

Automatically bring hours, receipts and tips into *PayMaster*TM's batch screen—introducing The Right TouchTM interface

Have you noticed choice #4 when processing batch payroll in *PayMaster*? The screen prompt reads: **Display <1>Zeroes <2>Current <3>Standard <4>Timekeeper.**

If you're using The Right Touch point of sale system from Omron Systems, Inc., selecting **<4>Timekeeper** allows you to bring in data from The Right Touch interface file directly to your batch screen, as displayed here.

You could save as much time as Sandi Holbrook in Kemah, TX, and Rand Popp in Dallas do (featured in the User spotlight on page 5).

Their companies use *PayMaster* payroll and The Right Touch, along with the interface that brings The Right Touch data (employee hours, receipts, and tips) right into the *PayMaster* batch screen. Processing payroll by the rules couldn't be simpler. The Right Touch includes time and attendance and labor scheduling. Employees can clock in and out at The Right Touch terminals. Their credit card receipts and tips are automatically recorded as part of the

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PayMaster 7.04 for 1996 W-2s shipping soon.

PayMaster Version 7.04, required by mag media W-2 filers and many users with state scannable reports, will be shipping any day to AutoUpdate subscribers. All others, please call for prices — 1-800-327-4AID.

PayMaster 7.2 with six jobs will be distributed in the Spring of 1997 instead of December 1996. This allows you, and us, to concentrate on W-2s and end-of-year.

The Right Touch

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point of sale system. They enter cash tips as they clock out.

With The Right Touch, you can send messages to your employees via their special "blackboard" screens. It's a great way to communicate information about menu specials, contests, staff meetings, company policies, etc.

Real-time store data can be sent to the screen or to a printer for immediate review by your managers.

Come payroll time, after you've double checked your data in The Right Touch, enter "Export". When the export screen appears, select payroll. This creates a file with the payroll data, and sends it to the root directory.

Then, in *PayMaster*, choose CALCULATE/BATCH, select <4>Timekeeper, and watch your Right Touch data appear on the *PayMaster* batch screen. You can enter units for your salaried employees and edit any other information here, if necessary. Once you process the batch, you can, as always, make changes in *PayMaster* prior to updating the files and printing the paychecks.

When *PayMaster* 7.2 with six jobs is released, users with a time & attendance interface, such as The Right Touch interface, will automatically get the updated interface to bring in all six jobs. The first three will appear on the batch screen, as always. Jobs four through six can be displayed on the interactive screen, via "make corrections."

We think you'll agree with Sandi Holbrook and Rand Popp that life is easier with *PayMaster* and The Right Touch. ■

Backup—of both data and program—is critical

At year-end, before processing end-of-year, back up your *PayMaster* data onto two separate sets of diskettes. Remember:

1. Use the correct type of diskette for your floppy disk drive, i.e. high density (HD) diskettes in a high density drive; double density (DD) in a double density drive.

To use DD diskettes in a HD drive, format them specifically as DD diskettes. Check your DOS manual since the command is different, depending on diskette size and DOS version. (Windows File Manager makes it easier to format DD diskettes in a HD drive.) If done incorrectly, the diskettes may not work, and you won't find out until too late.

Do not use HD diskettes in a DD drive. It may look like it's working OK, but you might not be able to get the data back if you need to restore it.

2. Use brand new or newly formatted diskettes.

It's a good idea to back up your PayMaster program too! You may need it in the future to print a 1996 W-2.

Using PKZIP requires fewer diskettes. To back up the 1996 *PayMaster* program onto a floppy diskette, go into the *PayMaster* program directory and enter:

```
C:PRV6>pkzip -& a:96pmprog
```

This will back up to multiple diskettes, prompting you when it's time to insert the next diskette.

You may want to back up the data and program twice, keeping one set off-site. Put your data and program diskettes in a safe place, and you'll be able to sleep well, knowing your payroll data is safe and sound. ■



SOFTWARE SUPPORT HOURS
9:00 am - 6:00 pm Eastern Time
Monday - Friday

We will close at noon Dec 24 and 31, and be closed all day Dec 25 and Jan 1.

