The Blue Pages

501 Church Street NE Suite 306 . Vienna Virginia 22180   703.281.7486

In This Issue

PayMaster for Windows in Beta

As 2003 comes to a close, Computer Aid would like to thank our core customers for their many years of patronage. It is that loyalty that has enabled our staff to move forward with the development of our new product. The staff at Computer Aid is very happy to report that the release of the Windows-based version of PayMaster will be available for most of the United States this year. Yes, your eyes have read this correctly, Windows-based PayMaster for 2004 is a reality. We have several of our most de-manding payroll customers beta testing the pre-release version of the software.

Over the last 20 years, it has been our goal to pro-vide our customers with a payroll product that makes processing easy while keeping the restaurant and hos-pitality customers compliant with tip reporting and allocation regulations. Computer Aid has put those 20 years of experience working with local and federal authorities into a brand new product that will allow anyone with a PC to process payroll. Our developers are happy to report that the use and implementation of the new PayMaster will be fast and intuitave.

Online Business Tools Launched by IRS

The IRS has introduced three Internet-based business tools, the first of a projected suite of e-services (go to www.irs.gov/taxpros/index.html and click on "e-services – Now Available"). The new tools "are designed to give tax professionals new choices for working electronically with the IRS," according to a news release:

- *Registration.* Before using other e-services products, tax professionals must register online, to create an electronic account (register at Https://la.www4.irs.gov/e-services/Registration/index.htm). Registration is a one-time process to select a user name, password, and personal identification number. An on-screen acknowledgment immediately confirms the registration. For security purposes, a confirmation code is also mailed to the tax professional to complete the registration process.

- *Preparer Tax Identification Number Application.*
 The Preparer Tax Identification Number (PTIN) application lets a paid preparer apply for and receive a PTIN immediately over the Internet. (There is no longer any need to complete and mail a paper Form W-7P).

- *Interactive Taxpayer Identification Number Matching.* Interactive Taxpayer Identification Number (TIN) Matching is a new pre-filing service offered to banks or others that pay income subject to backup withholding. Authorized payer can match up to 25 TIN-name combinations against IRS records before submitting an information return. Results of the match are returned within seconds. In the past, only federal agencies could request TIN matching.

PayMaster for Windows in Beta Continued -

It will work with many of the popular hospitality and accounting software on the market today. As should be expected, Computer Aid programmers will be working on custom interfaces to our customers many different software configurations during the first few months of use.

Your input as a PayMaster user is priceless during this process. Please call the support line and let us know exactly what it is you'd like to see PayMaster do for you. Time and attendance, point of sale systems and accounting packages vary greatly, it is important for Computer Aid developers to understand what products our customers are using and what versions are being employed. Import and export features on these types of software require custom formatting that can be designed for you.

Loyal Computer Aid customers may notice a slight shift in our advertising as we introduce our new product to other markets. Rest assured that the restaurant and hospitality industry is very important to us and will remain a main focus into the coming years. That said, let it be known that PayMaster has been designed with the payroll professional in mind. Whether you are processing payroll for a single restaurant or your organization supplies payroll services for hundreds of clients, PayMaster will soon set the benchmark for the payroll industry.

Order Your 2004 Tax Tables

Please see the Tax Table order form on page 4 of this issue's W-2/End of Year Insert.

Need Your Help

Please send us a sample of your export files. We are nearing the completion of the long-awaited Windows version of PayMaster. In order to continue the ability to interface with Cash Register and Time Clock software, we request your input. (Micros, TA200, 100, Digital Dining, Kronos, etc.)

You may email us at support@computeraid-llc.com or mail a disk to:

ComputerAid-LLC
Technical Division
Suite 306
501 Church Street
Vienna, VA   22180

PayMaster 7.29 Shipping Soon

Users on AutoUpdate should soon receive the 7.29 update. If you're not on AutoUpdate, please call for price and order information.

