

THE BLUE PAGES

PAYMASTER PRO LLC
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Auto Update and New Features

As of November 12, the year end auto-update is now available. All auto-update subscribers can download it directly from our web site or call support for assistance with the installation.

This update is a rollup of everything that we released this year, plus the 2007 W2 printing modules. There are many new reports and optimizations included so be sure to install this at your earliest convenience.

At the time of this writing, the federal, and many state tax tables have not been released so they are not included in this pack.

Please see page 4 for details on how these will be delivered.

New for 2008

We have now developed a web based support ticket system as a great new way to contact the support team. If you can't get through via phone or you are doing payroll at odd hours, you can go to:

[http://www.paymaster-pro.com/Click Support & Resources/ Customer Support](http://www.paymaster-pro.com/ClickSupport&Resources/CustomerSupport) and open a support ticket.

During the busy end of year season, this may be the best way to contact us when all the phone lines are busy. After opening a ticket an email is sent to the support team for their review. Please give us much detail about your issue as possible and information on how to contact you.

Holiday Hours

PayMaster Pro offices will be closed:
Monday and Tuesday Dec 24-25 and
Monday and Tuesday Dec 31-Jan 1.

We are Moving !

The PayMaster Office will be relocating in early December. We hope to make the transition to our new office as transparent as possible to our customers.

Please use these toll free numbers to contact the support staff.

**Voice : (800) 327-4243
Fax : (866) 504-1991**

The (703) 281-7486 number will continue to be used for check orders, W2 orders, and billing. Support will NOT be available at this number after Jan 1, 2008 but can be called to leave messages for the support staff.

What This Means to You:

PayMaster Pro is committed to offering the same level of support to which our customers have been accustomed. Our support staff will continue to be available from 9-5 EST offering personalized help and answers to all of your payroll questions. If you are having trouble reaching us by phone please use the new support ticket system. As always, your feedback is important to us so feel free to call, email or write us with any suggestions on how we can serve you better.

Happy Holidays !



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Form I-9 has been revised

The U.S. Citizenship and Immigration Service (USCIS) has revised Form I-9, *Employment Eligibility Verification Form*. The previous edition of the form, dated May 31, 2005, will only be accepted through Dec. 7, 2007.

Congress enacted the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA) on Sept. 30, 1996. Section 412(a) of IIRIRA mandated a reduction in the number of documents that employers may accept from newly hired employees during the employment verification process. USCIS has now updated the Form I-9 to bring it into compliance with the IIRIRA.

The most significant change to the Form I-9 is the reduction in the acceptable List A documents identified on the form. The following five documents are no longer listed as acceptable documents for establishing both identity and employment eligibility under List A: (1) the *Certificate of United States Citizenship* (Form N-560 or N-561); (2) the *Certificate of Naturalization* (Form N-550 or N-570); (3) the *Permanent Resident Card or Alien Registration Receipt Card* (Form I-151 or Form I-551); (4) the *Unexpired Reentry Permit* (Form I-327); and (5) the *Unexpired Refugee Travel Document* (Form I-571).

Note for PayMaster Users: If you use the I-9 tracking on the Employee/Setup screens, employees who are setup in 2008 will not have these documents available in the drop downs.

The amended Form I-9 retains four types of acceptable List A documents: (1) the U.S. Passport (unexpired or expired); (2) an unexpired *Permanent Resident Card or Alien Registration Receipt Card* (Form I-551); (3) an unexpired foreign passport with a temporary I-551 stamp; and (4) an unexpired *Employment Authorization Document* that contains a photograph (Form I-766, I-688, I-688A, I-688B). All of these acceptable List A documents were carried over from the previous version of Form I-9, with the exception of the Form I-766, which is a new version of the Employment Authorization Document.

The amended Form I-9 modifies one acceptable List A document. An "unexpired foreign passport with an attached Form I-94 indicating unexpired employment authorization" has been replaced with "an unexpired foreign passport with an unexpired *Arrival-Departure Record*, Form I-94, bearing the same name as the passport and containing an endorsement of the alien's nonimmigrant status, if that status authorizes the alien to work for the employer."

The new Form I-9 is available on the **USCIS Web site** <http://www.uscis.gov/>.

Employers are required to use the revised form for newly hired employees, and for employment re-verification when: (1) an employee's work authorization expires, or (2) an employee is rehired. USCIS has also updated Publication M-274, *Handbook for Employers, Instructions for Completing the Form I-9*, to support the release of the new Form I-9.

