

Nine Reasons to Automate Time and Attendance

1 Quick payback

With systems that start as low as \$870 and average \$1800 for the typical business, your payback will usually come in six months to two years. One of our customers estimates that the \$250-\$300 weekly savings just from eliminating overtime paid for his clock in six weeks.

2 Easily collect data

When you are ready to process payroll, everything you need will be totaled, including tips entered by employees. Also your data can automatically take into account if an employee has more than one job or one pay rate, and to which job to assign overtime.

3 Increase accuracy

Manually adding up time cards using a calculator almost inevitably leads to some mistakes. Keying or re-keying leads to a few more mistakes. Automated time and attendance

eliminates these mistakes by outputting data into either your in-house payroll system or your payroll service.

4 Support remote sites and mobile employees

Remote data collection devices, including computers, time clocks, electronic cash registers, and even telephone keypads, can be used to collect and send data.

5 Handle multiple divisions or corporations with one system

Flexible software lets you define into which division or company payroll data should go as it uploads to your system.

6 Control overtime with daily and on-demand reports

One of our customers dials into his system from home to make sure his staff does not inadvertently go into overtime.

At another customer remote site, managers see labor hours from the Approaching Overtime Reports which come directly off their time clocks.

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Bad news on the TRDA front — score one for the IRS

Score to date:	
Restaurants	2
IRS	1

Please see the article on page 4.

Time and attendance cont'd
from page 1

7 Much of your existing hardware might be usable for time and attendance

Often, existing point-of-sale systems, modems, computers, printers and even many time clocks can be integrated to create your system.

8 The software is easy to use

Choose between Windows-based or menu-driven software.

9 Create an easy-to-follow, electronic audit trail

For more information on ways you can improve your time and attendance system, please call us at 1-800-327-4AID. ■

A reminder — we've moved

Our phone and fax numbers remain the same, as does our PO Box. However, if you send us something overnight, make sure you use our new street address:

501 Church Street, NE, Ste 104
Vienna, VA 22180-4734

PRWORA and child support laws, cont'd from page 5.

The number of days refers to when the child support withheld must be remitted.

AL 7/1/97 within 7 days. 1/1/98 UIFSA.

AK 7/1/97 within 7 days.

CA 1/1/98 UIFSA. Garnishments — employer may deduct \$1 administrative fee from employee's earnings for each payment.

CO 7/1/97 7 days.

CT 7 days. 1/1/98 UIFSA.

DE Immediately 7 days.

HI Immediately 7 days.

KS 7/1/97 7 days.

LA 7/1/97 7 days.

ME 7/1/97 7 days.

10/1/97 withholding orders for spousal support follow those for child support.

MN 7 days.

MO 7/1/97 7 days.

NE 7 days.

ND 7 days.

OK 7 days .

RI Immediately 7 days. Upon receiving a notice to enroll a child in employer-provided health plan, the employer has 30 days to make enrollment and notify the department. Upon termination of an employee, the employer must contact the court clerk within 10 days.

TN 7/1/97 7 days. 1/1/98 UIFSA .

VT 1/1/98 UIFSA. ■

Use *PayMaster's* enhanced New Hire Report to make your task easier

PayMaster™ 7.22.2, available soon, will let you print the new hire report for a specific date range.

Users on AutoUpdate will receive their program automatically. All others, please call for price and ordering information. ■

W-2 order form

You should have received your August issue of THE BLUE PAGES with the W-2 information and order form last month. Send in your order soon if you haven't already done so. Remember — availability is not guaranteed after December 15, 1997, and only W-2s ordered from us are guaranteed to work with *PayMaster*. ■

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Tax law changes

Effective dates, if known, are noted.