Best Wishes from all of us
at Computer Aid Corporation
for a happy Holiday Season
and a wonderful New Year!

We appreciate your business
and we pledge to do our best
to deserve your
continuing patronage.



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Tax law changes

All changes are effective 1/1/97 unless otherwise noted.

Federal

- Federal withholding — new withholding tables for 1997.
- FICA:
 - OASDI % remains 6.2%.
 - OASDI wage base increases to \$65,400.00.
 - Medicare % remains 1.45%.
 - Medicare wage base remains \$9999999.99 (all wages are subject to Medicare).
- 1997 Form W-5 (Earned Income Credit Advance Payment Certificate) is available on the IRS bulletin board service. Employees who wish to continue to receive advance EIC in 1997 should file the 1997 W-5 form by 12/31/96.
- The law requiring a Medicare and Medicaid Coverage Data Bank has been repealed. Any danger that the data bank collection mechanisms might actually be implemented is gone.

State Disability Insurance

Before you process your first payroll in 1997, verify that you have the correct SDI percentage and wage base.

The following states have SDI:

CA	PA
HI	PR
NJ	RI
NY	

State minimum wage

CA increases to \$5.00 3/1/97; to \$5.75 3/1/98.

OR increases to \$5.50 in 1997; to \$6.00 in 1998, to \$6.50 in

1999.

State tip credit

ND Tip credit increases to 33% (\$1.57/hr), so minimum wage for tipped employees is \$3.18.

State unemployment

New wage bases for:

CT	\$12,000
IA	\$15,200
MN	\$16,300
MT	\$16,000
NJ	\$18,600
NM	\$14,200
NV	\$17,200
TN	\$ 7,000
WA	\$21,300
WY	\$12,200

CA Format for scannable quarterly report will change first quarter 1997.

State withholding

In order to receive your tax tables on diskette, please send us the tax table order form on page 4 of the insert, even if you're on Auto-Update. We have to ensure your state tax codes match those on the diskette we prepare for you.

THE BLUE PAGES

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New withholding tables for:

DE	MO
ME	NM
MI	SC

... and probably more to come.



Oops — September's **BLUE PAGES** has an error. Flexible miscellaneous deductions (page 2, column 1) — New type C garnishment does **not** leave 30 times minimum wage, so you can enter a percentage and take as much of the pay as directed.

Score: IRS-0 Restaurants-2

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Bubble Room paid assessed FICA taxes and interest totaling over \$37,000. They then filed a refund claim, but the claim was denied.

Bubble Room then filed for a refund in the Court of Federal Claims.

And the court decision — Bubble Room gets their refund! The court ruling states that “there is nothing in the statutory language or the legislative history to suggest that Congress intended to authorize the IRS to assess an employer-only FICA tax on the aggregate estimate of allegedly unreported tips of employees. There is no provision to allow the IRS to fund the Social Security system or to raise general revenues, without providing any increased Social Security benefits to employees who earned the tips.”

What is the implication for anyone else who received a “Notice and Demand” letter and paid assessed FICA taxes and interest? — You too can file for a refund in the Court of Federal Claims! ■

Q & A

Q. I have to process my first payroll of 1997 and don't have time to print my W-2s first. Help!

A. If you've got enough room on your hard disk, you can have *PayMaster* (Ver 6.x/6.x **Xtra** and later versions) create a new subdirectory for you and copy the data into it. ***Make sure you do this before processing end-of-year on the data.***

Decide on a new company I.D. code for the '96 data, e.g., 96W2. For multiple companies, use I.D. codes such as A96W2, B96W2, etc. The prompts are shown in **bold**. What you enter is in *italics*. Our example uses 96W2 as the new code and subdirectory under C:\PRV6. The company we're creating the 96W2 directory for is Flora Enterprises, whose company I.D. code is *flora*. (So the code of our source company is *flora*.)