Important: if you are still on *PayMaster* 7.0 or earlier, your data must first be converted. Please call immediately for instructions.

Mag Media Filers Need *PayMaster* Version 7.29 with PYW2.EXE File Dated 10/15/03 or Later

Changes to the mag media format mean **everyone who files mag media** needs a *PayMaster* upgrade in order to correctly prepare your 2003 mag media W-2s. Your PYW2.EXE file should be dated 10/15/03 or later **(** *Please note: that you must register prior to using the e-service by creating an account, to do so, go to:* **https://1a.www4.irs.gov/e-services/Registration/index.htm.)**

AutoUpdate subscribers will automatically receive the *PayMaster* upgrade that will be shipped this month. If you're not on AutoUpdate, please call soon for price and order information.

THE BLUE PAGES

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Q & A

Q I have to process my first payroll of 2004 and don't have time to print my W-2s first. Help!

A If you've enough room on your hard drive, have *PayMaster* 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 ID code for the 2003 data, e.g., 03W2. For multiple companies, use ID codes such as A03W2, B03W2, etc. The prompts are shown in **bold**. What you enter is in *italics*. Our example uses *03W2* as the new code and subdirectory under C:\PAYDATA. The company we're creating the 03W2 directory for is Flora Enterprises, whose company ID code is *flora*. (So the code of our *source* company is *flora*.)

1. **Enter company ID code:** *03W2*
2. **1)Add a company, 2)Archive copy of existing company, or 3)Try again:** *2*
3. **Data drive:** *C (or other drive)*
4. **Suggested data path:**
   C:\PAYDATA\03W2
   Enter data path:
   C:\PAYDATA\03W2
   Enter a new path if you wish, or press enter to accept this one.
5. **Enter code of source company:** *flora*

Remember — *PayMaster* company ID codes are case sensitive.

PayMaster will create the new directory in the path specified and will copy the data from the source company into it. When it's done,

you're at the password prompt for the copied archive data. Enter your regular password. You're now in the 03W2 company (you can see the data path at INIT/COMPANY/ COMPANY). **Tip**: Add "2003 W-2s" to each division name (INIT/ DIVISION/DIVISION) so you know at a glance you are using the 03W2 data (division name appears above the main menu line). Print a payroll summary to make sure the data is OK. This is the data you will use to print your W-2s.

Then, after backing up the data on two separate sets of floppies or zip disks, process end-of-year on the data you access using your **original company ID code** (*flora* in our example). This is what you'll use to process your 2004 payroll. When it's time to run the W-2s, use the other company ID code – *03W2*.

Q How can I be sure that my mag media file is OK before I send it off to the SSA?

A Open the file (w2report) in your word processor. You may need to change to Courier or another non-proportionally spaced font. Do **not** save with the new font. Also see Page 3 of the Insert.

Q I forgot to order the tax tables and I need to process my first payroll of the new year. What can I do?

A If your SDI changes, manually make those changes (via INIT/TAX/SDI). Then, fill in the form on Page 4 of the Insert (even if you're on AutoUpdate) and send it in now so you'll have the new withholding tables for your next payroll. Using the old income tax withholding

tables for one or two pay periods isn't critical. OASDI/Social Security and Medicare percentages remain the same for 2004. The 2004 OASDI taxable wage base has increased. You can make that change yourself at INIT/TAX/ OASDI.

Q If my printer jams in the middle of printing my W-2s, am I stuck?

A You **can** resume printing your W-2s. Choose REPORTS/W-2 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 totals.

Q How long does a diskette last? Can I use the same diskette every year?

A Diskettes 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 diskettes 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 diskettes when you back up your end-of-year data, and back it up not just once, but twice, on two diskettes or sets of diskettes.

Tax Law Changes

o Federal

- **Mag media format change for the 2003 W-2s.** All *PayMaster* users who file mag media W-2s need a program upgrade to version 7.29 to correctly prepare 2003 W-2s. Your *PayMaster* 7.29 must have a PYW2.EXE file dated 10/15/03 or later. (Please note that the insert instructions included with your W-2 forms were prepared before we had the latest mag media changes.)

