

The Blue Pages

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PayMaster for Windows

We are thrilled to announce the launch of Paymaster Version 8.0. All the detailed functionality of Paymaster for the hospitality industry and more, in a Windows platform. As valued Paymaster customers for many years we know you have waited patiently for this product. Currently, the software is in advanced beta testing stage and anticipating release for early 2005.

PayMaster:

- Continues to handle all aspects of tips for the hospitality industry and prepares tip calculation and tip reports
- Imports from popular POS Systems
- Runs on Windows 98, ME, 2000 and XP
- Backend database is MySQL
- Interfaces with Time Clock Products
- Provides customizable reports queried on any time period
- Maintains and archives check history

As a way to familiarize yourself with the new version, we are planning an End User Meeting in early October. We are also offering a more in-depth training on the product later that same day. Please watch for upcoming announcements to be mailed as well as postings on our website.

www.Computeraid-llc.com

As you know, Paymaster has been serving the hospitality industry since 1983 and the new functionality and ease of use of Paymaster 8.0

version remains true to its core ability to serve the unique needs of this industry. At the same time, we are excited about the new version and the increased functionality and ease of use.

2004 Tax Changes and Filing Reminders

Big changes in the formatting on the paper W-2 this year with a minor magnetic media fix. **All users** will need AutoUpdate this year to print or generate W-2s. See insert for information on ordering AutoUpdate.

Filing Deadlines include:

- File Copy A of Form W-2 and W-3:
 - on magnetic media by February 28, 2005
 - electronically (not magnetic media) by March 31, 2005
- For tax year 2004, Business Services Online (BSO) filers cannot upload their files before January 10, 2005
- *Note: For each W-2 that you file late, you may owe a penalty for each. (Refer to IRS 2004 Instructions for Forms W-2 and W-3)*

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W2 Special Bulletin

Plan Ahead and Save Money !

You will get a 15% discount if your prepaid order is received by Sept 30.

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

Yes , Its W-2 time already.

W-2 season is fast approaching and the forms will be available soon. This year there have been formatting changes to the forms. Auto update includes the change in W-2 formatting.

- You get the 15% discount when you order and pay early.
- You can save money and you'll have your W-2's in November.
- You won't have to worry about rush shipments.

Don't know which kind to order ? Our most popular style for users is the laser 4-up form.

Advantages :

- No need to collate each employee's copies- they're all on one page, as shown on the right. Just fold and put in the window envelope !
- No need to line up those pesky boxes on a dot-matrix printer.
- No need to worry if your dot matrix printer can handle the 4-part or 6-part pin-feed W-2's. Each page is one employee's complete set of W-2's. Print the employee set. Print the state set. Print the federal set. Print the company set. All done. No collating. **Couldn't be easier!**

4-UP EMPLOYEE

Copy B To Be Filed With Employer's FEDERAL Tax Return				2003				Copy 2 To Be Filed With Employer's State, City, or Local Income Tax Return				2003			
1 Social Security number		2 Employer's name, address, and ZIP code		3 State number		4 State number for withheld		5 Social Security number		6 Employer's name, address, and ZIP code		7 State number		8 State number for withheld	
9 Social Security number		10 Employer's name, address, and ZIP code		11 State number		12 State number for withheld		13 Social Security number		14 Employer's name, address, and ZIP code		15 State number		16 State number for withheld	
17 Social Security number		18 Employer's name, address, and ZIP code		19 State number		20 State number for withheld		21 Social Security number		22 Employer's name, address, and ZIP code		23 State number		24 State number for withheld	
25 Social Security number		26 Employer's name, address, and ZIP code		27 State number		28 State number for withheld		29 Social Security number		30 Employer's name, address, and ZIP code		31 State number		32 State number for withheld	

