It's W-2 time!
Order now to avoid the rush, plus save 15%

Only W-2s ordered from us are guaranteed to work with *PayMaster*

Haven't you often thought how nice it would be if you were so organized that things didn't have to be rushed?   Or that you didn't have to worry about missing a deadline because you lacked an essential part of your project? Well, we're here to help you get ready for your busiest accounting month of the year -- January. Just think -- you could have your W-2s in hand as early as November. You can try them in your printer to make sure it will handle them. If you order plenty of extras, you can practice lining them up. Or, you can just sit and smile at them. Because you know you won't be in a panic come January 31. Plus, orders paid by October 15 will receive a 15% discount.

Which type of W-2 to order? Here's an illustration of a few types. Turn the page for descriptions to help you decide.

N E W
Create your own checks and W-2s.

☞ Print your own W-2s on your laser printer, using blank perforated paper. *PayMaster* 6.0 and the W-2 printer program required. Please see p. 8 for more information.

☞ Create your own checks on your laser printer, using magnetic MICR toner and special watermark blank check stock. Requires *PayMaster* 6.0 **Xtra** and the check writer program. Available now! Call us for details (we'll have more info in the next issue of the Blue Pages).

Inside

Which W-2 forms should you order?			
If you are a federal _and_ state mag media filer, and have a:	4-part state	6-part state	8-part state
☞ narrow dot matrix printer	TT3B (3 ply carbonless)	TT4B (4 ply carbonless)	TT3A + TT4B (3 and 4 ply carbonless)
☞ standard wide carriage dot matrix printer	TT3B (3 ply carbonless)	TT4B (4 ply carbonless)	2-wide 8-part (4 ply carbonless)
☞ heavy duty wide carriage dot matrix printer	4-part 1-wide mag media self-mailer (6 ply + 3 carbons) or above	4-part 1-wide mag media self-mailer (6 ply + 3 carbons) or above	Call.
☞ laser	laser	laser	laser
If you are a paper filer, or are a federal mag media and state paper filer, and have a:	4-part state	6-part state	8-part state
☞ narrow dot matrix printer	4-part (4 ply carbonless)	TT3A + TT3B (3 ply carbonless)	TT4A + TT4B (4 ply carbonless)
☞ standard wide carriage dot matrix printer	2 wide 6-part (3 ply carbonless) or above	2 wide 6-part (3 ply carbonless) or above	2-wide 8-part (4 ply carbonless) or above
☞ heavy duty wide carriage dot matrix printer	4-part 1-wide mag media self-mailer (6 ply + 3 carbons) or above	2 wide 6-part self-mailer (6 ply + 3 carbons) or above	use either above
☞ laser	laser	laser	laser
All except self-mailers require window envelopes			

With a heavy duty printer like the Okidata Microline 393 Plus, you can use self-mailers. One pass through your printer. Remove the outer IRS, state and employer copies. The part that's left goes to the employee and it's pre-sealed in its own envelope which was addressed when you printed the W-2s.

Have a wide carriage printer but it can't handle the thickness of the self-mailer? With two-wide W-2s and one pass through the printer, you print each employee's W-2 twice -- on the left (copies for the IRS, state and employer) and on the right (copies for the employee). Use with matching window envelopes.

Narrow carriage printer and you're a 6- or 8-part state? Order the twin sets (TT3A + TT3B or TT4A + TT4B). Two passes through the printer -- once on set A to get the IRS, state, and employer copies; again on set B to get the employee copies. Use with matching window envelopes.

Want what you used last year, but can't remember what you ordered from us? Just give us a call.

Only W-2 forms ordered from us are guaranteed to work with *PayMaster*.

September 1992

Tax law changes

Federal changes

Mandatory 20% withholding on non-periodic qualified plan distributions, such as lump sum pay-outs, unless the employee elects to have the benefit transferred directly to another qualified plan, IRA, or 403(b) annuity.

