

# THE BLUE PAGES

**PAYMASTER PRO LLC**  
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## This Fall's Special Offer

At PayMaster we believe the most significant measurement of a customer's satisfaction is when they recommend our services to a friend or a business colleague. This is clearly the ultimate testimony of a customer's confidence and trust in a company.

Since our humble beginnings in 1983, much of our growth has been fueled by satisfied customers. To show our appreciation, we would like to reward our customers for doing something that many of you do already. We have established a very attractive program that will reward you for your confidence in paymaster and your willingness to refer us to others.

**PayMaster will pay you 40% of the sales total on a referral that leads to a sale.**

All we ask is that you direct a friend or business colleague to Paymaster **and we will take care of the rest.** With an average sale of over \$2000, you could receive \$800 for each paid client that you refer.

## Earn some cash for the holidays!

We are also interested in having PayMaster **user group meetings in your town.** If you can get 5-10 fellow restaurateurs together we will come to your location and show everyone why our program **saves you time and money and gives you complete control of your payroll.** We will give a brief demo of the program and have an open question portion. We can tailor the presentation to practically any payroll topic. Of course, if any of the attendees sign up with PayMaster you will receive full commission on each sale.



In addition we are also **offering a special prize** to the customers who refers leads. Compile us a list of fellow restaurants, CPAs, or anyone who you believe would benefit from PayMaster and send them to us **before Oct 31, 2007.** The winner will be selected at random and will receive a \$200 Best Buy Gift Card. Plus, any lead that generates a sale will entitle you to full commission. Winners will be announced in the year end Blue Pages. Remember even **just one lead** will get you in the drawing.

So please call Brian with all those referrals **703-281-7486** or email [briang@paymaster-pro.com](mailto:briang@paymaster-pro.com).

## W-2 Season is Fast Approaching!

### Don't Wait Until the Last Minute to Order Your W-2 Forms.

For all of us who work with payroll, the falling leaves of autumn signify not just a change of seasons but the approach to our busiest time of year.

Ordering your W-2 forms now means you'll be able to take advantage of the discount, and you won't have to worry about it at the last minute.

Of course, when you order your W-2s forms from PayMaster Pro, you can be assured that they will work with PayMaster.

**Fill out the enclosed order forms** and fax them back today for the largest savings. All orders must be **prepaid** and availability is not guaranteed after 12/15/07.

Order your forms today and get a **10% discount if received by 10/31/07** **5% discount if received by 11/30/07**, and receive the added bonus of having that task out of the way before the busy holiday season starts!



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## Insert from Homeland Security to be included with SSA's "no-match" letter

The Social Security Administration (SSA) issues a "no-match" letter to employers when an employee's Social Security number (SSN) on Form W-2 does not match SSA records. The SSA has announced that it plans to send out the no-match letter to employers for the 2006 tax year in September. The letter will be accompanied by another one from the Department of Homeland Security (DHS), which will explain an employer's obligations with respect to no-match letters under U.S. immigration laws. The DHS recently finalized regulations on employer responsibilities after receiving a no-match letter

**The DHS Letter.** The DHS letter tells employers not to disregard the no-match letter. DHS could decide that an employer has violated the law by knowingly continuing to employ unauthorized persons, if it is determined that some employees listed in the letter were not authorized to work in the United States. This could lead to civil and criminal sanctions against the employer. DHS advises employers to take the following steps after receiving a no-match letter:

- (1) They should promptly (no later than 30 days) check their records to ensure that the mismatch was not the result of an error on their part.
- (2) If this does not resolve the problem, they should ask the employee to confirm the accuracy of their records.
- (3) If necessary, they should ask the employee to resolve the issue with SSA.
- (4) If able to successfully resolve the mismatch, they should make sure to follow all of the instructions in the SSA letter. They should also verify that the correction has been made by using the Social Security Number Verification System (SSNVS). Employers should retain a record of the date and time of the verification. **(See Page 4 for the new feature in PayMaster that interfaces with the SSNVS)**
- (5) If none of the above measures resolves the matter within 90 days of receipt of the DHS letter, employers should complete, within three days, a new I-9 Form as if the employee in question were newly hired, except that: (a) no document may be used to verify the employee's authorization for work that uses the questionable Social Security number, and (b) no document may be used to verify the employee's identity that does not have a photograph of the employee.