Copy B for Federal

Copy 2 for State, Local

Copy C For EMPLOYEE'S RECORDS (See Notice to Employees on back of Copy B)				2003				Copy 2 To Be Filed With Employer's State, City, or Local Income Tax Return				2003			
1 Social Security number		2 Employer's name, address, and ZIP code		3 State number		4 State number for withheld		5 Social Security number		6 Employer's name, address, and ZIP code		7 State number		8 State number for withheld	
9 Social Security number		10 Employer's name, address, and ZIP code		11 State number		12 State number for withheld		13 Social Security number		14 Employer's name, address, and ZIP code		15 State number		16 State number for withheld	
17 Social Security number		18 Employer's name, address, and ZIP code		19 State number		20 State number for withheld		21 Social Security number		22 Employer's name, address, and ZIP code		23 State number		24 State number for withheld	
25 Social Security number		26 Employer's name, address, and ZIP code		27 State number		28 State number for withheld		29 Social Security number		30 Employer's name, address, and ZIP code		31 State number		32 State number for withheld	

Copy C for Employee

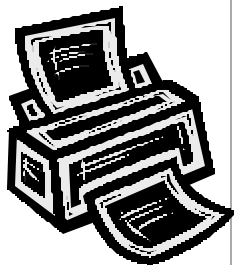
Copy 2 for State, Local

Please visit our web site for New products and updates.
www.computeraid-llc.com



**Yes, there is a way to avoid
Printing W-2s.
Have ComputerAid print them
For you !**

Purchase the forms but tell us to hold them. At the end of the year, send us your data along with the totals page from your plain paper W-2s (after double checking the data). We'll print the W-2s and ship them to you.



Please call for price and scheduling information.

No need to worry about employee 4-up forms lining up on your laser! Order the W-2 Printer Program.

If you print a large numbers of W-2's, and/or have problems printing the employee copies on your laser, **consider getting the W-2 Printer Program from Computer Aid.** This separate module works with *PayMaster* and **HP Laser printers** with "tax fonts" installed, by taking your *PayMaster* data and printing the W-2's on blank perforated paper. Just order the W-2 Printer Program, special blank perforated laser paper, and print the actual form as well as the data – **all at the same time**. If you don't file mag media, you can also order the SSA red copies from Computer Aid. Call us for more information.

No matter which type of laser W-2 you choose (preprinted or plain perforated), *PayMaster* will print the employee copy 4-up.

Dot Matrix W-2s

Don't have a laser ? Or do you want use self mailers because you don't want to stuff envelopes? Your choice depends on your printer.

With a heavy duty dot -matrix printer like the Okidata Microline 393 Plus, you can use self mailers. All it takes is one pass through your printer. Remove the outer SSA, state and employer copies, and the part that is left goes to the employee. It's presealed in its own envelope which is addressed as you print the W-2s.

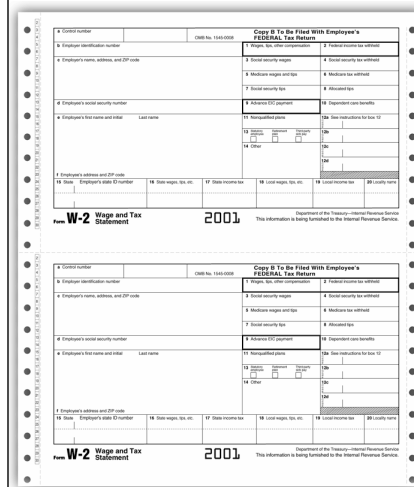
Have a wide carriage printer but it can't handle the thickness of the mailer? With two-wide W-2s , you print each employee's W-2 twice with one pass through the printer. The copies on the left are for the SSA, state and employer, and on the right for the employee. Use with matching window envelopes.

Have a narrow carriage printer and you are a 6 or 8 part state? Order the twin sets. Two passes through the printer- once on set A for the SSA , state and employer copies; again on set B to get the employee copies. Use with matching envelopes.

Laser printer W-2s

If you have a laser printer you have three choices.

1. Preprinted laser forms with a 4-up for the employee. No collating required.
2. Preprinted laser forms with a 2-up form for the employee. Use if you have two local taxes or if your laser printer can't handle the 4-up form.
3. The W-2 Printer program that lets you print on blank perforated paper on your laser printer.



Order Early And Save !!!

The earlier we receive your prepaid order the **larger** the discount.

- By Sept. 30, 15% off
- By Oct. 31, 10% off
- By Nov. 30, 5% off



Which W2 forms should you order?

