

Don't be left holding the bag with unpaid pre-tax deductions or unreported tax liabilities.



- ☐ Cafeteria plan + zero paychecks = employer headache?

If your employees make very good tips, **they** may end up with a zero paycheck. And **you** could end up not getting pre-tax deductions that should have come out of their net pay. How can that happen?

Some payroll services and software programs first deduct taxes from an employee's net pay. Then they take the deductions. This means if there isn't enough net pay to go around, deductions, such as health insurance, are not fully paid until the employer gets the money in cash from the employee.

Tim Edwards, Vice President of Fudpucker's in Destin, Florida, who is spotlighted in this issue on page 6, used to have ADP process their payroll. If an

employee did not have enough net pay to pay both the taxes and the pre-tax health insurance cafeteria plan deduction, ADP took the taxes first. Tim says, "This meant that we had hundreds of dollars tied up with employees owing us money. Plus, the employees lost the tax benefit." Bad enough if you've got one or two employees in this situation. Tim had a dozen or more.

- ☐ It doesn't have to be that way!

Now that Fudpucker's has switched to *PayMaster*[™], their payroll is much easier. *PayMaster* takes pre-tax deductions first — which is allowed by law. Next, it deducts taxes, and then other deductions. Plus, it tracks the uncollected taxes for you as shown in the report below. Continued on page 2.

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Please see page 8 for information on purchasing MICROS POS interfaces to *PayMaster*. We have interfaces from the 2700, 3700, 4700, and 8700.

Pre-tax deductions and uncollected taxes cont'd from p. 1

And, *PayMaster* will automatically collect the taxes if and when there is sufficient net pay.

The uncollected tax report *PayMaster* prints for each affected employee as part of the pre-check register makes it easy to see where the employees stand. *PayMaster* allows voluntary payment by the employee, which you enter when processing the next payroll. It automatically becomes part of that payroll's federal tax deposit.

Uncollected taxes more common

Even without pre-tax deductions, uncollected taxes on tips are becoming more common. With the IRS enforcers spreading throughout the country, your employees have probably been reporting more tips.

More and more employers are finding this situation. What does this mean for you? You don't have to collect the uncollected taxes. However, you do have to inform the employee of any uncollected FICA (OASDI/social security and Medicare) and report it on your quarterly 941s and on an employee's W-2. Your employees must pay the uncollected FICA when they file their own tax returns, and make up any shortfall in federal, state, or local taxes.

Sound like a paperwork nightmare? It won't be with *PayMaster*. In addition to the uncollected tax report, *PayMaster* shows the Taxes Paid This Pay Period as part of the pre-check register's Totals page.

You use those state, local and SDI amounts to make the appropriate deposits. Other *PayMaster* reports give you the necessary information — for your federal tax deposit, for the 941, and for your employees.

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THE BLUE PAGES

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If you're still manually entering hours, receipts, and tips into *PayMaster*, please call and ask us about software and hardware solutions that will save you time and money, and eliminate hassles.

1-800-327-4AID



Tax law changes

Effective dates, if known, are noted.

Federal

■ Pension plan limits

SIMPLE plans \$6,000
401(k)/403(b)/SEP \$10,000

■ EFTPS

If your business was required to begin making federal tax payments electronically July 1, 1997, or January 1, 1998, recent legislation gives you until July 1, 1998, to start using the Electronic Federal Tax Payment System (EFTPS) before being subject to penalty. If this applies to you and you haven't yet enrolled in EFTPS, do so immediately. Call 800-945-8400 or 800-555-4477 for enrollment information or assistance.

■ 941TeleFile available nationwide

Small businesses can file Form 941 by phone. Please refer to the Spring 1998 SSA/IRS **Reporter** (enclosed with your quarterly 941 forms) to see if you qualify.

State disability

CA \$31,767
HI employee's weekly wage
NJ \$19,300 (increased)
NY employee's weekly wage
PR \$9,000
RI \$38,000

State minimum wage

CA Effective 3/1/98 increases to \$5.75

State unemployment

Please refer to the table below.

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

1998 unemployment taxable wage bases (as of 3/21/98)					
AL	8,000	LA	7,000	OK +	11,400
AK -	24,100	ME	7,000	OR +	21,000
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 +	18,200
CO	10,000	MN +	17,200	SC	7,000
CT +	13,000	MS	7,000	SD	7,000
DE	8,500	MO +	8,500	TN	7,000
DC	9,000	MT +	16,500	TX	9,000
FL	7,000	NE	7,000	UT +	18,500
GA	8,500	NV +	18,000	VT	8,000
HI +	26,400	NH	8,000	VI +	14,500
ID +	23,000	NJ +	19,300	VA	8,000
IL	9,000	NM +	14,700	WA +	22,500
IN	7,000	NY *	7,000	WV	8,000
IA +	15,700	NC +	12,600	WI	10,500
KS	8,000	ND +	14,800	WY +	12,500
KY	8,000	OH	9,000	Fed	7,000
- decrease + increase					
* OOPS! In the December 1997 Blue Pages, we said NY was \$12,500. We were wrong. It's \$7,000.					