The DHS advises employers that if they cannot confirm that the employee is authorized to work in the U.S. using the above procedures, they risk liability for violating the law by knowingly continuing to employ unauthorized persons.

The DHS notes that employers should not terminate an employee whose number did not match SSA records simply based on the no-match letter. Employers should not assume that a mismatch is the result of any wrongdoing on the part of the employee. In fact, employers who take action against an employee based on nothing more substantial than a no-match letter could be in violation of the law.

The DHS letter says that employers will not be subject to discrimination charges if they terminate an employee after following the procedures noted above, as long as they apply the same procedures to all employees referenced in the no-match letter.

### UPDATE :

#### SSA "No-Match" Letters Put on Hold

The SSA had announced that it planned to send out the no-match letters to employers for the 2006 tax year in September. The letter was to be accompanied by another one from the Department of Homeland Security (DHS), which was to explain an employer's obligations with respect to no-match letters under U.S. immigration laws. However, a U.S. District Court has issued a temporary restraining order that prohibits the DHS from enforcing its final regulations on no-match letters. The order also prohibits distribution of the DHS letter.

As a result, **the SSA has postponed its mailing of no-match letters.**

The SSA notes that it is not currently changing its procedures for issuing employer no-match letters or its guidance on how to correct Social Security records, even though DHS has finalized regulations in this area. The SSA announcement also says that **"SSA has no tax or immigration law enforcement role."**



## Important Federal/State Tax Updates

### Indiana

**Withholding Tax.** The Indiana Department of Revenue will be revising the county income tax rate table on October 1 to take into account recent legislation that requires county income tax rates to become effective in October, rather than in July. The current county income tax rate table is effective through September 30.

### New Hampshire

**Wage and Hour.** Effective Sept. 1, 2007, the state minimum wage increases from \$5.85 per hour to \$6.50 per hour.

### Texas

**New Hire Reporting.** Effective Sept. 1, 2007, employers that fail to report a new hire may be liable for a civil penalty of \$25 for each occurrence. The penalty increases to \$500 for each occurrence if there was a conspiracy between the employer and an employee to fail to file a new-hire report or to provide false or incomplete information.

### California

**Wage and Hour.** The Wal-Mart Corporation has agreed to pay over \$3.9 million in unpaid overtime, waiting time, interest, and penalties to 50,000 present and former employees who worked in California. The settlement came about after the company discovered that it had improperly paid employees for overtime hours worked and contacted the U.S. Department of Labor. The state Labor Commission later sued the company to ensure that Wal-Mart follows the more stringent state wage & hour laws [*Jones v. Wal-Mart Stores Inc.*, Cal. Super. Ct., Dkt. No. 07-00374, 08/14/2007].

### MICHIGAN

**Unemployment.** Beginning in the fourth quarter, electronic filers will no longer receive quarterly wage report reminder notices from the state in the mail. Also in the fourth quarter, employers must use a password to file on-line wage reports. Electronic filers that do not have an Employer Web Account Manager (EWAM) account should set up one at the Michigan Unemployment Agency Web site as soon as possible.