Federal

- **Federal minimum wage** increased to \$5.15 9/1/97. Federal tax credit is 58.641%, with a tipped job's minimum rate still at \$2.13, and overtime rate now at \$4.705. **Note:** Federal gives you option of using \$2.125 with tip credit of 58.73%. Your state may have a higher minimum wage, and/or a different tip credit percentage.
- The 10% **penalty for failure to deposit using the Electronic Federal Tax Payment System (EFTPS)** will be waived through 6/30/98, adding six months to the delay previously announced by the IRS.
- The **tax liability threshold triggering mandatory use of EFTPS** will **not** be lowered beneath \$50,000 in a year.
- Qualified **adoption expenses** paid through an employer funded program or from employee pre-tax cafeteria plan go in Box 13 (Code T) on the W-2, and also in Boxes 3 and 5.
- **Personal Responsibility and Work Opportunity Reconciliation Act of 1996** (PRWORA) has requirements for employers and for states. Please see the article on page 5.
- The **acknowledgment number** for an ACH debit (for **EFTPS payments** made that way) verifies when the necessary payment information was received by the financial agent, but does **not** constitute proof of payment. The employer must obtain a statement from its bank that (1) shows the amount and

date of payment; and (2) identifies the U.S. government as the payee. The standard late payment penalties apply if your FTD payment is late: 2% if 1-5 days late; 5% if 6-15 days late; 10% if 16 or more days late.

- The list of designated private **delivery services that meet the criteria for timely-mailed as timely-filed status** are: Airborne, DHL, FedEx, and UPS delivery services, as well as the U.S. Postal Service. In effect, taxpayers using these services can send their tax returns and payments by the due date and be considered to have timely filed.
- The Department of Labor is identifying **incomplete forms I-9** (Employment Eligibility Verification) during wage & hour audits.
- State child support**
Please see the Personal Responsibility and Work Opportunity Reconciliation Act article on page 5.
- State Family & Medical Leave Law**
ME An employee employed by the same employer for 12 consecutive months is entitled to up to 10 consecutive work weeks unless the employer has less than 15 people.
- VT Employees are entitled to 4 hours leave in a 30-day period. Not to exceed 24 hours in a 12-month period.
- State minimum wage**

- AK Increases to \$5.65.
- CA 3/1/98 increases to \$5.75.
- CT Increases to \$5.18.
- DC Increases to \$6.15.
- MN 9/1/97 large employers (\$500,000 annual gross sales) increases to \$5.15. 1/1/98 small employers to \$4.90.
- NC 8/1/97 increases to \$4.75; 9/1/97 increases to \$5.15.
8/1/97 tip credit will also match federal (can pay \$2.13/hour).
Employees working as software engineers, computer analysts, or programmers are exempt from minimum wage & overtime requirements.
- ND 9/1/97 increases to \$5.15. Tip credit remains at 33% of the minimum wage or \$1.70/ hour, making the minimum cash wage \$3.45/hour.
- NE 9/1/97 increases to \$5.15. Tipped minimum is \$2.13.
- WV 10/1/97 increases to \$4.75; 9/1/98 increases to \$5.15.
- State miscellaneous**
- HI Upon termination, employee entitled to all accrued vacation.
- LA Upon termination, an employer must pay an employee for vacation leave if eligible & accrued.
- TX Except where expressly prohibited, employers may deduct a \$10/month fee from employee's disposable income.

Continued on page 4.

Tax law changes, cont'd from

State new hire reporting

Please see the Personal Responsibility and Work Opportunity Reconciliation Act article on page 5.

State unemployment

MO Taxable wage base for 1998 is \$8,500.

MT 7/1/97 Department of Revenue handles unemployment as well as withholding for income tax and old fund liability tax. Continue to file UI with Department of Labor & Industry until notified otherwise. Definition will change for wages— new handbooks detailing changes will be issued before year end.

State withholding

CT 7/1/97 personal income tax bracket amounts increase and continue through 1999. New withholding tables will be released.

IN 7/1/97 several county income tax rate changes effective.

KS 7/1/97 withholding for single filers decreases. State expects to release new tables before the beginning of the year.

KY 7/1/97 several local tax changes.

LA No-return option for individual taxpayers. Requires employers to withhold the exact amount of tax due the state. New withholding tables for this no-return option (not yet issued).

MA SIMPLE retirement accounts are state taxable wages (unlike the federal government).

MD 1/1/98 four counties lower income tax rates: Allegheny & St. Mary's reduce from 60% to 58%; Carroll from 58% to 55%; Worcester from 30% to 20%.

NC 1/1/98 employers must withhold 4% on all payments greater than \$600 made to nonresident independent contractors.

NE State taxes will be reduced for tax years 1997 and 1998. New withholding tables will be issued in December.