> Remember, not all W-2 forms have the same size boxes in the same position on the page. Order your W-2s from us to **guarantee** they work with *PayMaster*.

- If you have **employer-provided vehicle as a fringe benefit** in 2003, please call us at 703-281-7486 before preparing 2003 W-2s.

- **Social Security (OASDI) taxable wage base increases** from $87,000 to $87,900 for 2004. Rate continues at 6.2%, so the maximum OASDI tax paid by employer and employees is $5,394 **each**.

  Tip: Be sure to run your 4th quarter 941 and your 2003 W-2s with the 2003 $87,000 OASDI maximum. Change your OASDI maximum in the current company **after** you have archived your *PayMaster* data and processed end of year. Do not run end-of-quarter or end-of-year in the archived company. The archived company should have the 2003 rates.

- **Federal withholding tax tables** will probably NOT change.

- W-2 Box 12 Code V income from **exercise of non-statutory stock options** was optional for 2002 form W-2s. It is **mandatory** for 2003 and 2004 W-2s. These options are subject to FICA and FUTA, but not to Federal Income Tax.

- **"Catch-up" contributions** made by an eligible 401(k), 403(b), Simple IRA, and SEP Plan participant who is age 50 or over must be reported in the total amounts as elective deferrals in Box 12 with Codes D through H, and S.

  A plan is not required to allow catch-up contributions, rather it is permitted to do so. The "catch-up" contributions permitted for a 401(k), 403(b), SEP are: $1,000 in 2002; $2,000 in 2003; $3,000 in 2004; $4,000 in 2005; and $5,000 in later years.

  "Catch-up" contributions for a Simple 401(k) and IRAs are: $500 in 2002; $1,000 in 2003; $1,500 in 2004; $2,000 in 2005; and $2,500 in later years.

  PayMaster users: These additional amounts should be added to the amount in the maximum field of the appropriate deduction, but only for those employees to whom it applies. Make sure to change it for following years if applicable.

Have Company-provided Vehicles as a Fringe Benefit?

Please call us at 703-281-7486 before preparing your 2003 W-2s. .

IRS will not treat **amounts paid before January 1, 2004, by an employer to a charitable organization in exchange for vacation, sick or personal leave** an employee foregoes, as wages of that employee. Employees will not be able to claim such contributions as deductions on their personal income tax returns, but employers will be able to claim a deduction.

PayMaster users: This leave should be tracked in *PayMaster*, but not issued as taxable wages. To "pay" the leave, make the sick and/or vacation rate zero.

- **Earned Income Credit**
  For 2004, the Earned Income Credit for employees with one qualifying (dependent) child is 34% of the first $7,660 of earned income, for a maximum of $2,604 ($2,547 in 2003). For employees with two or more qualifying children, the EIC is 40% of the first $10,750 of earned income for a maximum of $4,300 ($4,204 in 2003), and for employees with qualifying children, the EIC is 7.65% of $5,100, for a maximum of $390 ($382 in 2003). Married employees filing jointly who earn less than $31,338 in 2004 ($30,338 for single employees) and who have at least one qualifying child can receive advance payments of their EIC of up to $1,563 spread out over their pay periods during the year.

- **Cents-Per-Mile and Maximum Car Value** for 2004 decreases to $14,800. Under the vehicle cents-per-mile method of valuing an employee's personal use of a company-provided car, the IRS's standard business mileage rate (37.5 cents beginning 1-1-2004) is multiplied by the personal miles driven by the employee. For cars put into service in 2004, this valuation method can be used only if the car does not have a fair market value of more than $14,800. This down from the 2003 maximum value of $15,200.