Laser preprinted 4 part includes:

- √ Employee 4-up
- √ Copy A
- √ Copy D

Example: If you order 100 laser 4-part you would get:

100 Employee 4-up, 50 Copy A, 50 Copy D

Laser preprinted 6-part includes:

- √ Employee 4-Up
- √ Copy A
- √ Copy D
- √ Copy 1

Example: If you order 100 laser 6-part you would get:

100 Employee 4-up, 50 Copy A, 50 Copy D,
50 Copy 1

Laser preprinted 8-part includes:

- √ Employee 4-Up
- √ Copy A
- √ Copy D
- √ (2) Copy 1

Example: If you order 100 laser 8-part you would get:

100 Employee 4-up, 50 Copy A, 50 Copy D,
100 Copy 1

TAX FORM DEFINITIONS

Employee 4-Up form is one page on which includes:

W-2 employee copy
Employee Copy B to be filed with Federal return
Employee Copy 2 (2 forms) for state and local tax returns
Employee Copy C for your own records

Copy A (1 page equals two forms)
Employer Social Security Filing

Copy D (1-page equals two forms)
Employers copy

Copy 1 (1 page equals two forms)
state, city or local tax

W-3 Form is the Social Security Administration Summary Form for total wages, taxes, etc., paid by the employer.

1-wide 4-part for dot matrix includes:

- √ Employee Copy
- √ Copy A
- √ Copy D

Twin sets (3-part each side) includes:

- √ Employee Copy
- √ Copy A
- √ Copy D
- √ Copy 1

Twin sets (4-part each side) includes:

- √ Employee Copy
- √ Copy A
- √ Copy D
- √ (2) Copy 1

2-wide 6-part 3 ply includes:

- √ Employee Copy
- √ Copy A
- √ Copy D
- √ Copy 1

The Mag Media 4-part mailer with carbons, has a self-contained envelope which includes:

- √ Employee Copy
- √ Copy A
- √ Copy D

The 6-part 2-wide mailer with carbons, has a self-contained envelope which includes:

- √ Employee Copy
- √ Copy A
- √ Copy D
- √ Copy 1

The 8-part mailer with carbons 2-wide, also has a self-contained envelope and includes:

- √ Employee Copy
- √ Copy A
- √ Copy D
- √ (2) Copy 1

1099 Forms:

Copy A is for the IRS, State Copy,
Copy B is for Employee Records,
Copy C is for the Employers Records

Other Filing Reminders As Pertaining to Social Security

- Tax year 2004 is the last year the Social Security Administration will accept tape or cartridge submissions.
- A Form 6559 is only needed when submitting magnetic tapes or cartridges,
- They **will not** accept 8 inch, 5 1/4 inch or Zip diskettes, CD-ROM, DLX cartridges or 4490 cartridges.
- All submitters must obtain a Personal Identification Number (PIN) through the registration process and must enter that PIN in the RA Record.
- Make sure the PIN assigned to the employee who is attesting to the accuracy of the W-2 data is included in the Submitter Record (RA Record). See Section 5 (PIN/Password Registration Information) for additional information.
- Make sure each data file submitted is complete (RA through RF Records). *

TAX YEAR 2005 IS THE LAST YEAR ACCEPTING DISKETTE SUBMISSIONS

Minimum Wage and Overtime

When operating in a state that allows a tip credit, employers must make sure that employees declare enough in tips to bring them up to the full minimum wage. Otherwise, the employer is responsible for making up the difference. The tip credit may only be taken by the employer when the employee has the ability to earn tips. Therefore, when employees are attending meetings and training or are performing any other work that does not involve the payment of tips, they must be paid the full minimum wage.

A common problem for companies employing tipped workers is not having enough money in the employee's paychecks to cover taxes and pretax

deductions. One way to increase the amount employees receive in their paychecks is to pay out charged tips through payroll. However, such a policy should be put in writing and agreed to by the employees.

Even if tips are put through payroll, for wage-and-hour purposes these tips may not be included when calculating the required minimum wage or overtime payments. Further, deductions from pay for the employer's benefit may only be made from wages paid by the employer, not from charged tips, and may not be made at all if they would bring the hourly pay below the minimum wage.