State withholding changes

IN   Some counties have enacted income tax (County Development Income Tax) effective 7/1/92.

KS   Effective 1/1/92 (retroactive), withholding tax rates have increased. New tables issued 7/1/92.

MD   Some counties will increase their withholding rate again effective 1/1/93.

OH   Many school district taxes effective 1/1/93. Cities increased withholding rate.

PA   Withholding payments of $40,000 or more must be made by electronic funds transfer effective 7/1/92.

RI   New percentage tables effective 7/1/92.

Unemployment

MD   Taxable wage base $8,500 1/1/93.

Child support

NH   Effective 1/1/92, employer liable for a $100 fine per pay period for each employee for whom it willfully fails to immediately withhold child support and pay amount withheld.

WI   An employer must remit payment of income withheld under a notice of assignment for child support to the Clerk of the Court within 5 days after the employee is paid.

Workers Comp

NM   Employer & employee -- each assessed $2 each quarter (deducted from pay beginning 6/30/92.

Misc

CA   Bars "use it or lose it" vacation accrual policies. BUT if you have a policy limiting the total amount of vacation time an employee may accrue it is lawful.

State W-2s on mag media

MANDATORY for companies that file federal mag media:

CO*	LA	MS
DE	MD	NY
ID	MI	OR
IL	MN	WI

OPTIONAL:

AL	KY	OH
AR	MA	OK
AZ	ME	PA
CA	MO	RI
CO*	MT	SC
CT**	NE	UT
DC	NJ	VA
IN	NM	WV
IA	NC	
KS	ND	

NOT PERMITTED:

HI	VT

* CO is mandatory for electronic filers of withholding deposits, mandatory for companies that file federal mag media, and optional for all others.

** CT will be mandatory in 1993.

Alert

There's a new field in each state tax table for *PayMaster* 6.0 and 6.0 **Xtra** that <u>you</u> must fill in with your company's state withholding number. This is now where *PayMaster* looks for your state ID when it prints your W-2s. Go to INIT/TAX/each state code/GENERAL and enter your withholding number. We made this change to accommodate the many companies that have employees residing in multiple states.

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Q & A

Q. What *is* a cafeteria plan and do I have to do anything special to start one for my employees?

A. A cafeteria plan (flexible spending account) is a special type of plan that **must** be individually approved by the IRS. It's a written benefit plan that allows employees to chose from among taxable and nontaxable "qualified benefits" offered by the employer, such as accident or health insurance, life insurance, dependent care, profit sharing, and elective vacation days. Employees can set aside portions of their salary -- money that will be sheltered from federal income, OASDI/Medicare, and federal unemployment taxes -- to pay for medical and other expenses. *PayMaster* 6.0 gives you a lot of flexibility by providing five deduction fields (nine in Ver 6.0 **Xtra**) that can be pre-tax.

Q. When I include an employee's vacation pay in a regular paycheck, taxes are withheld as if they were in a higher bracket. Why?

A. *PayMaster* thinks he makes that amount each pay period, so a higher percentage of taxes are withheld. But you can change the withholding period just for this payroll. When you're on the employee's interactive screen during payroll processing, press **ALT/W** to choose a different pay period (e.g. bi-weekly instead of weekly). Then, re-enter the employee's units worked to have it re-calculate withholding.

Q. We're expanding -- opening 3 new stores. Is there a shortcut so I won't have to answer all the division questions for each new store?

A. If you have *PayMaster* 6.0 **Xtra**, you can duplicate a division. Divisions 1 through 9 may be copied into the new division. To do this, go into the new division, choose INIT/DIVISION and then press ALT/# (# is the # of the division you want to duplicate. Then make any changes (division name, address, etc.) and you're all set.