- **Social Security to Eliminate Magnetic Media by 2006**
  Social Security is eliminating magnetic media as an option for submitting annual wage reports. Employers who submit 250 of more Forms W-2 in a calendar year must transmit the data online. The changes for filing Forms W-2 are effective as follows:

- Tax year 2005—Eliminate magnetic tapes and cartridges.
- Tax year 2006—Eliminate 3 1/2 inch diskettes.

Marty Eckert, Social Security division director, Office of Systems Electronic Services, says, "The important thing for magnetic media filers to realize is that their annual wage reports are already formatted for electronic filing, so no extra work is needed." Eckert is referring to Social Security's Magnetic Media Reporting and Electronic Filing format specifications commonly referred to as the MMREF-1.

For more information about electronic filing is available at www.socialsecurity.gov/employer/bsohbnew.htm.

Tips to avoid penalties for filing incorrect W-2s:

To **avoid filing incorrect W-2s**, verify that your employees' SSNs match the names on Social Security Administration records. Two common reasons for a mismatch are:

1. The payroll records have a nickname and the name on the Social Security card is the legal name, or
2. A woman changes her name when she gets married and fails to notify the SSA of the change.

To avoid incorrect W-2s, require an employee to produce a Social Security card after they are hired. And require a new Social Security card before changing a name in the payroll system.

Use Social Security's Verification Service (800-772-6270) when an employee is hired or requests a name change. Up to 50 names can be submitted on a paper list to your local Social Security office. The list should have the employee's first and last name and middle initial, Social Security number, date of birth, and gender. If more than 50 names, you must pre-register to file on magnetic media at the Social Security Administration site, www.ssa.gov.

State Law Changes

California - For 2004, the state disability insurance (SDI) taxable wages base will increase to $68,829 from the 2003 wage base of $56,916. The wage base will increase again to $79,418 in 2005. Effective 1-1-04, the SDI employee contribution rate will increase to 1.18% from 0.9% of annual earnings up to the wage base. This rate includes the 0.08% portion that employees will contribute to the new paid family leave program. This converts to a maximum employee contribution of $812.18 for 2004. Employer contributions for SDI or paid family leave are not required .

Pennsylvania - Effective 1-1-04, unemployment compensation (UC) tax increases will go into effect for employers and employees. Employers will pay a 7.2% (3.6% in 2003) surcharge on UC contributions and, for the first time since 1995, will also have to pay a 0.4% additional tax. Employees will pay a 0.09% tax (0.02% in 2003) on their total wages (or 90 cents for each $1,000 earned). "The surcharge and employer additional tax, combined with the normal experience-based rate increase, is estimated to result in an average employer UC tax increase of $58 per employee," advises the Department of Labor and Industry [News Release, 7-15-03].

Computer Aid Holiday Hours

Our office will be closed:
December 24 — 3 pm
December 25
December 26 —3pm
December 31 — 3 pm
January 1
January 2 —-3pm

North Carolina - Employers can file their withholding returns and pay their taxes online using the Department of Revenue's E-File system (find at www.dor.state.nc.us/electronic/wh_tax.html). Payments can be made online by bank draft or credit card (MasterCard or Visa). There is no fee for paying by bank draft. The fee for paying by credit card is $2 for every $100 increment of the tax payment.

What Will *PayMaster* 7.29 Do?

In addition to handling all of the changes needed for the 2003 W-2 mag media format, *PayMaster* 7.29:

- Contains a **Back up and restore** feature for backing up your data easily and quickly.
- A number of files have been updated to accurately reflect the most current formats.
- **Uses Windows employee viewer**. Special JAVA viewer can be used once you download JAVA Virtual Machine from the Sun web site http://java.sun.com/getjava/download.html.

PayMaster users on AutoUpdate receive version 7.29 automatically. All others, call now for price and ordering information or to sign up for AutoUpdate, so you're always up-to-date with *PayMaster*.

Overnight Delivery

Please remember to use our street address for overnight deliveries:

501 Church St, NE, Suite 306
Vienna, VA 22180-4734

Sign Up for AutoUpdate to Keep Current With *PayMaster* Changes Required by Paper and Mag Media W-2 Formats

Why subscribe to AutoUpdate?

