1997 federal withholding and FICA changes.
- EFTPS — mandatory 7/1/97 for all employers with a 1995 tax liability of \$50,000 or more. Extended deadline is drawing near. Don't delay. Send your application now to EFTPS. Please see the article on page 8.

ACH credit filer can check status of EFTPS transaction by phone.
- Form 1997 W-2: Box 13, three new codes:
 - R— Employer contributions to a medical savings account for an employee.
 - S— Salary Reduction contribution to a Simple Plan Retirement Account.
 - T— Employer payments under a qualified adoption assistance program.

THE BLUE PAGES

published quarterly by
Computer Aid Corporation®
and distributed to all registered
licensees of *PayMaster*™

Publisher: Donna Rosen
Editor: Susan Kousek
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- EIC credit increased 1/1/97.
- Form 1099 Misc to be revised.
- MSA's — Medical Savings Plans are excluded from both federal income tax and federal employment taxes. IRS also has interpreted the law to exclude MSA's from FICA. An MSA can be set up with a qualified MSA trustee without getting authorization from the IRS.

State Minimum Wage

- AR Wage & Hour state minimum increases from \$4.25 to \$4.75 7/1/97. Will increase to \$5.15 10/1/97.
- SD Has increased to \$4.75. Will increase to \$5.15 9/1/97.

State & Local Withholding

The following have new tax tables, effective 1/1/97.			
CA	MI	NM	SC
DE	MN	NY	VT
ME	MO	RI	
Many Ohio localities and school districts			
City of Yonkers			

State Miscellaneous

CA Work-related moving expense should be listed in Box 13 of W-2 as code "P", effective for 1997 W-2s.

NJ Health care subsidy down from .625% to .525% 1/1/97.

Work force Dev Partnership fund remains .025%.

State Unemployment

Please see the table below for current taxable wage bases.

CA New mag media and DE6 alternate plain paper format required effective first quarter 1997.

TN Beginning 3/31/97 employers reporting 250 or more employees in any one quarter during the calendar year must file wage info on mag media.

Please contact us immediately if you need this special program update.

Many states that require mag media filing use the federal unemployment mag media format. States that have their own mag media format include CA, FL, IL, LA, MD, NC, NM, NJ, PA, and TX. Please see the map on page 1. ■

Check your tax tables (INIT/TAX/UNEMP) against the wage bases shown below and against your quarterly form.

1997 unemployment taxable wage bases (as of 3/15/97)					
AL	8,000	LA	7,700	OK +	11,100
AK -	24,200	ME	7,000	OR	20,000
AZ	7,000	MD	8,500	PA	8,000
AR	9,000	MA	10,800	PR	7,000
CA	7,000	MI	9,500	RI +	17,600
CO	10,000	MN +	16,300	SC	7,000
CT +	12,000	MS	7,000	SD	7,000
DE	8,500	MO -	8,000	TN	7,000
DC -	9,000	MT +	16,000	TX	9,000
FL	7,000	NE	7,000	UT +	17,800
GA	8,500	NV +	17,200	VT	8,000
HI +	26,000	NH	8,000	VI	*
ID +	22,800	NJ +	18,600	VA	8,000
IL	9,000	NM +	14,200	WA +	21,300
IN	7,000	NY	\$7,000	WV	8,000
IA +	15,200	NC +	12,100	WI	10,500
KS	8,000	ND +	14,200	WY +	12,200
KY	8,000	OH	9,000	Fed	7,000
- decrease + increase		* Virgin Islands not available.			

Q&A

Q. I understand why I have to process end of year. But why is it so important that I process end of month & end of quarter?

A. Whenever you process payroll and tell *PayMaster* it's OK to update the files, the current payroll information is added to each employee's year-to-date, quarter-to-date, and month-to-date information.

If you have any deductions that are cut off at a certain dollar amount each month, it's critical that you process end of month, to set each employee's month-to-date information back to zero so *PayMaster* can begin deducting again.

It's even more important at the end of each quarter. Your 941 and state wage reports are based on the **quarter's** income and taxes. The wage reports must show each employee's income for the quarter-to-date only. Processing end of quarter sets each employee's quarter-to-date information back to zero so *PayMaster* can begin tracking information for the current quarter.

When you process end-of-quarter, the previous quarter's information is available for reports, tax returns, and for **Xtra** users, voiding checks.

Q. When I ran my annual tip allocation, it allocated tips to one of my managers. She used to be a server, but no longer receives tips. What happened?