OH 1/1/98 several local tax changes.

PA Effective 7/1/97, but retroactive to 1/1/97, employer contributions to Section 125 cafeteria plans are no longer taxable for state purposes. The department recommends that employers either under-withhold in the 3rd and 4th quarters to adjust for taxes withheld during the 1st half of the year, or withhold the proper amount and let employees claim the over-withheld amount as a refund on their personal income tax return.

SC Employers required to file magnetic media W-2s for federal tax are now required to do so for state. ■

New TRDA for the gaming industry

The IRS has issued a new Tip Rate Determination Agreement (TRDA) for the gaming industry.

Establishments that may voluntarily

enter into the agreement include casinos, bingo parlors, slot machine and keno establishments.

The employer agrees to report tips at the actual rate where tips are pooled and split, and at an established rate where tip pooling is not common. The established tip rate may be a percentage of sales, a dollar amount per hour or shift, a dollar amount per drink served or a similar arrangement. ■

IRS wins in the Eleventh Circuit Court of Appeals

On August 12, 1997, the Eleventh Circuit Appeals Court ruled in the IRS appeal of the Morrison Restaurants suit, and said, "IRS's interpretation of the IRS Code allowing it to assess employers for FICA taxes on tips not reported by employees without crediting the employees for the tips is reasonable."

The fact that the employee's wage history accounts would not reflect the assessed tips was irrelevant. "The employee, by failing to report the tips as wages, waives his right to be credited for the employer's share on the unreported tips in the aggregate. The employer is **not** injured by the employee's failure to report properly all tips."

What does this mean for you? Don't be alarmed yet. This ruling affects only the southern district of Alabama. The one to watch is the Bubble Room federal appeals case. Watch this space for further developments. ■

Personal Responsibility and Work Opportunity

Reconciliation Act (PRWORA) — what it is and what it means for you

1. By 10/1/97, all states plus Guam, Puerto Rico, and the U.S. Virgin Islands must have new hire reporting programs in place. States that did **not** have new hire reporting programs already in place must adopt minimum federal requirements by 10/1/97. Other states have until 10/1/98 to conform to the federal rules.
2. Each state must establish a directory of new hires to maintain new hire data reported by employers. In 1999, the states will have to start forwarding copies of directories to the National Database of New Hires.
3. All employers will be required to report all their newly hired employees to the state(s). State contact phone numbers are listed in the brochure from the U.S. Department of Health and Human Services “New Hire Reporting — Answers to Your Questions” that was included with your 2nd quarter 941 form.
4. Employers are required to report name, address, and SSN, no later than 20 days after hire date.
5. States are permitted to impose more stringent requirements — which means new hire reporting rules may vary by state.
6. A multistate employer, provided it reports on electronic or magnetic media, is permitted to select one state where it does business as their primary state for new hire reporting purposes. Before choosing this reporting option, the employer must inform the U.S. Department of Health and Human Services as to the state to which it will report.

A letter must be sent to: Department of Health and Human Services, Multistate Employer Registration, Office of Child Support Enforcement, Box 509, Randallstown, MD 21133.

7. The penalty imposed by a state for failure to report newly-hired employees may not exceed \$25 per employee. Double check your quarterly wage reports against your new hire reports to make sure you’ve reported all new hires.

More information is available on the web at www.acf.dhhs.gov/ACFPrograms/CSE/index.html. Also, an informational video called “New Hire Reporting: It’s Good for Children” is available from the states.

State new hire reporting requirements

Please note — information on all states is not yet available. Following is a listing of those we know about. Effective dates, if known, are noted. Number of days refers to how long the employer has to report newly hired employees.

- AL 10/1/97 mandatory for all employees.
- AK 7/1/97 20 days.
- AZ Current state requirements apply. 10/1/98 will conform to federal law. 20 days.
- CO 10/1/97 voluntary new hire reporting becomes mandatory. 20 days.
- DE Immediately, 20 days.
- FL Current state requirements apply. 10/1/98 will conform to federal law.
- HI 10/1/98 20 days.
- KS Employers must attach a form to the I-9 asking: “Are you currently or have you been ordered to pay child support

pursuant to a court order?” If the answer is yes, the report along with employee’s SSN must be forwarded to the Department of Human Services within 20 days of date employee is paid.