1. You'll save money. The annual AutoUpdate cost is less than paying separately for the upgrades as they are available.

2. You'll be able to take advantage right away of *PayMaster*'s new features and reports.

3. You'll be all set for whatever changes are made each year to the paper and mag media W-2s, and to your state tax laws.

Please call or email us for more information about AutoUpdate.

703-281-7486
support@computeraid-llc.com

All of us
at Computer Aid
wish all of you
peace, joy, and a wonderful
holiday season.

Best wishes for a successful
2004!

Order Your W-2s
by December 20 to
Guarantee Delivery

The Blue Pages

501 Church Street NE Suite 306 · Vienna Virginia 22180

COMPUTER AID llc
A USA Technology Company
Payroll–The Right Way – Since 1983

Printing W-2s and Processing End of Year in *PayMaster*™

Before processing the first payroll of 2004, see Insert Page 3 for a **most important** step—End of Year Processing. Most people will want to archive their 2003 data to print the 2003 W-2s later. Then on the current data you're going to use for 2004, process end of year before preparing your first payroll of the new year.

Before you print your 2003 W-2s:

W-2 FORMS

Only W-2 forms ordered from Computer Aid LLC are guaranteed to work with *PayMaster*. Not all printing companies print W-2s with boxes the same size and in the same place. Call immediately if you haven't yet ordered your W-2s. Availability is not guaranteed after Dec. 20.

AUTO UPDATE 7.29 NECESSARY!

Mag media W-2 format users need *PayMaster* 7.29 to stay current with the proper format. And, your *PayMaster* version 7.29 must have a PYW2.EXE file dated 10/15/03 or later. There is a backup and restore feature included.

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1. Verify your federal tax ID via INIT/COMPANY/CO.

2. Your W-2s must show the state *withholding* ID. This is often different from your state unemployment ID.

    Make sure your correct state ID for *withholding* is entered in each state tax table via INIT/TAX/STATE/ TAX CODE #/GENERAL. **It is especially important** to double check the number if you upgraded your *PayMaster* program. (Dashes in the ID # are not necessary.)

3. On each division screen, check the responses to tax related questions for Additional Income. If you did not want to withhold federal/state taxes on year-end bonuses, you responded *n* to **Withhold federal, state, local tax**. Change those responses to *y*, (make sure OASDI and Medicare are *y* also) to include the amounts in the 941 and in the correct W-2 boxes.

    Verify that each additional income type has the correct label (*e*, *f*, *i*, etc.). Please see the box on page 2 of this insert for definitions.

4. Make sure that only employees who actually are *statutory* employees have an *x* in the W-2 *Statutory employee* box. [Responding *n* in the **federal? y/n** field on the employee screen puts an *x* there.]

    Check this by printing your W-2s on **plain** paper and looking for *x*'s in the appropriate space. You can also check via DISPLAY/EMPLOYEE. Move your cursor to that field for the first employee. Press [F4] or [END] to display each successive employee. Your cursor remains on the same field.

5. If you have an employee who died during 2003, change his/her status on the employee screen to "D".

If the employee has wages in the year-to-date payroll file, the employee will be noted as deceased on your mag media file, and a W-2 will print. Employees with a "D" status are automatically deleted when you process end-of-year.

6. Make sure only those employees with a pension plan have an *x* in the pension box. Responding *y* in the **pension? y/n** field on the employee screen puts an *x* in the pension box on the W-2. [With an *x* in the W-2 pension plan box, special limits may apply to the amount of IRA contributions the employee may deduct.] You can check this as in step #4.

7. If you have not collected the full amount of any deductions with *n* (pre-tax) as the tax response, collect it in cash before year-end. Increase the deduction amount in the employee's YTD pay file so the 941 and W-2s will be correct. If your deduction responses are all *y*'s, no collections or adjustments are necessary.