A. If you allocate by hours and the manager still has *D* as Tip Type, and *Y* for **Alloc/hr** for the manager job, her hours will be used for allocation, even if she did not receive any tips.

If she was promoted **during** the year, leave the Tip Type as *D* and her first job as the tipped job, with *Y* for **Alloc/hr**. Enter her manager job as the second job, and make sure that the allocation response for the manager job is *N*. At the beginning of the next year, change the Tip Type to *N*, and put her manager job first, changing **Alloc/hr** to *N* also.

Your *D*, *I*, and *N* responses for Tip Type are very important, not only for allocation, but also because the 8027 report counts directly and indirectly tipped employees.

Q. Why do you suggest that I backup the *PayMaster* program when I install a new version and at the end of the year?

A. If the new *PayMaster* program (version 7.2, for example) requires that your data be converted before it can be used with the new program, this means that the new program would not be able to print a

prior year's W-2 without converting the data.

Life will be simpler if you save a backup of the each year's W-2 program with the corresponding data. This way, if an employee requests an old W-2, or if the IRS or SSA come back to you for clarification and/or corrections, you'll be prepared and won't have to convert the old data or worry about what major or minor changes were made to the W-2s — you'd always have the matching program with the data.

Another reason — it rarely happens, but you may have a bad spot on the new program diskette, or on your hard drive. If you have to interrupt the installation, you could have a program with some old files and some new ones, which is not usable. With a backup of the previous version of *PayMaster*, you can restore it and process payrolls. ■

FYI

Over 2,700 TRAC agreements have been signed and the amount of reported tips has increased by over \$2 million the past two years. If you are following the law, you may want to think twice before signing TRAC, since the IRS has lost two court cases.

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.

ORDER FORM FOR *PAYMASTER 7.2/7.2 XTRA* MANUAL

Your <i>PayMaster</i> manual pages will fit in your current binder. If you wish to order another binder, add \$15 in the box to the right of the binder description.	<i>PayMaster</i> manual pages (\$35 each set)	\$
	Binder for <i>PayMaster</i> manual pages (\$15 each)	\$
All orders must be prepaid, COD, or charged to a credit card. [] check [] COD [] credit card	Subtotal	\$
	VA residents add 4.5% sales tax on subtotal	\$
Shipping and handling: AK, HI, VI \$20, continental US \$15 for UPS 2nd day air. \$5 UPS ground		\$
COD charge \$7.50		\$
TOTAL		\$

If credit card payment, circle type: Visa MC AmEx Discover	Credit card #: Signature:	Exp date:
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Ship to: Name _____

Company _____

Street Address _____

City/State/Zip _____

Area code/telephone _____ Fax: _____

SEND FORMS TO: COMPUTER AID CORPORATION, P.O. BOX 1074, VIENNA, VA 22183

ORDER FORM FOR 941 & SCHEDULE B FORMS

Form	Package price	# of packages of 25	Total Price
Laser 941 form	\$4.80 per pkg of 25		\$
Laser Schedule B form	\$4.80 per pkg of 25		\$
Pin feed 941 form	\$9.75 per pkg of 25		\$
Pin feed Schedule B form	\$9.75 per pkg of 25		\$
All orders must be prepaid, COD, or charged to a credit card. [] check [] COD [] credit card		Subtotal	\$

If credit card payment, circle type: Visa MC AmEx Discover	Credit card #: Signature:	Exp date:
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VA residents add 4.5% sales tax on subtotal	\$
Shipping: \$1.25 per package of 25. \$5 minimum; CA, AK, HI \$10 minimum.	\$
COD charge \$7.50	\$
Ship to:	Total \$

Name: _____

Company: _____

Street Address: _____

City/State/Zip _____

Area code/telephone: _____ Fax: _____

quarter 941 and W-2s until we got the update diskette about January 20. One year we had to work through the night to get the W-2s out on Jan 31. This year, with PayMaster, our 1,300 W-2s were reconciled and printed by January 3. Everyone was amazed!”

Lynn Young, Office Manager,
Parker Management

Parker Management of Greenwood, SC, has 18 Pizza Huts in South Carolina and along the SC border of Georgia.

Lynn Young, office manager of Parker Management, says, “When we decided to switch from our System 36 Par Micros Systems payroll, our CPA firm took us down to seven choices, which our payroll department then narrowed down to three. I selected *PayMaster* payroll because it was the best program for tips and because Donna Rosen, Computer Aid’s president, has a background of working for the Internal Revenue Service. The issue of tips makes restaurants a separate industry and I felt Computer Aid’s payroll would handle them correctly because of Donna’s IRS experience. Frequently, even CPA firms don’t have an expert in tips.”

