

Welcome to our Thirty Fourth Edition of Pay-Net's E-Newsletter. Previous editions of our E-Newsletter are available on our web site, www.pay-net.net, under the "Employer Resources – Newsletter" section. We want to welcome all of our new clients that started processing with us this month. Our E-Newsletter is published about 10 times per year. If any other people in your organization would like a copy of our E-Newsletter, please send a request by email to: operations@pay-net.net

Please Keep Your E-Mail Addresses Current When you have personnel changes, remember to send us any e-mail address changes. You can send these to operations@pay-net.net. This way our list will remain current.

Pay-Net E-Mail Addresses: If you need to communicate with us, we recommend that you send us an email. This practice will provide you, and us, a hard copy of the communication. Here are Pay-Net's current email accounts. We want to welcome Becky to our Pay-Net family. Becky is taking Emily's place in Customer Support after Emily decided to move to Arizona.

Wayne Lee (Owner):	wayne@pay-net.net
Hollis (Operations):	hlee@pay-net.net
Gloria (Operations):	gbal@pay-net.net
Dan (Operations):	danr@pay-net.net
Becky (Operations)	rbaker@pay-net.net
Anna (Taxes):	atudor@pay-net.net
Ivan (Technical):	idiaz@pay-net.net
General Communication:	operations@pay-net.net (this will be forwarded to the appropriate person)
Debbie (Sales):	dwillett@pay-net.net
Amabel (Sales):	amabelh@pay-net.net

Of course, if you need to talk with us immediately, we do answer the phones with *live* people, not voice mail. If you happen to get into our voice mail system, be assured that all of us are on the phone when you called.

Pay-Net's web site: If you have the opportunity, please visit our web site at www.pay-net.net and let us know what you think about it. Send your responses to operations@pay-net.net. The information is identical as before, we have just placed it in different categories and had a professional design team help with the development. Now, we have a special section for our clients called "Employer Resources" that contain valuable information you need to assist your company.

Quarter End: June 30th marks the end of the Second Quarter of 2007. Please note that any 2nd Qtr Adjustments must be processed by Thursday, June 28th. With your last payroll of the quarter, you will (or have) received a couple of reports that you need to file – the quarterly taxable wage report and the W2 Edit report. Please examine both of these reports for accuracy. You can expect to receive your quarterly payroll tax returns on, or before, July 20th.

“Challenging” Payroll Dates:

Please take notice of the following dates as you prepare your payroll information.

- ▶ June 30th and July 1st both occur on a weekend. If you normally date your checks for the end of the month, or the 1st of the month, your check date has rolled back to Friday, June 29th. If you normally date your checks for either of these days and you have direct deposit, we will need your payroll information by 3:00 pm on Wednesday, June 27th.
- ▶ **July 4th is the Independence Day Holiday and it occurs on Wednesday this year. Please be very careful to plan your payroll information input around this holiday.**
- ▶ July 5th occurs on Thursday. With the Holiday occurring the day before, we will need your payroll information on or before 3:00 pm on Monday, July 2nd, if you have direct deposit.
- ▶ July 15th falls on a Sunday. If you normally date your checks for the 15th, our payroll system has rolled your check date back to Friday, July 13th. If you normally date your checks for the 15th and you have direct deposit, we will need your payroll information by 3:00 pm on Wednesday, July 11th.
- ▶ July 31st falls on a Tuesday. If you normally date your checks for the end of the month and you have direct deposit, we will need your payroll information by 3:00 pm on Friday, July 27th.
- ▶ August 5th falls on a Sunday. If you normally date your checks for the 5th, your check date probably rolled back to Friday, the 3rd. If you normally date your checks for the 5th and you have direct deposit, we will need your payroll information by 3:00 pm on Wednesday, August 1st.
- ▶ August 20th falls on a Monday. If you normally date your checks for the 20th and you have direct deposit, we will need your payroll information by 3:00 pm on Thursday, August 16th.

2007 Holiday Schedule:

The following remaining holidays are scheduled for 2007. The official “bank holidays” are marked with an “*”

- ▶ * Wednesday, July 4, 2007 – Independence Day – Pay-Net will be closed
- ▶ * Monday, September 3, 2007 – Labor Day – Pay-Net will be closed
- ▶ * Monday, October 8, 2007 – Columbus Day
- ▶ * Monday, September 3, 2007 – Labor Day – Pay-Net will be closed
- ▶ * Monday, November 12, 2007 – Veteran’s Day
- ▶ * Thursday, November 22, 2007 – Thanksgiving Day – Pay-Net will be closed
- ▶ Friday, November 23, 2007 – Day after Thanksgiving – Pay-Net will be closed
- ▶ Monday, December 24, 2007 – Day before Christmas – Pay-Net will be closed
- ▶ * Tuesday, December 25, 2007 – Christmas Day – Pay-Net will be closed
- ▶ Monday, December 31, 2007 – Day before New Year’s Day – Pay-Net will be closed
- ▶ * Tuesday, January 1, 2008 – New Year’s Day – Pay-Net will be closed

New California Requirements:

A new California law, AB2095, provides that an employer is considered to have complied with the itemized wage statements requirement if overtime hours worked in the current pay period are itemized as corrections on the pay stub for the next regular pay period. Corrections included in a subsequently issued pay stub must identify the dates of the pay period to which they refer.