Q. We're starting a second company separate from the first. How do I install data files for a new company?

A. You don't have to install data files. *PayMaster* 6.0 does it for you now, and it will create the subdirectory for you. Just enter the company I.D. code you want to use (will be the name of the subdirectory as well) when you first go into *PayMaster*. You'll be asked if it's a new company. When you respond *yes*, *PayMaster* will make the subdirectory and create the empty data files, so

you're all set to go. Don't forget to call us first to get an authorization number for the new company.

Q. What does it mean when I choose BATCH and it asks me if I want to Display Zeroes, Current, Standard.

A. Zeroes will put a zero in each field, allowing you to write over it with the actual number. Current will bring in the amounts in each person's current file (useful if you already processed the batch screen and had to recalculate a group of employees or if you were half way through the batch and wanted to continue the next day). Standard will bring in units from the individual employee files. If you've initialized a time/labor device, you'll have a fourth choice, Timekeeper, which brings in data from your time & attendance system.

Q. Will I be able to use my current supply of paychecks once I start using *PayMaster* 6.0?

A. You will still be able to use your current supply of pin-fed and laser checks with *PayMaster* 6.0 by using a different PYCHECK.EXE file. See page 7 for more information.

User spotlight

"I believe the best program is only as good as the support you get with it. With Computer Aid I not only get the support I need, but tax law updates that work."

Claudia Trenum, owner of Trenum Bookkeeping Service and the bookkeeper for Napoleon's in Warrenton, Virginia, has been doing full charge accounting for over 40 years. And, for 35 of those years, she did it manually! On May 4, 1987, she thought she was about to lose one of her fastest growing clients when Phil Harway, the owner of Napoleon's Restaurant, told her he was getting a computer. But his next question was, "Are you interested in learning something new?" He set Claudia's mind at ease because he wanted her to continue doing his bookkeeping on the new computer.

Claudia was enthusiastic about embarking on a new learning experience. She didn't want to leave the accounting field and she realized that the other CPAs for whom she produced reports would also like the computer printouts. She thought in the future she might get a computer herself!

Claudia Trenum in front of Napoleon's Restaurant.

"Phil selected Computer Aid software -- payroll; restaurant inventory, menu & cost control; accounts payable; and general ledger. He decided I would do payroll and general ledger, and that Linda Elgin, his manager, would do accounts payable and the restaurant inventory, menu & cost control programs."

Putting the inventory on the computer was Linda's first experience with computers. Before that, she did the food, beer, liquor and wine inventory manually on a monthly basis. Linda says, "it was horrible and took two days. Once the inventory program was up and running on the computer, I was able to do a *weekly* cost of sales in just two hours. The computer does all the figuring down to a tenth of a bottle. It shows what we used and what we should have used. It helps me keep my eye on what is going on. If we're short a half bottle of bourbon, I can ask the bartender, `what's this?' I love the inventory -- it makes my job so much easier."

Claudia was just as pleased with the payroll and general ledger programs. After a trainer from Computer Aid drove to Warrenton, installed the software and began training Phil and Claudia, Claudia

said, "Computer Aid support staff built my self-confidence, eliminating all intimidation." As each year went by and the payroll tax laws got more complex, "Phil and I were so glad we had *PayMaster* and updates that kept the software current with the tax law changes."

A year later, Claudia got her own computer and selected Peachtree software for her other clients, because several of the CPA's she worked with recommended it. And, because her other clients were smaller businesses, she thought they didn't need the full list of features in Computer Aid's software. Her support from Peachtree was never very good, and, to make matters worse, this past February she received a payroll update that did not work properly. "I started to lose sleep and had to calculate each number by hand to verify that it was correct. The interface to the general ledger didn't work properly; thus making it necessary for general ledgers transfers to be calculated manually. When I called for support, the support person said that he didn't have time to help me. There I sat, stuck and unable to get help!