For calculating overtime, production bonuses paid to employees must be included in their regular rate of pay. For example, if employees receive a bonus for selling a certain number of appetizers, the bonus must be included in their rate of pay for the period during which the bonus was earned. As a reminder, any tip credit take must be included in the regular rate of pay, as must any other additional payments, such a banquet fees. * *

IRS Issues TIN Matching Publication

The IRS has issued a new publication, IRS Publication 2108-A, e-Services On-Line TIN Matching Program. The publication details guidelines for its on-line taxpayer identification number (TIN) matching program under which payors can verify payee TINs that are required to be reported on information returns and payee statements. The guidelines follow Rev Proc 200-9, 2003-8 IRB 516, which expanded the TIN matching program for all payors of reportable transactions. Pub 2108-A provides information for the third-party payor community, and its authorized agents, and includes acceptance criteria for participation in the e-Services TIN Matching Program. * * *

- * Social Security Admin. Pub. No. 42-007
- * * RIA Publication 2004 Checkpoint
- * * * RIA Checkpoint Article (PG, 08/06/2004)

IRS Plans Major Revision of Form 941 For the First Quarter

The revised forms should be used beginning with the first quarter of 2005, according to Carole Barnette, IRS' Review Chief.

On July 19, the IRS released a draft version of a revised Form 941 (*Employer's Quarterly Federal Tax Return*), as well as drafts of a revised Schedule B (*Report of Tax Liability for Semi weekly Depositors*) and a new Schedule D (*Report of Discrepancies Caused by Acquisition, Statutory Mergers, or Consolidations*).

General Appearance. First of all, the form is now two pages rather than one. The extra length is almost entirely due to increased font sizes, bigger boxes in which to write, and the inclusion of some instructions on the form itself. Second, the background of the form is now shaded to make it easier to read and to make the boxes stand out more. Finally, lines and boxes "for IRS Use" have been removed.

Parts:

The new form is divided into parts by type of the information requested.

- Above Part 1. The employer's name, address, and employer identification number (EIN), and a set of four check boxes—one for each quarter.
- Part 1. The wage and tax information for the quarter being reported, much like the bulk of the current 941.
- Part 2. Indication of the employer's tax deposit schedule. Monthly depositors will indicate their tax liability for each month in this part, and semiweekly depositors are directed to Schedule B.
- Part 3. Check boxes for closed or seasonal businesses.
- Part 4. Designation of a third party who may discuss the return with IRS.

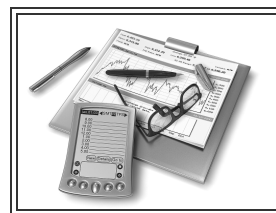
- Part 5. Signature, name, and title of a person responsible for the taxes (such as a corporate officer).
- Part 6. Name, address, and signature of a paid preparer.

Additional reporting requirement. The current Form 941 asks for the number of employees paid in the pay period including March 12 (requiring an answer only for the first quarter's 941). The new Form 941 asks that question each quarter. In other words, the employer will indicate the number of employees paid in the pay period including March 12, June 12, September 12, and December 12. Note: APA members have generally said that if a payroll system can report that number for one quarter, it can do it for the others as well.

Clarity. Besides making Form 941 easier on the eyes, IRS wanted to make it more likely that employers would complete it correctly. After careful study, several modifications have been made with this goal in mind.

Processing the new form

IRS advises APA that the new Form 941 will be scanned, which should increase the accuracy of data collected and increase processing efficiency (the current form cannot be scanned). However, the new form will not be printed in "red dropout ink" (such as is used on Copy A of paper Forms W-2) meaning that substitute forms, such as those printed on plain paper using payroll software packages, will be acceptable. *