1. **Enter company I.D. code:**
96W2
2. **1)Add a company,**
2)Archive copy of existing company, or 3)Try again: 2
3. **Data drive:** *C*
4. **Suggested data path:**
C:\PRV6\96W2
Enter data path:
C:\PRV6\96W2
Enter a new path if you wish, or press [ENTER] to accept this data path.
5. **Enter code of source**

company: *flora*

PayMaster will create the new directory in the path specified and will copy the data into it. When it's done, you're at the password prompt. Enter your regular password. You're now in the 96W2 company (INIT/COMPANY displays data path). Add 96W2 to the Division name(s) (via INIT/DIVISION) so you know at a glance you are using the 96W2 data (appears above the main menu). Print a payroll summary to make sure the data's OK.

Then, after backing up the data on two separate sets of floppies, process end-of-year on your real company data, using your **original company code**. When it's time to run the W-2s, use the **96W2 company code**.

- Q. How can I be sure that my mag media file is OK before I send it off to the SSA?
- A. Use DOS to print out the file and spot check the information and the totals. See Mag Media Preparation on Insert page 3.
- Q. I forgot to order the tax tables. What can I do?
- A. Fill in the form on Insert page 7 (even if you're on AutoUpdate) and send it in now so you'll have them for your next payroll. Using the old tax withholding tables for one or two pay periods isn't critical. OASDI and Medicare

percentages remain the same for 1997. The 1997 OASDI taxable wage base has increased.

- Q. If my printer jams up in the middle of printing my W-2s, am I stuck?
- A. You **can** resume printing your W-2s. Choose REPORTS/W-2s as you normally would. Respond *y* to **All employees?** Respond *y* to **Resume an interrupted run?** At the **Print from employee =** prompt, enter the code of the first employee to print. *PayMaster* will print from there, including the W-2 subtotals and total.
- Q. How long does a floppy disk last? Is it any problem if I use the same floppy disks for backup year after year?
- A. Floppy disks do not last forever. How long? It depends on how often they're used and how well they're treated. To prevent a situation where you need to restore data and get the dreaded error message: "Error reading Drive A: Abort, Ignore, Retry", you might want to follow these two suggestions:
1. Reformat your used floppies once a year before using them over again. Formatting checks for bad sectors. If you find any, get rid of that diskette.
 2. Use brand new formatted floppy disks when you back up your end-of-the year data, and back it up not just once,

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.

but on two diskettes or sets of
diskettes.

User spotlight

Sandi Holbrook is the controller for Fradigil, Inc. — the managing company for three very different types of restaurants in Kemah, TX:

- The Flying Dutchman, with Fine Dining upstairs, Casual Dining downstairs, and an outside deck, has been in business for 17 years.
- Brass Parrot, specializing in Caribbean food and seafood, has been in operation eight years.
- Kemah Cantina, serving Tex-Mex, has been in business three years.

“It saves so much time having a fully integrated system.”

Sandi Holbrook, Controller, Fradigil, Inc.

Sandi has been using *PayMaster* for almost nine years — first for the Flying Dutchman, and then for the other restaurants as they opened.

Sandi Holbrook, Controller, Fradigil, Inc.

Sandi says, “*PayMaster* is so much easier to use than the payroll system they had. One person used to do payroll for all three restaurants, but now we’ve decentralized (each restaurant is a separate company) and the head of each company’s accounting section does that restaurant’s payroll. *PayMaster* is easy enough so they have no trouble

doing payroll for their location.”

“The old system didn’t give labor reports, which had to be calculated manually, and it didn’t let you void checks. Nor did it do the Texas scannable quarterly reports or federal mag media.”

“*PayMaster* easily handles void checks, even printing a void check register. And *PayMaster* has kept current with the changing Texas and federal government requirements for unemployment reporting and magnetic media filing of W-2s.”