After using Computer Aid's software for five years, Claudia saw how it was able to meet all of Phil's expanding needs as his business grew. Plus, she wasn't losing sleep about this client's data. So Claudia decided to see if Computer Aid's payroll and general ledger would work for her doctor's complex, her sanitation company, and her other non-restaurant clients. When she learned that it could handle all types of businesses, she felt comfortable moving her other clients to Computer Aid software.

Today, eight of her clients are up and running. Her most sophisticated client, an engineering firm that requires the software to handle international issues and foreign tax credits, is extremely pleased with the new income statements and balance sheet.

Claudia says "Peachtree does not have the features that some of my clients need. Besides, I believe the best program is only as good as the support you get with it. I'm completely happy with Computer Aid's software AND support. And, more important, so are my clients."

A Special Q & A on Tip Allocation

Since there are many questions on tip allocation, we've decided to do a special Q & A. [Our regular Q & A is still here, on page 4.]

Q. My employees pool tips. Can *PayMaster* still allocate correctly?

A. Just have each employee report the amount of tips he receives from the pool. Whether you allocate by receipts or by hours, if the pooled total is less than 8%, *PayMaster* will allocate correctly.

Editor's Note: You have no liability in connection with any dispute regarding tip allocations, provided they are computed and reported according to IRS regulations. *PayMaster* follows the regulations precisely and prints out the report in the same format as the regulation examples.

Q. Does it make any difference if my indirectly tipped employees report tips, since they are already paid minimum wage or higher?

A. If your indirectly tipped employees don't report their tips, it could hurt your directly tipped employees. If total tips reported are at least 8%, there's no allocation. But, for example, if directly tipped employees have reported tips totalling 7.5% of receipts and indirectly tipped have 1% but don't report them, the directly tipped employees will have allocated tips.

Q. My employees added last week's allocated tips to this week's reported tips, so now they're over 8% YTD. Why do they still have allocated tips in their YTD files?

A. You are allocating by pay period. Once the allocation is computed, it is added to the YTD allocation, so that at the end of the year, the allocation is the sum of each pay period's allocation. *PayMaster* doesn't "unallocate" tips if an employee reports more than 8% the next time.

Q. How can I change the allocation in the year-to date file, to reflect the additional tips reported?

A. You can do an annual allocation at any time. On the Division Screen, change "Tip Allocation?" to *no*. Then, from the main menu, choose CALCULATE /ALLOCATION. *PayMaster* will go through each employee's record and re-allocate tips on an **annual** basis and print a report. This is the allocated amount that will print on the employees W-2. After you've updated the files, make sure you go back to the Division Screen, and change "Tip Allocation?" back to *yes* so *PayMaster* will allocate on a pay period basis again, so any allocated tips will appear on the employee's paycheck stub. You may want to do an annual allocation again just prior to printing the W-2s.

Q. Does allocation affect my 941?

A. No, only Form 8027 and the employee's W-2. You do not withhold or pay taxes on allocated tips. You only report them.

Q. Can I put in 8% of receipts as reported tips for my employees? I don't want them to get in trouble with IRS and many of them don't declare tips.

A. Yes, if you get agreement to do so from 85% of the employees in each job category, e.g. waitresses, bartenders. On Form 8027 check the method of allocation as "by agreement."

Q. We add a 15% service charge to all our banquet meals. Is this banquet tips or regular tips?

A. Neither. A service charge is wages, not tips. You can set up one of the additional income fields as Banquet Tips, and answer *yes* to federal, state, OASDI/Medicare, SUTA, FUTA and SDI tax withholding. W-2 income type should be *o* (other compensation), so that the income is taxed as wages and put in Box 10 and other appropriate boxes on the employee's W-2.

Q. Is it better to allocate by the hourly or gross receipts method? By pay period or annually?

A. It's fairer to allocate by receipts because some times of the day are busier and tips are larger per hour worked. Breakfast & lunch may have lower tips than dinner. If your point of sale system does not give you receipts by server and it's impractical to manually compute receipts by server, you may be forced to use the hourly method. If you're over the maximum number of employees for hourly allocation, you have to get written agreement to allocate by hours from 85% of the employees in each job category, e.g. waitresses, bartenders. On Form 8027 check the method of allocation as "by agreement".