W-2 Due Dates

Form W-2, Wage and Tax Statement, is sent to the Social Security Administration as a record of employees' earnings and eventually dictates their future benefits. By law, employers must provide Copy A of Form W-2 SSA by February 28, 2008 (by March 31 if filing electronically), and Copies B, C, and 2 to employees by January 31, 2008.

1. Total wages, tips, and other compensation	2. Federal income tax withheld
3. Social Security wages	4. Social Security tax withheld
5. Medicare wages and tips	6. Medicare tax withheld
7. State income tax	8. Retirement plan
9. Union dues	10. Dependent care benefits
11. Tuition fees	12. Pre-tax pension
13. Pre-tax health insurance	14. Pre-tax dental insurance
15. Pre-tax vision insurance	16. Pre-tax life insurance
17. State income tax	18. Other state tax
19. Local income tax	20. County tax

All users on Auto Update should contact PayMaster for an important year end update before attempting to print the W-2 forms. **If you are not on Auto Update, please call (703) 281 -7486 for pricing or to have us print your W2s for you.**

Important Federal / State Tax Updates

Retirement Plans for 2008

The IRS has made 2008 cost-of-living adjustments (COLAs) to several pension and retirement plan limitations. However, some of the limits (such as the limit on elective deferrals to IRC §401(k) plans) remain increased limits. The following plan limits are increased for inflation, effective Jan. 1, 2008:

Defined benefit plans. The limitation on the annual benefit under a defined benefit plan will increase from \$180,000 to \$185,000. For participants who separated from service before Jan. 1, 2008, the limitation is computed by multiplying the participant's compensation limitation, as adjusted through 2007, by 1.0236.

Defined contribution plans. The limitation on total annual contributions to defined contribution plans will increase from \$45,000 to \$46,000.

Annual compensation limit. The maximum amount of annual compensation that may be taken into account for various qualified plan purposes, including IRC §401(a)(17), IRC §404(l), IRC §408(k)(3)(C), and IRC 408(k)(6)(D)(ii), will increase from \$225,000 to \$230,000.

Key employee in top-heavy plan. The dollar limitation under IRC §416(i)(1)(A)(i) that is used in the definition of key employee in a top-heavy plan will increase from \$145,000 to \$150,000.

Highly compensated employee. The dollar amount used in defining highly compensated employees for nondiscrimination testing purposes under IRC §414(q)(1)(B) will increase from \$100,000 to \$105,000.

The IRS has also adjusted the amounts below for inflation in 2008

Qualified transportation fringe benefits. For 2008, an employee will be able to exclude up to \$220 a month for qualified parking expenses (up from \$215 in 2007), and up to \$115 a month of the combined value of transit passes and transportation in a commuter highway vehicle (up from \$110 in 2007).

Adoption exclusion. Employer-provided adoption assistance may be excluded from an eligible employee's income for purposes of FIT and FITW if the benefits are provided as part of a qualified adoption assistance program. The adoption exclusion per child will be limited to \$11,650 in 2008 (up from \$11,390 in 2007). The exclusion begins to phase out for taxpayers with a modified adjusted gross income in excess of \$174,730, and is completely phased out for taxpayers with a modified adjusted gross income of \$214,730 or more.

Archer MSAs. For Archer MSA purposes, in 2008, a "high deductible health plan" will be a health plan that: (1) in the case of self-only coverage, the annual deductible is at least \$1,950 and not more than \$2,900 (up from \$1,900 and \$2,850); in the case of family coverage, the annual deductible is at least \$3,850 and not more than \$5,800 (up from \$3,750 and \$5,650); and (2) the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits don't exceed \$3,850 for self-only coverage (up from \$3,750), and \$7,050 for family coverage (up from \$6,900).

Social Security Wage Base Increases :

The maximum amount of earnings subject to Social Security (OASDI) tax will increase to **\$102,000** in 2008 .

The California SDI withholding rate will increase to 0.8% (currently 0.6%) in 2008. The taxable wage limit will increase to \$86,698 (currently \$83,389) for each employee per calendar year. The maximum amount that can be withheld from an employee in 2008 is \$693.58.

The following states have released **updated tax tables** for 2008:

CA, IN, OH, ME, MD, MI, NC, NE, UT

Be sure to apply the 2008 tax table update when released.