* Payroll Currently Aug. 6, 2004 ISSUE # 16

September 6-10 Marks Ninth Annual National Payroll Week

During the week of September 6-10, 2004, payroll professionals across the nation will celebrate National Payroll Week (NPW), founded by the APA in 1996. NPW celebrates the unique partnership among America's 140 million wage earners and the payroll professionals who pay them. Together, through payroll withholding, they contribute and collect two thirds of the annual revenue of the U.S. Treasury. NPW aims to increase public awareness of the crucial role payroll plays in the U.S. economy and is strongly supported by federal, state, and local governments. To find out more about NPW and the many ways your company can participate, visit:

www.nationalpayrollweek.com

State Tax Laws

Massachusetts

A working draft of a proposed technical information release from the Department of Revenue explains the Massachusetts tax implications associated with same-sex marriage (valid for tax periods that end on or after 5-16-04) and the effect on employers' withholding responsibilities. Some employer-provided benefits that extend to spouses, such as health insurance benefits, are excluded from federal gross income. However, the fair market value of benefits provided to same-sex spouses is included in gross income and is taxable federally to the spouse who received the benefit from his or her employer.

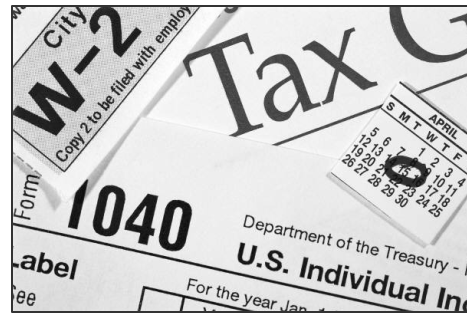
Under Massachusetts law, the value of employer-provided health insurance that extends to same-sex spouses is not taxable, and is not subject to withholding for state income tax purposes.

Virginia—Wage and Hour

The Department of Workforce Development has introduced a proposal that would increase the minimum wage from **\$5.15 to \$5.70** per hour upon adoption of the bill, and to **\$6.50** per hour, effective Oct. 1, 2005. The proposal would also establish a "minor minimum wage" of **\$5.30** per hour, increasing to **\$5.90** per hour on Oct. 1, 2005. The opportunity wage rate would be the same as the minor wage rate. [Department Workforce Development Web site, Wage and Hours Standards].

Pennsylvania—Withholding

Effective for taxable compensation paid after Dec. 31, 2004, the Philadelphia wage tax rate for residents will be reduced from 4.4625% to 4.331% and the Philadelphia wage tax rate for nonresidents will be reduced from 3.8801% to 3.8197% [Phila. Dept. Rev. Notice, July 2004].



New Mexico—Wage and Hour

A district court judge has held that the living wage ordinance in the city of Santa Fe does not violate the state's constitution. The ordinance requires employers with 25 or more employees that are licensed to do business in the city to pay their employees an hourly wage of at least \$8.50, effective Jan. 1, 2004. Several business groups in the city had filed a lawsuit against the ordinance in March 2003. The ordinance, as it stands now, will increase the living wage to \$9.50 per hour on Jan. 1, 2006 and to \$10.50 per hour on Jan. 1, 2008. *

* RIA CheckPoint PayRoll Updates July 2004

Sign up for annual AutoUpdate to keep current with PayMaster program

- 1 You'll save money. The annual AutoUpdate cost is less expensive than paying separately for the upgrades as they are available.
- 2 You'll immediately be able to take advantage of *PayMaster's* new features and reports.
- 3 You'll be ready for the changes made this year to the paper and mag media W-2's and to your state tax laws.
- 4 Access to our support web pages. The latest patches are available 24/7.

Visit us on the Web
www.computeraid-llc.com

Please call or fax us **today**
For more information about
AutoUpdate
703-281-7486

Buying a New Printer?

You may want to check with us first.

Some of the new multipurpose and inexpensive DeskJet printers are unable to communicate with PayMaster.

If you have a new printer and it prints your checks and reports fine, your standard W-2s will be fine also. If you plan on printing self-mailer W-2s, there are only a few heavy-duty dot matrix printers that can handle them.

Printers we know do **not** work correctly in *PayMaster* include: HP820, HP1000, HP1000C, HP720 and the NEC Silent 660, or ANY USB-only printer.

Make sure the printer you purchase is **not** labeled "for Windows only".

Check to see if you can return the printer if it does not print in *PayMaster* correctly.

Special W-2 Issue
Pre-Paid orders received by
9/30/04 receive a
15% discount