It's better for your employees if you allocate on a pay period instead of annual basis. Then they'll know when they have allocated tips, and can make them up in later weeks. If you then re-allocate on an annual basis, they may not have any allocated tips appear on their W-2.

Q. My annual hourly allocation does NOT come out correctly. Why?

A. There are three possibilities:

1. You had an employee who worked in one division and you changed the division number via DISPLAY EMPLOYEE when he worked in another division. You should have reinitialized him with a different code and the same SSN in the second division. Allocation is computed by division since a separate 8027 is required for each store. *PayMaster* 6.0 (and 6.0 **Xtra**) will print only one W-2 for this employee as long as the employee does not move to another state. Allocations from each division will be added together.

2. Originally Job 1 was set up as a waitress with "alloc?" as *y*. The employee was made a manager and Job 1 was changed to "alloc?" as *n*. Job 2 was added as a waitress. When allocation was computed at the end of the year, the hours for Job 2 were 0. If you're allocating by hours annually, you need to leave each tipped job in the same position for the whole year.

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3. A tip type was *D*(irect) or *I*(ndirect) and then changed to *N*(o) or *E*(xcluded) after the employee had reported tips. Once an employee's tip type is *D* or *I*, it should be left that way until the year is finished.

A check is a check is a check... or maybe not

In order to use the new, larger and more detailed check stub offered with *PayMaster* 6.0 and 6.0 **Xtra**, you'll want to order a supply of checks with the double stub.

You can use up your old supply of pin-fed or laser payroll checks by using the PYCHECK.REG instead of the PYCHECK.EXE that comes with *PayMaster* 6.0 or 6.0 **Xtra**.
Call for a copy of the new check order form for Version 6.0 & 6.0 **Xtra** large stub checks PYCHECK.NEW blank pin-fed check with double stub. PYCHECK.REG pre-printed pin-fed payroll check with single stub. PYCHECK.LAS new double stub laser check. PYCHECK.EXE which?

W-2 laser printing the easiest way possible

Now, printing your W-2s on a laser can mean printing your own forms at the same time you print the employee data! Yes, with *PayMaster,* the W-2 printer program, and the tax font for your laser printer, you can print your own W-2s onto blank perforated paper. Just think -- no more collating of laser W-2s!

No special toner needed. Use *PayMaster* to print Copy A for the Social Security Administration on the preprinted forms with red scannable ink. (If you file mag media, you don't even need that.) All other copies can be printed 4 to a page -- lines, words, and employee data -- by *PayMaster* and the W-2 printer program. SK -- needs work.
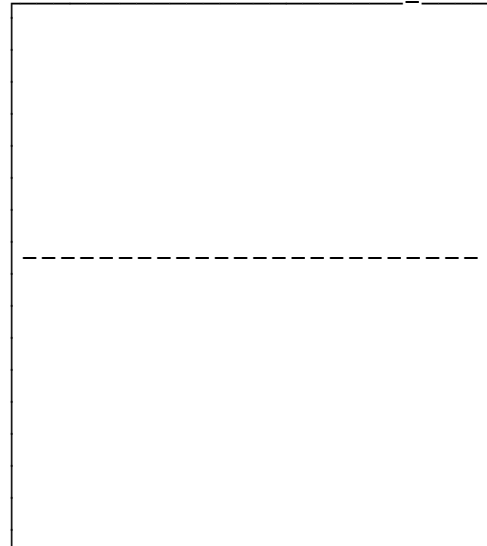
Works with all Hewlett Packard LaserJet IIs and IIIs and many compatibles. Call for specific hardware compatibility.

For more information and prices, just give us a call.

Computer Aid Corporation

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Important payroll information inside.