State withholding

GA Standard exemption increases to \$2,700 effective 1/1/98. New tables to be released in May.

IL Illinois rescinded their reciprocal agreement with Indiana. Employers must withhold taxes for the state in which the employee works. If the employee's home state tax rate exceeds the amount withheld for the state where employed, it is the employee's responsibility to pay the difference to his home state. If an employee works in both IN and IL, it is now the employer's responsibility to keep track of the amount of hours worked in each state and to withhold the proper amount for each.

MD Employers must now use two tables — one for state and one for local. The MD Tax Reduction Act increased the exemption amount and reduced the maximum tax rate. Since the local taxes are not affected by the act, the percentage tables must now calculate state and local tax separately.

The following have new tax tables, effective 1/1/98.			
GA	IA	KS	MD
MI	MN	MS	MO
NE	NM	SC	UT
and many Ohio localities and school districts			



User spotlight

“When I first looked at PayMaster, they did not have an interface from the MICROS 4700 to PayMaster. They promised me one, and had it done in three weeks.”

*Tim Edwards, Vice President,
Fudpucker’s of Destin & Fort
Walton Beach, FL*

You know you’re in for a unique experience as soon as you walk in among the graffiti-filled walls and pelican tracks and again when you open the menu/newsletter at one of the two Fudpucker’s Beachside Bar & Grills in Florida. (And please don’t confuse them with the Fuddruckers chain — they are not affiliated.) From their Fishbone Beer to the house specialty, “Fried Fudpucker” (the nickname used by local deckhands for the tenacious Trigger Fish that is their namesake), you’ll find many things to like here — great food, live music and a fun atmosphere.

Originally founded in 1982 as a barside food concession at a local nightclub, it now has two popular locations in Fort Walton Beach and just east of Destin.

With 200 employees doubling to 400 in season, payroll is time-consuming. Tim Edwards, Vice President, and Aggie Taylor, Head Bookkeeper, started looking for a new payroll program in 1997. They were using ADP, but ADP was not able to come up with a successful interface from the MICROS 4700. Tim said, “my MICROS dealer, Kim Sellers of CBE in Destin, FL, put me in touch with Computer Aid Corporation. He didn’t know very much about *PayMaster*, their payroll program, but he told me he heard they were good.”

Kim says, “I want things to work smoothly and my customers to be

happy. One person can’t be all things to all people. We’ve mastered point-of-sale, but when it comes to the back of the house, we bring in other people, like Computer Aid. When you find someone who specializes and does it well, you tell your customers about them. It’s great knowing my customer is being taken care of.”

Tim says, “I was impressed from the first call I made to Computer Aid. I got through right away, and talked to Donna Rosen, the owner.

Aggie Taylor and Tim Edwards of
Fudpucker’s Beachside Bar & Grill

They didn’t have an interface from the MICROS 4700 to *PayMaster*, but she said they would develop one and would not let me buy the program until they could show me it worked. The interface was done in less than three weeks. I’m amazed at a company so committed to customer satisfaction.”

“PayMaster also solves a problem for us that ADP could not handle — tipped employees with pre-tax health insurance. Since ADP took taxes before other deductions, often our tipped employees did not have enough in net pay for the pre-tax insurance. This meant we had hundreds of dollars tied up with employees owing us money. Plus, the employees lost the tax benefit. *PayMaster* handles it great — first it takes the pre-tax deductions (as allowed by law), next it deducts the taxes, and then it takes any other deductions. It makes life a lot easier because we always have at least a dozen employees in this situation. And, *PayMaster* tracks the uncollected taxes and then takes them automatically the next time.”

“I’m impressed with the level of service you get from Computer Aid. There just seems to be a *commitment* to service. Before we used ADP, we had Bass payroll, which was then bought out by ABRA. Every time we called, we had to leave a message, then we didn’t get a call back until the next day. So we switched to ADP. The people were really nice, but it got to be very expensive. We were spending more time getting the stuff ready — there was tremendous preparatory work. And then proofing everything took time. So, when they couldn’t do the MICROS 4700 interface, we decided to look for an in-house payroll program.”

Fudpucker’s Head Bookkeeper Aggie Taylor had previously used Great Plains, Peachtree, and AMI payroll programs. She used to work for Fudpucker’s CPA firm and while there, helped out at Fudpucker’s for 7-8 months, before

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User spotlight cont'd from page 6

becoming a full-time employee in May of 1997.

Aggie says, "We looked at quite a number of software programs before deciding on *PayMaster*. Peachtree was great for straight hours, but it didn't handle tips. The other reason we chose *PayMaster* was the interface with MICROS. It pulls over and tracks everything for us. It's a very capable system."

"With *PayMaster*, the time spent in-house actually preparing the entire payroll and tax deposit is about the same as just entering the data for ADP to process. And we don't have any of the headaches we had with ADP as far as the cafeteria deductions and uncollected taxes. Plus, we're saving about \$15,000 a year in payroll processing fees."