### IRS Cautions Employers to Comply with Federal Recordkeeping Requirements

The IRS is reminding employers about the importance of keeping good records. The Service notes that employment tax records must be maintained for at least four years after the later of the due date of the tax for the return period to which the records relate, or the date the tax is paid. The records should include the following information:

- Employer identification number (EIN);
- amounts and dates of all wage, annuity, and pension payments;
- amounts of tips reported;
- the fair market value of in-kind wages paid; names, addresses, Social Security numbers, and occupations of employees and recipients;
- employee copies of Forms W-2 that were returned as undeliverable;
- dates of employment;
- periods for which employees and recipients were paid while absent due to sickness or injury, and the amount and weekly rate of payments made to them by the employer or third-party payers;
- copies of employees' and recipients' income tax withholding allowance certificates (Forms W-4);
- dates and amounts of tax deposits;
- copies of returns filed;
- documentation for allocated tips; and
- documentation for fringe benefits provided, including substantiation.

A willful failure to keep required records is a misdemeanor punishable by a fine of up to \$25,000 (\$100,000 for corporations) and/or imprisonment for up to one year.

### Increase in Federal Minimum Wage Does Not Reduce Tip Credit

The IRS is reminding employers that the recent increase in the federal minimum wage from \$5.15 per hour to \$5.85 per hour **does not affect the calculation of the business tax credit.**

The Code Sec. 45B credit allows employers in the food and beverage industry to claim a business tax credit equal to the Social Security and Medicare taxes they paid on tips received by their employees.

However, no credit is given for tips used to meet the federal minimum wage rate

The law now requires employers to determine their credit using the minimum wage in effect on Jan. 1, 2007 **even if the minimum wage increases**. As a result, employers still use the \$5.15 rate to determine their allowable credit for tips reported for services performed after Dec. 31, 2006, even though the federal minimum wage rate increased to \$5.85 per hour on July 24.

**Please be sure to verify that the values in Setup/Company/Company remain at \$5.15 and \$3.02 so that you receive the full benefit of this tax credit.**

## PayMaster for Windows

### SSNVS

New legislation is coming soon to fine employers for 'knowingly continuing to employ unauthorized persons'. (see page 2 for complete story). **Paymaster Pro has recently added a new module available to all auto update users that will help you reduce your exposure to this problem.** The Social Security Administration has long had ways for verifying employees Social Security Numbers but they were tedious and labor intensive.

**To save you hours of input and the risk of fines,** PayMaster for Windows has developed a module that will interface with the new electronic SSN Verification Service (SSNVS). All employers can access this by registering with the SSA on their web site. If you normally submit your W2 information electronically you already have access to this feature.

This **new module** not only creates a file that is compatible with the SSA's electronic format but it will also read the return file sent by the SSA and convert it into a easy to read report. In this module, you select a range of hire dates to report on. It will select all employees that were hired within those dates and convert their data into a format that the SSA can read. The SSA is checking for consistency between the employees SSN, Name , DOB and Gender. If any of these fields do not match what the SSA has on file they will send you a return file within 24 hours. You can then have this module read the return file and it will print a report that shows you what was wrong with the data submitted. You can then make any corrections and resubmit.



Employers that have used this module last quarter have already discovered the benefits of this module.

**Data Entry Errors.** No matter how hard we try its easy to make keyboard mistakes when transferring the W4 info to PayMaster. Each undiscovered mistake could cost you money and reduce the employees benefits.

**Date of Birth Errors.** One customer found an unexpected side effect of checking this data. Some employees were actually presenting fake driver's licenses to payroll so that they could have bar privileges at the restaurant. Having underage patrons at your establishment could lead to serious fines or a revoked liquor license.

For more information about this program please visit <http://ssa.gov/employer/ssnv.htm>

### What's New in PayMaster

- Many speed optimizations to existing reports
- Cleaner display of Forms
- CA DE6 Form (fills in PDF like the W2s).
- Precheck Register Style 4 (w/ Job Name)
- Precheck Register Style 5 (Current/YTD)
- Interactive Screen now shows Vacation Holiday and Sick
- Option for disabling accruals for current payroll
- Manual Check now optionally prints checks

### Don't Let Your Auto-Update and Support Expire !

With end of year fast approaching it's a good time to check if your support contract is up to date. Without a current support contact you will miss :

**important year end updates ,  
modules to make your job easier and  
procedures that help you stay compliant.**

Your continued support allows PayMaster Pro to:

**keep on top of the ever changing tax laws and requirements so you do not have to, and develop new reports and procedures to keep your company in compliance.**



## W2 Printing for Tax Year 2007

The IRS has announced that W2 forms will have a slight change to the paper format for tax year 2007.