8. If allocating tips on an annual basis, do so prior to printing your W-2s (and after backing up your data). If allocating by hours, double check the receipts in your division file—this is what's used for hourly annual allocation. The total of all division receipts should equal company receipts.

9. Verify your 2004 maximums for OASDI ($87,900) and Medicare ($999,999.99) (via INIT/TAX/FICA) before you print the reports in step #10.

10. Print your reconciliation reports and make any necessary corrections:

    - OASDI (Social Security)
    - Medicare
    - SDI, WCA, or L&I (if appropriate)
    - Taxes Paid/Owed (under REPORTS/OTHER/TAX)
    - State/local tax reconciliation (*PayMaster* menu: REPORTS/OTHER/OTHER/STATE & LOCAL TAX)

11. For companies with tipped employees, print the FICA tax credit report, even if your fiscal year ends other than 12/31. The data used for this report is zeroed out when you process end of year. It's a good idea to print it at the end of each quarter, and at the end of your fiscal year.

12. Print your W-2s first on **plain** paper to double check them. You can print them as many times as you want. Hold the paper up to an actual W-2 to ensure it

lines up correctly. (Remember, with *PayMaster* 7.27-29 you can adjust the laser W-2s up or down.)

13. Verify the figures with your quarterly 941s. A copy of our **941 and W-2 worksheet** was included with each W-2 order. Call or email us (703-281-7486 or support@computeraid-llc.com) if you'd like another copy emailed or faxed to you.

14. When printing the alignment copy/copies on the actual dot-matrix W-2 forms, make sure they are aligned both vertically **and** horizontally.

15. Always start the first Social Security (pink) W-2 at t

Employees in Multiple Divisions

PayMaster will print **one** W-2 per employee, even if the employee works in more than one division **(unless you print "by division")** .

Exceptions: you will have multiple W-2s for employees with more than four Box 12 items, or if an employee moved from one state to another and you initialized the employee again for the new state (one W-2 for each state).

Important W-2 information for Additional Income and other items		
Additional Income *W-2 Income Type*	2003 W-2 Box	Use for this type of income: (Make sure when printing on plain paper to double check that the letter codes in Box 12 are the correct ones for the deductions noted below.)
e	12 (L)	The substantiated, i.e. non-taxable, portion of the amount you reimbursed employees using a per diem or mileage allowance. You must use another Additional Income to record the portion of the reimbursement that is more than the amount treated as substantiated. This
f	1	Fringe benefits included in Box 1 and, if applicable, Boxes 3 and 5. **If an employee has a company-provided vehicle, call Computer Aid at 703-281-7486.**
i	12 (C)	Taxable amount of cost of employer-provided group term life insurance coverage over $50,000 (also included in Box 1 and, if applicable, Boxes 3 and 5).
n	none	No dollar amount included on W-2.
o	1	"Other compensation" in Box 1 and, if applicable, Boxes 3 and 5, e.g., annual bonus.
p	12 (P)	Moving expenses.
s	12 (J)	Nontaxable sick pay.
Other items	Box	Description
Uncollected FICA	12 (A) 12 (B)	Prints uncollected OASDI/Social Security tax. Prints uncollected Medicare tax.
Dependent Care	10	First $5,000 of pre-tax dependent care deduction goes in Box 10. Use Miscellaneous Deduction 1 field. The deduction name in the Division file (INIT/DIV) *must* read **DEP CARE**. (All caps.)
State SDI	14	State SDI. [NJ is split into SUI and SDI.]
401(k) employee amount	12 (D)	Amount of elective deferrals to a §401(k) cash or deferred arrangement. Make sure **401** is the **beginning** of the deduction name in your Division file (i.e. **401(k), 401K**). Also puts an **X** in the "Retirement plan" box on the W-2.
403(b)	12 (E)	Amount of elective deferrals to a §403(b) salary reduction agreement. Make sure **403** is the **beginning** of the deduction name in your Division file. Also puts an **X** in the "Retirement plan" box on the W-2.
408(k)	12 (F)	Amount of elective deferrals to a §408(k)(6) salary reduction SEP. Make sure that the deduction name in your Division file reads **408(k)**. This is a different requirement from earlier years because now there's an additional 408 plan. Also puts an **X** in the "Retirement plan" box on the W-2.
408(p)	12 (S)	Amount of employee salary reduction contributions to a §408(p) SIMPLE retirement plan. Make sure that the deduction name in your Division file reads **408(p)**. Also puts an **X** in the "Retirement plan" box on the W-2.
Any Questions? Call Computer Aid at 703-281-7486		