“Also, with *PayMaster*, I’d be able to get the reports I needed for our retirement plans, insurance, and workers compensation. With our old system, I had to do many of these manually, either because it couldn’t do them, or because the computer was tied up with processing payroll.”

“The transition from our System 36 Par Micros Systems payroll was very good. We did it for the beginning of the second quarter. Kyle Bonney, Computer Aid’s head programmer, wrote a conversion program and Donna came to our office to install *PayMaster* and run

the conversion. The July 11 payroll was right on time.”

“Information is more accessible and reports are better. It is easier to get what you need. Our System 36 program was very cumbersome compared to what we have now. Processing payroll for our 550 active employees took four to five days, and the computer was tied up one whole day finalizing payroll. Now, with *PayMaster*, once the information is ready to be keyed and batched in, payroll takes only one day. We process each of the 18 stores separately, and then print the checks all at once.”

“As soon as we get the upgrades to our SUS time clocks and the new interface to *PayMaster* from Computer Aid, we’ll be bringing in the data from the time clocks. That should save us even more time.”

“The end of year was very successful this year. Our old payroll system didn’t have any tip allocation until end of year, and it was a surprise to people. With *PayMaster*, tips are allocated each payroll, so employees can report additional tips if they wish. We then re-allocate on an annual basis at the end of the year.”

“With our old system, we couldn’t even start to reconcile the 4th quarter 941 and W-2s until we got the update diskette about January 20. One year we had to work through the night to get the W-2s out on Jan 31. This year, with *PayMaster*, our 1,300 W-2s were reconciled and printed by January 3. Everyone was amazed!”

Shirley Woolery, Parker Management’s bookkeeper, does payroll, with the help of Annette Latham, who works part-time.

Shirley came to Parker Management a few months after *PayMaster* was installed. She worked six days with

the former payroll clerk and then did the next payroll herself. Shirley says “In my former job, I worked with the Mapics payroll system on the IBM AS400. It took me six months to learn it. We had to have a programmer on staff and we paid extra for each support call. Plus it took a day or two to get answers.”

“By contrast, *PayMaster* took me just six **days** to learn. It doesn’t require a programmer to use it. And, I get help when I need it with our annual software support. Overall, *PayMaster* is one of the easiest systems I have worked with.”

“And one other thing — with the Mapics system, if an employee lost a W-2, we had to type the duplicate. One of the nicest things about *PayMaster* is reprinting lost W-2s. I just select the employee and print the form. It takes only seconds.”



EFTPS deadline nears

The extended deadline for making deposits electronically is July 1, 1997. You must first enroll in the Internal Revenue Service Electronic Federal Tax Payment System (EFTPS). Failure to have the enrollment process completed by that time will **not** prevent penalties for not filing electronically.

The enrollment process takes from two to 10 weeks. Even though your "Third and Final Notice for EFTPS Enrollment" says to mail Form 9779 no later than May 1, we strongly suggest you do it immediately if you haven't already done so.

Once you're enrolled in EFTPS, don't wait until July 1 to try it out. Begin making your deposits that way as soon as you are enrolled, to make sure any glitches you come March 1997

across are taken care of prior to the July 1 deadline.

If you plan on using ACH Credit, check with your bank first. Not all banks are set up to handle ACH Credit, and for those that are, there is generally a monthly fee (ranging from \$40-100 per month).

PayMaster users with the Direct Deposit option may be able to order a Direct Deposit update from us to enable you to do ACH credit. Contact your bank to set it up and make sure they can handle it. Do this prior to ordering the update from us. Please call for prices.

We've been told that with ACH debit, you must initiate payment the day before payment is due, e.g., if your payment is due Wednesday, you must call to initiate payment on Tuesday. With ACH credit, the deadlines are determined by the bank initiating the payment. In either case,

make sure you know what your deadline is for **initiating** payment to ensure that you meet your deadline for the **actual** payment.

Practice Makes Perfect

Call 800-572-8683 for a free tutorial to see how the EFTPS works. It's a great way to practice before going "live." The tutorial has you enter a 940 payment, using any 9-digit number as your federal ID number and any 4-digit number as your pin number (since it doesn't actually go anywhere when using the tutorial). The tutorial is very well done, taking you step by step through the process, and giving you the same type of verbal confirmation you'll get when going "live."



EFTPS deadline is near!
Register with IRS immediately.
New CA DE6