- LA 10/1/97 20 days.
- MO 7/1/97 20 days.
- MN Failure to file penalty is \$25 per employee.
- NE 10/1/97 20 days. 10/1/98 penalty effective.
- NH 10/1/97 20 days.
- ND 10/1/97.
- OK 7/1/97 voluntary new-hire reporting becomes mandatory.
- RI 10/1/97 14 days.
- SC 10/1/98 voluntary reporting becomes mandatory, conforming to federal law.
- TN 10/1/97 20 days.
- TX 10/1/98 voluntary new hire reporting becomes mandatory. Will conform to federal law.
- VT 10/1/98 voluntary new hire reporting program becomes mandatory.

State child support

UIFSA is the Uniform Interstate Family Support Act, which says employers must honor withholding orders they receive directly from out-of-state agencies.

Please note — information on all states is not yet available. Following is a listing of those we know about. Effective dates, if known, are noted.

Continued on page 2

Q&A

Q. When I print a Check History report (*PayMaster Xtra*) for one employee, why am I asked for last name instead of ID code? And it asks me to enter the SSN. Why? Is there a way around it?

A. When printing a Check History report for a single employee, you're asked for the **last name** if you normally sort that division by name, and you're asked for the code if you sort by ID code.

If the employee name or code you enter in the **From:** and **To:** fields is the same, *PayMaster* asks **Is this report for one employee only?** Respond **N** and you won't be asked for the SSN. If however, you sort by name and have more than one employee with that same last name, you want to respond **Y** so *PayMaster* will ask you for the SSN, and you'll get the report for that employee only.

Q. We just hired a foreign student who has a J Visa. She has to pay federal and state taxes, but not OASDI/Medicare. Does *PayMaster* let me do this?

A. Yes. You can use the additional income fields. Please call and ask to have the J Visa Foreign Student sheet faxed to you.

Q. I'm confused about resuming interactive payroll processing. How does it work now?

A. It depends on what stage you are at when you interrupt processing.

If you are processing payroll the interactive way, and have processed **all** employees and pressed **d** and **then** interrupt your work, take these steps: From *PayMaster's* main menu, select RESUME. If you wish to make corrections, respond **N** to the questions until you're asked Make corrections? Respond **Y** and make your corrections.

If, however, you are processing payroll the interactive way, and are **partway** through the employees when you interrupt your work (i.e. you did not press **d** after the **last** employee), take these steps: From *PayMaster's* main menu, select CALCULATE/INTERACTIVE.

PayMaster will ask **Resume from interruption?** Respond **Y** and you'll be taken directly to the employee you were processing when you were interrupted.

Q. I use CharterHouse accounts payable, which lets me reconcile my bank statement. Our payroll checks are written on the same checking account as our AP checks. Is there an easy way to record my payroll checks in CharterHouse AP even though I didn't print them there?

A. Yes, you can import the file that *PayMaster* creates each time you print checks. Each file is named CH with the division number and month/day with a PRN extension, e.g., the file for division two's checks for the pay period ending 9/5/97 would be CH20905.PRN. From the AP menu, select **F7 Utilities**, then select **5 Import bank rec data**. At the prompt for path/filename of the ASCII file, enter the appropriate information. Our example has the payroll data in the flora directory under paydata:
C:\PAYDATA\FLORA\CH20905.PRN.

Oops! If you have a new manual, please make this change on page 2-90: The letter to use for W-2 income type for the cost of group-term life insurance coverage over \$50,000 is **I**, not **L**.

Q. Is it that important that I have an off-site backup?

A. Catastrophes strike a minority of businesses. But, if you're one of the unlucky ones and lose your office to a fire, flood, or earthquake, you will be forever grateful if you have an off-site backup of all your important computer data. Once a week take a current backup home with you, alternating diskettes, keeping two or three versions off-site.



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.

User spotlight

“Tell everyone they should have a time clock. It’s a big change from doing the time cards manually. You save a lot of time and a lot of money. It pays for itself in no time. I really appreciate it. I love it!”

*Kim Vu, Accounting Manager,
Coyote Cafe, Santa Fe, NM*

Coyote Café is the brainchild of owner Mark Miller, world-famous for his unique Southwestern dishes. There are two Coyote Cafes — in the MGM Grand in Las Vegas, NV, and in Santa Fe, NM.