Mag Media Preparation

There **have been changes** to the 2003 mag media format. You must have *PayMaster* Version 7.29 with a PYW2.EXE dated 10/15/03 or later to prepare the current format for mag media filing of W-2s. If you're not on AutoUpdate, call us for a *PayMaster* 7.29 order form and prices.

PayMaster will prepare the correct format state mag media for all states where mandatory. If your state accepts the mag media federal specifications, you can also use *PayMaster* for your state mag media filing in those states where it is optional.

1. Follow the **"BEFORE YOU PRINT YOUR W-2S"** steps on pages 1-2 **without** preparing the mag media file, to make sure everything's OK.
2. Then, to prepare the mag media file, put a newly formatted diskette in drive A: or B:.
3. The key is to print the W-2s again, printing to **[D]isplay** instead of **[P]rinter** this time. **It is important to choose One Wide** for the W-2 Format. Use the Print Screen key to print the last W-2 that appears on the screen – these are your W-3 totals (if using Windows, it copies this, so paste it into your word processor). **Do not remove the diskette before it's done. It's not completely done until you see the W-3 totals, and you've returned to the main *PayMaster* menu.**

   If preparing mag media for more than one company, the SSA prefers you do them all, one right after the other, *adding* each new company to the existing file and inserting another diskette when prompted. (Call for detailed instructions.)

4. **Double check your file before sending it to the SSA**

   First, do a directory listing to make sure your W2REPORT file has greater than zero bytes. From a DOS Prompt Type *Dir A:*

   You'll see something like this (84454 is the bytes):
   Directory of A:\ W2REPORT 84454 1-25-03 4:19p

   Second, you can open the file in your word processor. Change the font to Courier or another proportionally-spaced font in order to read it easily. (Be sure to **not** save this over the original file.)

   Last, you can download AccuWage, free 32-bit software from the Social Security Administration (SSA) for use with Mag Media reporting. It allows you to check your W-2 (Wage and Tax Statement) and W-2C (W-2 Correction) reports for over 200 different errors before you send them to SSA. It can be found on the web at http://www.ssa.gov/employer/accuwage/index.html. Computer Aid has this software here and **we can test** your Mag Media as well.

End-of-Year Processing

This is probably the **most important** part of payroll (other than actually paying your employees, of course). See *PayMaster* manual page 5-31 (Version 7.2 manual) for easy end-of-year processing instructions.

Just as you process end-of-month/quarter to clear out MTD and QTD files, you **must** process end-of-year so YTD totals for each employee are reset to zero. At end-of-year, you do **not** have to process end-of-month/ quarter. Processing end-of-year (EOY) takes care of that and deletes unneeded employee records.

ONLY after you have printed (and double-checked!) your reports (including W-2s) and backed up your data and program should you process end-of-year to clear the data files to zero. (Please see the box below and the Q&A of the December BLUE PAGES for information on archiving your data to print the W-2s later.)

Before you process end-of-year, you must print your reports: (You can print your payroll and employee reports to the printer or to a file.)