“Along with *PayMaster*, we use Omron’s The Right Touch point of sale system and CharterHouse general ledger and accounts payable.”

“The Right Touch gives us clean sales reports with a void and discount report each day. This is a great audit trail. Before we had the system, we couldn’t trace individual guest checks. Now it’s real easy to find the one you need. You can go back as far as you need. It’s easy for managers to do check out — they get a summary of cash and credit card sales, as well as tips on credit cards.”

“The Right Touch includes time and attendance and labor scheduling, so our employees can clock in and out right at the terminals. The best part is that the hours, tips and receipts go directly into *PayMaster*! This used to be done manually.”

“Posting to the general ledger also used to be manual. With *PayMaster*, we can have the payroll figures post automatically to the general ledger.

“It saves so much time having a fully integrated system.”

Another satisfied user of *PayMaster* and The Right Touch is Rand Popp, the owner of the White Rock Yacht Club in Dallas, TX.

At his restaurant and sports club, you can swim and play volleyball all day for just \$3.00. You can relax and watch sports on one of their 10 TVs or enjoy pool, shuffleboard or any of their many video games. Plus, you have a choice of their wonderful baby back ribs, burgers, salads, or one of their Larry North (a well-known local fitness expert) no-fat plates. Their menu is truly eclectic.

Rand Popp, Owner, and employee Toni Rives at the White Rock Yacht Club,

Rand says, “I selected *PayMaster* nine years ago because it was the best on the market. It accurately calculates tips, the 941, federal tax deposits and state deposits better than anything I’ve seen.”

“Now, the interface from The Right Touch to *PayMaster* lets me do payroll in 15 minutes, including printing checks!”

Rand Popp, Owner, White Rock Yacht Club

“*PayMaster* was the best around when I bought it, and it still is today. Computer Aid is continually updating and sending out the revisions in a timely fashion. *PayMaster* is very comprehensive and works well for the different businesses I’ve had over the years. It has everything I need.”

User spotlight

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“We use The Right Touch point of sale system. I selected The Right Touch because it uses leading edge technology — from its touch screens to its reporting capabilities. Also for its ease of use — I program it myself. And, we were able to eliminate time clocks, since staff can clock in and out right at The Right Touch terminals.”

“Now, the interface from The Right Touch to *PayMaster* lets me do payroll in 15 minutes, including printing checks! Once I check the Right Touch reports for accuracy, it's a simple matter of bringing the data into *PayMaster's* batch screen, and payroll is done in minutes.”

“The Right Touch keeps up to 60 weeks worth of history. The point of sale computer is running on

Lantastic, and is connected to my Windows 95 office computer. I log onto The Right Touch to change pricing and to bring my payroll totals into *PayMaster*. My office computer has *PayMaster* and the excellent CharterHouse accounting on it. CharterHouse is updated pretty regularly and gets as detailed or as general as I want. Another added bonus is that *PayMaster* interfaces directly into its general ledger.” □■

Score: IRS-0 Restaurants-2!

Employer-only audits not allowed to assess FICA on tips, says recent ruling by court with nationwide jurisdiction!

Bubble Room, Inc., which operated two restaurants in Florida, employed over 150 tipped employees in 1989.

Cash tips were paid directly by customers to wait staff, and unless a tip was charged, Bubble Room did not know if a tip was paid. Wait staff shared tips with bartenders, bussers, and dessert servers. During 1989, Bubble Room complied with tip reporting requirements. It informed its employees of their obligation to report tips and distributed a manual to employees informing them that they must report 100% of their tips.

The IRS did a compliance check for Bubble Room's 1989 tax year in early 1991 and sent them a “Notice and Demand” letter. The letter said the assessment against Bubble Room was based on the McQuatters formula, and not on any individual or estimated individual assessments against its employees. Nor was the assessment based on any collections of FICA taxes from its tipped employees. continued on page 3.

See inside for:
- Important W-2 information
- The Right Touch interface
- The IRS loses again!