The Santa Fe location, with Mark Kiffin as Executive Chef, has three separate sections: a cantina (an open air patio) with traditional Mexican food such as enchiladas, a formal dining room, and a general store which sells specialty food items and T-shirts.

The dining room, open for dinner, serves wonderful Southwestern cuisine, such as their popular “Cowboy Cut” New Mexican Black Angus Rib Chop, served with Red Chile Onion Rings, Cowboy Beans and Fire-Roasted Salsa. The menu, which changes monthly, features items such as Aromatic Spiced Pork Tenderloin and Pan Roasted Stonington Maine Lobster, all prepared in a Southwestern style.

Kim Vu, their Accounting Manager, has been there since 1991, and is using *PayMaster* payroll, the *PayMaster Plus* time clock and software, and *CharterHouse* general ledger and accounts payable. Kim says, “When I came here, they were doing payroll on the computer, but the program wasn’t going to be upgraded. I never had any report to show me how much the federal tax deposit should be. And it could not do W-2s! We had to send our W-2s out to be typed that year, and they

put some of the numbers in the wrong boxes. It was a mess.”

“We purchased an inventory control system from Harry Skolnick, who also sold *PayMaster*. I was so fed up with the old payroll system all I knew is that I didn’t want to go through what I did with the W-2s one more year. When I found out that *PayMaster* would do the W-2s and federal tax deposit report, I talked to Brett Kemmerer, our Director of Operations, who said ‘OK.’ We got *PayMaster* and it’s

Kim Vu and her husband, Hoanh, with daughters Anh and Chan.

turned out wonderfully. I do my W-2s in-house! Beautiful, no problem. Now, I’m an expert!”

“I really feel confident and comfortable using *PayMaster*. I get wonderful support from everyone at Computer Aid. I enjoy working with Terry — he is so patient. It was great to finally meet Donna recently — I felt I knew her really well after talking to her on the phone during the past five years.”

“Three years ago, we got the *PayMaster Plus* time clock from Computer Aid. Before that, we had a mechanical time clock and our four managers reviewed and added

up the time cards. It took each manager between one and two hours each pay period. Then I had to take their calculations and do a list of regular and overtime hours. Many people have three jobs and I had to figure out on which job to pay overtime. It was messy, really bad. I hated it.”

“Payroll **should** be easy. Right now I do everything so fast — interface, download hours. Tell everyone they should have a time clock. It’s a big change from doing the time cards manually. You save a lot of time and a lot of money. It pays for itself in no time. I really appreciate it. I love it.”

“We have 120 employees during the summer, and 85 at other times. Payroll takes me about 2½ to 3 hours, and this includes checking the hours on the time clock.”

“Employees record their tips on the time clock. Now it is so easy to check the hours and fix missing punches. And the system works perfectly bringing the hours and tips into *PayMaster*’s batch screen. Even though we pay bi-weekly, the time clock software calculates weekly overtime, and does it for the appropriate job. The managers really like it because they have more time to look after the customers and they get the approaching overtime report to help with scheduling.”

Kim is very happy with the time savings that the *PayMaster Plus* time clock has brought her. She has more time to spend with her husband and two daughters, Chan, 3, and Anh, 4 years old, and to prepare for daughter number three, Huong, due in October. □■

What people are saying about automated time and attendance:

With our old mechanical time clock it was messy and real bad. The computerized time clock paid for itself in no time.
Kim Vu, Coyote Cafe, Sante Fe

I had never used a computer before, but it's easy to work with — not a bit complicated.
Cheryl Coates, University of Maryland Book Center

*I download each division, go into batch processing and **boom** — all the hours and tips are on the screen.*
Vali Galasso, Shore Pizza Huts, Maryland

The \$250-\$300 weekly savings just from eliminating unneeded overtime paid for this clock in six weeks.
Sam Urrate, Bruning's Restaurant, New Orleans

Payroll used to take up to three days to do. Now it's done in one day.
Louise Carlson, Seville Quarter, Pensacola

For more information, please see the article on page one or call us at 1-800-327-4AID.

September 1997

New Hire reporting laws
go into effect 10/1/97
Details inside