Minimum wage increases: (Jan 1, 2008)

AZ: \$6.90 Tip Credit \$3.00

CA: \$8.00 No Tip Credit

CO: \$7.02 Tip Credit \$3.02

FL: \$6.79 Tip Credit \$3.02

MO: \$6.65 Tip Credit 50% \$3.32

OH: \$7.00 Tip Credit \$3.50

OR: \$7.95 No Tip Credit

WA: \$8.07 No Tip Credit

MT: \$6.25 No Tip Credit

VT: \$7.68 Tip Credit \$3.96

SUTA Wage Bases for 2008

These states have announced changes in their State Unemployment Wage Bases.

DE 10500 **HI** 13000 **IL** 12000 **IA** 22800

MO 12000 **MT** 23800 **NV** 25400 **NJ** 27700 **NM** 19900

OK 13600 **SD** 9000 **WA** 34000

WY 20100 **OR** 29000 **RI** 14000 **UT** 25400

ID 30200 **AK** 30100 **NC** 18600 **MN** 25000

ND 21300

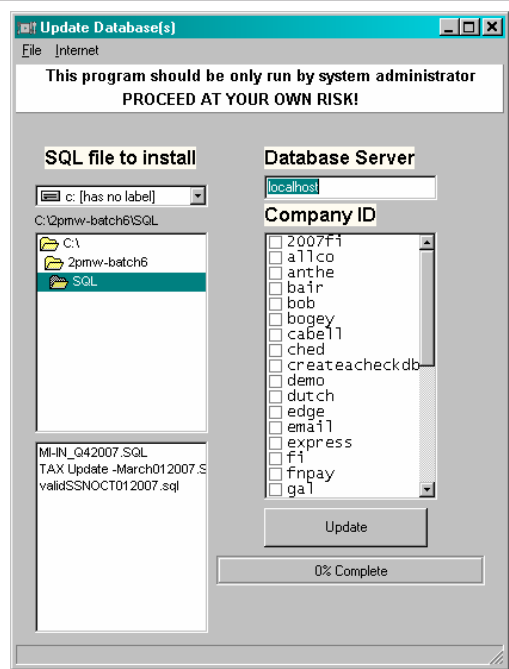
Q&A : PayMaster for Windows

Update Your Tax Tables

A new feature in the year end update allows **you** to download the latest tax tables at **your** convenience. As long as you have a working connection to the internet you will be able to download the latest database patches as soon as they become available. As an example, each quarter we will be releasing an updated SSN database so that you be assured all your new hires are checked against the most recent set of valid Social Security combinations.

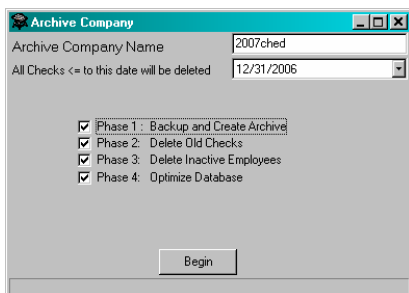
HOW TO:

- 1) Logon to any active company and go to Utilities/Apply SQL Patches.
- 2) Note the new menu selection called "Internet"
- 3) Select "Check for SQL Patches"
- 4) If any new patches are found a short description of what the patch does will be displayed and you can decide if it is applicable to your company. Make note of the name of the patches that are applicable to your situation.
- 5) After reading and closing the description, a message will tell you how many patches were found.
- 6) You can only apply one patch at a time but you can apply it to multiple companies by checking off the companies on the right.
- 7) Once a SQL file is selected and the companies you want it apply to are selected , press the "Update" button. As each company is processed a confirmation will let you know that it was successful.
- 8) Repeat for each applicable patch.



Archiving your Company

Also new for this year is the ability to archive your company. Many clients have expressed an interest in being able to purge out inactive employees and last years checks from their current years database. Although not necessary as the MySQL database can hold 100s of thousands of records, **performance gains** can be had for very large datasets.



NOTE: For larger companies this process can take a very long time. Do not attempt to do this while payrolls are in progress or any employee maintenance.

The archive module will do a 4 step process.

- 1) Backups your current dataset and put the entire current dataset in your archive company.
- 2) Delete all check that are before the selected date.
- 3) Delete inactive employees who no longer have any checks. Delete inactive jobs, deductions from active employees.
- 4) Optimizes current dataset.

For complete instructions consult the printed manual, or the insert included in all W2 orders. You can also find instructions for this on our web site (see page 5).

Breaking News

SSA will not send out "No-Match" Letter for 2006.

In October 2007, Judge Charles R. Breyer of the U.S. District Court for the Northern District of California issued a preliminary injunction that prohibits the Department of Homeland Security (DHS) from currently enforcing its final regulations on "no-match" letters. The DHS and the Social Security Administration have now both reacted to this ruling.