"The transition to *PayMaster* was great. Kyle Bonney, Computer Aid's Lead Programmer, and Donna both worked with us on an almost daily basis. We did it at the end of the quarter so we could double check everything. They did an excellent job and it went really smoothly."

"We do payroll every two weeks for both restaurants plus Fudpucker Trading Company (mail order/wholesale) and our administrative company, Fudpucker's Inc. *PayMaster* is so easy to follow because of the way the menus are set up. ADP was a Windows product, but not as easy to work with. Many of our employees work several positions at different pay rates. ADP required us to manually enter hours, rates, and tips for each of the employee's positions, and with several hundred employees, this was no simple task. The MICROS 4700 interface to *PayMaster* helps tremendously. It pulls the information over from disk

and I get everybody's hours by job code, tips, and receipts in a manner of minutes. It's a breeze doing the payroll."

"*PayMaster* has a lot more detail and gives us a much wider selection of reports and information than the other programs I've used. It gives us all the information we need on tips, by department, and all the tax breakdowns. The Federal Tax Deposit Report allows even someone unfamiliar with calculating payroll taxes all the information they need to make their FTD deposit."

"*PayMaster* tracks all sick and vacation leave. I used to have to do that separately in a spreadsheet. And if there's not enough net pay for taxes, *PayMaster* tracks what hasn't been collected in prior checks and takes it out automatically."

"End of year was so simple. I was amazed at how easy everything turned out. And the W-2s were just great! After a few minor adjustments for year-end fringe benefits, everything checked out and I was able to run off all our employees' copies (nearly 500) before New Year's. The employees were real happy with the laser format. And I love having last year's data available with the archive feature — that is so wonderful!"

"We're very happy with *PayMaster*. Support has been superb — anytime we call. So many of our employees have commented — this system is so much better. We all appreciate having it back in-house." ■

Q&A

- Q. Some of my employees have uncollected OASDI & Medicare. Do I have to do anything about it?
- A. Yes, but not to worry. It's simple because *PayMaster* does a lot of the work for you.
1. Make sure your employees notice their paycheck stub tells them if they have uncollected (owed) OASDI & Medicare. Let them know they can make a voluntary payment to you that you then include with the next payroll's federal tax deposit.
 2. When you file your quarterly 941, look at the report you print (under REPORTS/941/ 941 WORKSHEET). If there is an amount on this report for "Uncollected OASDI and Medicare Tax," enter it as a negative amount on Line 9 of the 941, in the "Other" field.

If you are using *PayMaster* to print on the actual 941 form (under REPORTS/941/ 941 FORM), enter the negative amount in the "Other" field when it prompts:

Adjustment of social security and Medicare taxes:

Sick pay	\$	±
Fractions of cents	\$	±
Other	\$	±

- Then, per instructions for Line 9 of the 941, provide a supporting statement saying: "*Adjustment for the uncollected employee share of social security and Medicare taxes on tips.*"
3. Last, but not least, if an employee has uncollected OASDI or Medicare at the end of the year, *PayMaster* prints it on the employee's W-2, in Box 13 labeled "A" and "B". ■

Save time and reduce errors with the MICROS interface

Do your employees clock in and out, and enter their cash tips, using your MICROS point-of-sale system?

If so, it's a simple matter to download their hours, receipts, and tips into *PayMaster's* batch screen. How? With Computer Aid's MICROS interface to *PayMaster*. We have interfaces from the MICROS 2700, 3700, 4700, and 8700.

Eliminate re-keying the data. Eliminate double checking your re-keying. Downloading takes just minutes and your data's on the batch screen, ready to roll.

You can, as always, make changes right on the batch screen, or later via "make corrections" before updating the pay files in *PayMaster*.

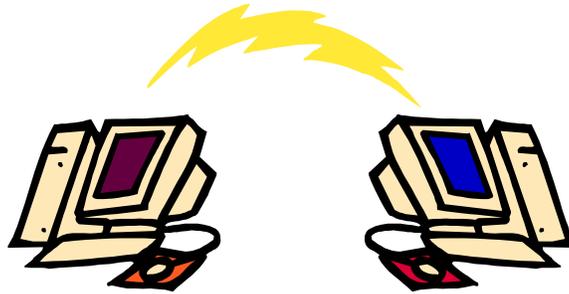
Join the satisfied *PayMaster* customers already using the MICROS interface. Aggie Taylor from Fudpucker's in Destin and Fort Walton Beach, Florida, says "The MICROS 4700 interface to *PayMaster* helps tremendously. It pulls the information over from disk and I get everybody's hours by job code, tips, and receipts in a manner of minutes. It's a breeze doing the payroll."

The price of any MICROS interface is \$500. Call us today to order your interface.

1-800-327-4AID.



From the MICROS POS
to *PayMaster* in minutes



March 1998

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Details inside

- *PayMaster* takes pre-tax deductions first
- Uncollected taxes tracked & reported
- MICROS POS interface to *PayMaster*