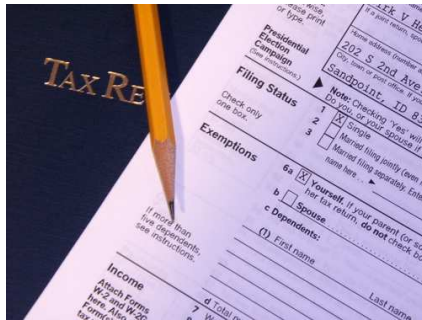
They have moved the 'employees SSN number' from box d to box a and have also moved the optional 'Control Number' from box a to d. There are some informational changes to the backings of the employee copy making last years blanks obsolete.

PayMaster for Windows will have an update as soon as the specification becomes final. All Auto Update users will receive this automatically.

**As of Jan 30, 2007 we no longer support or offer updates for PayMaster for DOS.** We encourage all the remaining DOS customers to please

begin their plans to convert to our Windows product as soon as possible as **PayMaster for DOS will NOT be able to print W2s for tax year 2007.**

If you have not purchased the Windows program **please contact Brian for pricing at (703) 281-7486.**



If you have an existing quote we will honor it.

**If you have purchased and have not yet implemented the new system, please call for an appointment for installation.** End of year is a busy time for all of us and we want to be able to offer you as much help as we can.

We recommend doing this conversion as soon as possible so you are able to verify your employee info and prior quarter conversion data and begin running mock payroll.

**Thanks to all of our customers for your continued support.**

## SSNVS (cont)

### Why Should I Verify SSNs Online

- \* Correct names and SSNs on W-2 wage reports are the keys to the successful processing of your annual wage report submission.
- \* It's faster and easier to use than submitting your requests by paper listings or using the telephone verification option.
- \* Results in more accurate wage reports.
- \* Saves you processing costs and reduces the number of W-2Cs.
- \* Allows Social Security to properly credit your employees' earnings record, which will be important information in determining their Social Security benefits in the future.

### Restrictions on using SSNVS

- \* Do not use SSNVS before hiring an employee.
- \* While the service is available to all employers and third-party submitters, it can only be used to verify current or former employees and only for wage reporting (Form W-2) purposes.
- \* Social Security will review usage of SSNVS to ensure that employers are using it for the proper purposes.
- \* Do not use SSNVS to take punitive action against an employee whose name and Social Security number do not match Social Security's records.
- \* A mismatch does not imply that the employer or the employee intentionally provided incorrect information.

\* A mismatch does not make any statement about an employee's immigration status and is not a basis, in and of itself, for taking any adverse action against an employee. Doing so could subject you to anti-discrimination or labor law sanctions.

## More State News

### Indiana Users: Local Tax Rates change on October 1, 2007.

Please contact PayMaster Pro before you run your first October Payroll to update your Local Tax Tables.

### Virginia Requires Magnetic Media Reporting for SUI Report

The law now requires employers who report 250 or more employees in any calendar quarter to report using magnetic media through December 31, 2008. Beginning January 1, 2009, employers who report 100 or more employees in any calendar quarter in 2009, or thereafter, shall file quarterly reports on an electronic medium. Also, beginning January 1, 2009, any employer who reports 100 or more employees, but fails to file electronically and does not obtain a waiver, will be assessed a penalty of \$75.

**PAYMASTER**  
*Hospitality*

It pays to know your business

**PAYMASTER PRO LLC**  
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*“Helping Employers Do Payroll Right”*

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Payroll the Right Way since 1983  
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