These are the reports you should print:
   - OASDI, Medicare and SDI reconciliation reports
   - Payroll report summary (detail optional)
   - 941, 940, wage (QTD and YTD)

   An important note: "Last Quarter" reports are **not** available after you process end-of-year. That data is zeroed out during the end-of-year processing.
   - Employee report (optional, but suggested)
   - 8027 annual tip allocation report (If allocating tips on an annual basis, do so **before** printing the 8027 or the W-2s. Refer to your manual for annual allocation instructions.)
   - FICA tip credit report
   - Any other reports your state requires
   - The W-2s (please see the important information on page 1 of this insert about what to do *before* printing the W-2s)

And, turn the page to read on for information on making sure you have enough space on the hard disk before processing end of year.

No Time To Print W-2s Before First Payroll of 2004?

No time to double check everything and print the W-2s before processing your first 2004 payroll? No problem. Before processing end-of-year, create a 2003 W-2 data company. Then you can enter the code for the W-2 company and print the reports, including W-2s, later. Please refer to page 5-35 in the *PayMaster* 7.2 manual for instructions or to the Q&A of the December 2003 BLUE PAGES.

Space Crunch

It's good to check that you've got enough hard disk space before creating a 2003 W-2 archived company. In MS-DOS, type *dir*. The very last line tells you how many bytes are left on the disk. Windows users can double click the My Computer Icon. Right click the drive (C: or the drive where your payroll data is stored). Select Properties.

Also, before processing end-of-year, make sure you have enough space on your hard disk for the PYPAY#.DAT and PYEMPL.DAT files.

ALERT: Do **not** use DOS/Windows to delete the files in your old (2001, 2002 etc.) directories. That will not remove them from your *PayMaster* path. Use *PayMaster* instead to delete companies. From INIT/COMPANY just press ALT + D and follow the prompts. This will permanently delete all files associated with this company.

AutoUpdate subscribers also – please send in the Tax Table order form. Thank you!

End of year for *Xtra* users

Xtra version users have a check history file that can grow forever if you never delete old checks. Now might be the time to tell *PayMaster* to delete checks more than a year old.

Before you begin, **back up your data** using UTILITY/BACKUP from *PayMaster*'s menu. Then, from the main menu, choose PROCESS/BANK REC/DELETE CHECKS. If you have the divisions version, choose the division you're in or all divisions. Then follow these prompts:

1. **Delete <1>all, <2>cancelled and voided checks, or <3> selected checks:** 1, 2, or 3 (<2> means checks cancelled and voided through *PayMaster*.)
2. **Cut off date (m/d/y):** *12-31-03* (for example, if you want to keep checks from 2001 on .)
3. **All check information through 12/31/03 will be deleted. Warning. Press a key.** *Press a key.*
4. **Check deletion in progress. Do not disturb computer.** You might want to get a cup of coffee at this point. It may take a while, depending on how many checks are in the file.

Order Form for Federal & Three State Tax Tables on Diskette

AutoUpdate subscribers receive tax tables on diskette as part of their subscription, but must return this form to us so we can verify the state numbers. Please send to Computer Aid LLC, 501 Church St NE, Suite 306, Vienna, VA 22180
or fax it to us at 703-281-3461

Diskette :[ ] Email: [ ]	$85 for tax tables — up to 3 states (if not on AutoUpdate)	
	# of additional states [ ] (list on separate sheet) $25 per state	
All orders must be prepaid, COD, or charged to a credit card.	VA residents add 4.5% sales tax on above two amounts.	$
[ ]check [ ]COD [ ]credit card	Shipping: CA, AK, HI $15 for UPS 2nd day air; all others $10 for UPS ground (save shipping by having it sent email)	$
Names of states:	COD charge $10	$
Tax code 1:	If on AutoUpdate, check here [ ] and enter zero for TOTAL	$
Tax code 2:	TOTAL	$
Tax code 3:	Credit card #: Exp date:	
If credit card payment, circle type: Visa MC AmEx Discover	Signature: Billing name & address of card:	
Ship to: Name (or enter email address to receive as an email attachment)		
Company		
Street Address		
City/State/Zip		
Area code/telephone		