DHS Reaction. The DHS has now decided not to appeal the ruling. It filed a motion in federal court on November 23 that asked Judge Breyer to suspend the case so it

could rewrite its rules. The DHS believes that the amended rules, which the DHS expects to issue in late March, will address all of Judge Breyer's concerns.

SSA Reaction. When Judge Breyer issued his ruling in October, he said that the preliminary injunction does not prohibit the SSA "from sending out its traditional no-match letters for tax purposes, as the agency has for over a decade." In other words, the SSA could still send out 2007 no-match letters for Tax Year 2006 if the letters did not contain any of the changes promulgated in the final regulations.

SSA Decision. The SSA has now decided not to send out "no-match" letters for the tax year 2006, even without the DHS insert. Mark Lassiter, National Press Officer for the SSA, said that "we made this decision because we have reached the point where we now must focus on tax year 2007 wage reporting. It is also too late for the tax year 2006 letters to play their traditional role in helping employers improve the accuracy of their wage reports."



New Void Checks:

Based on customer feedback, the latest auto update changes the way void checks are done. The old module would void the check on the same day it was issued. For checks that were voided in a previous pay period, month or quarter, it would effectively change the taxes from that period which caused confusion.

The new module leaves the original check alone, preserving the liability for that period and then creates an 'negative check' on the date you select.

Use 'Date of Void' as the date when this void goes live. For example, I want to void two checks from the 1st quarter but I do not want to change the 1st quarter 941 and tax deposits as they have been already filed. If I select a date in the 3rd quarter for my void, the original check is left alone and remains 'live' but a reversing check is placed dated in the 3rd quarter. If you want the check voided in the same period as it was originally cut, you could make the 'Date of Void' the same date as the original check, in this case a date from the 1st quarter.

Check Number	Dates	Date of Void
Start 1	Start 1/10/2007	9/26/2007
End 2	End 1/10/2007	

Check Number	Dates	Employee Name
100	1/10/2007	842 37 East 1086 MCCOLLISTER
101	1/10/2007	827 47 East 1087 WRISTON
102	1/10/2007	8869 72 East 1089 WALTERS
103	1/10/2007	8201 96 East 1104 PATTERSON
104	1/10/2007	836 04 East 1105 CASSON
105	1/10/2007	859 22 East 1110-1 DUPONATO
106	1/10/2007	831 46 East 1111 ALVA
107	1/10/2007	876 01 East 1112-1 BEHAR
108	1/10/2007	847 93 East 1113-1 SIMONS
109	1/10/2007	8102 46 Commissary 1091 MARCEL
110	1/10/2007	8335 59 Commissary 1092 SPOOPMAN
111	1/10/2007	8537 57 Commissary 1093 VELEY
112	1/10/2007	8286 19 Commissary 1094 LARTOS
113	1/10/2007	8336 28 Commissary 1095 STATT
114	1/10/2007	8418 16 Commissary 1096 BADILLA
115	1/10/2007	8869 27 Commissary 1097 ALEX
116	1/10/2007	8303 09 Commissary 1098 KEMNER
117	1/10/2007	8284 49 Commissary 1099 KETCHER
118	1/10/2007	8364 66 Commissary 1100 BUELL
119	1/10/2007	8873 93 Commissary 1091 MARCEL
120	1/10/2007	815 08 East 1085 SANDERSON
121	1/10/2007	8437 11 South 1050 BADMEISTER
122	1/10/2007	8293 51 West 1038 BERDOLICCON
123	1/10/2007	82 720 64 CentralLOC 1101 TADDEI
124	1/10/2007	81088 53 CentralLOC 1102 LAWSON
125	1/10/2007	8574 27 Campus 1012 KILLINSWORTH
126	1/10/2007	8626 03 Elliettsv1 1073 SUPREMAN

END OF YEAR

No Need to Run End of Year

The Windows version of PayMaster does not require you to run End of Quarter or End of Year or archive your company. All reports are based on check date so you can run your January payrolls without having to worry about your year end information.

Before you print your 2007 W-2s:

You should have received detailed instructions on EOY procedures and W-2 printing with your W-2 order. If you have not ordered from us or have misplaced these documents they are always available on the internet.

Please visit our new web site:
www.paymaster-pro.com

and see the section labeled Support/ Newsletters and Archives.

There you will find
2007 Before You Print your W-2s WINDOWS
2007 WIN W-2 Detailed Printing Instructions
W3 Reconciliation Work Sheet
W-2 Shipping Insert
W-2 2007 Pricing and order form

and a complete archive of the Blue Pages.

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