In other words, any pay corrections that apply to a previous pay period (for example “retro pay”) must be noted on the check stub, and the dates of the pay period that applies must be noted!

How can you comply with this new law? Go to our web site at www.pay-net.net . Go to the “Employer Resources” section and then the “Downloads” section. Scroll down and find the training document on “Check Stub Memos”. This document covers how you can use the system if you wish, either our Remote system or Payentry.

IRS Form 944: Last year, the IRS introduced a new form for very small companies. This form, the 944, replaces the normal quarterly form 941. In 2006, the IRS was very liberal in its enforcement of this new form. The Form 944 is filed annually where the 941 is filed quarterly.

However, in 2007, any company that has received notice from the IRS that they are subject to the new Form 944, must use this form instead of the normal Form 941. If a company does not use the 944, they may be subject to penalties.

Pay-Net does not receive any notification from the IRS if a company must file on a Form 944, and we must rely on our clients to provide us with this information. If your company received a letter from the IRS notifying you of your 944 filing requirement in 2006 or 2007, please send this notice to us immediately. Pay-Net cannot be held responsible for penalties issued to any company that has not notified us of this filing requirement.

Pension Reform Bill Allows Automatic 401(k) Enrollment: The Pension Protection Act, signed into law by President Bush Aug. 17, gives employers more flexibility in developing and administering their Section 401(k) plans. Among other things, the bill:

- allows employers to automatically enroll employees into 401(k) plans unless the employee opts not to be enrolled,
- allows employers to automatically increase the amount of money they deduct from employees' paychecks for contributions into their Section 401(k) plans over time,
- encourages plan sponsors to offer annuities as a direct distribution option by allowing Section 401(k) plan assets to be paid out more like the lifelong income of a traditional defined benefit pension plan,
- makes permanent higher catchup contribution limits for workers who need to add to their savings as they near retirement,
- allows employees who participate in Sections 401(k) and 403(b) plans to rebalance their portfolios by changing the particulars of their plans, and
- gives employees easy access to advisers who can help them make better savings decisions through the use of computer models that are certified as “bias-free” by an independent third party.

What Printer to Buy? As you are probably aware, most small printers designed to connect directly to your PC are now manufactured and sold with USB connections instead of the “old” serial cable interface. This fact creates problems with printing checks, both regular and manual checks, from within Millennium or on Payentry. Due to security features programmed in Millennium, you can only print checks from a PCL compatible printer. This is technical talk for “you need a special printer to print checks.” This security affects both remote software users and Payentry users with the “Secure Document” printing. Please note that this situation applies only to check printing, not report printing. However, there are some USB based printers that are also PCL compliant. If your company is thinking about adding a new printer, and if you print checks onsite, please contact Ivan in our Technical Support department for guidance on what printer models are PCL compliant.

Update: The “Old” Problem of Social Security Mismatches of Employee Names to SSA’s Records:

The Social Security Administration will not issue letters to employers about name/Social Security number mismatches uncovered during the processing of 2006 Forms W-2 until issues are resolved regarding how the Department of Homeland Security will use the information to enforce immigration law, according to an SSA official.

Speaking at the American Payroll Association's 25th Annual Congress last month in Las Vegas, Tim Beard, SSA's Seattle-based regional employer services liaison officer (ESLO), said that employers should direct inquiries about name/SSN mismatches in their 2006 filings to their regional ESLOs.

The DHS Proposal

Homeland Security proposes requiring employers who receive name/SSN “no match” letters from SSA to resolve the legal immigration status of the employee or, if unable to confirm the employee's eligibility for employment, choose between terminating the employment of the worker or facing “the risk the DHS may find the employer had constructive knowledge that the employee was an unauthorized alien.”

Under DHS's proposed rules, employers would be required to attempt to correct clerical errors and/or contact the employee to help resolve the discrepancy within 14 days of receiving a no-match letter. If the discrepancy is not resolved at that time, DHS would consider the employer to be protected from accusations that it had violated employer verification requirements under the Immigration and Nationality Act if the no-match issue was resolved within 60 days of the employer's receipt of SSA's letter.

And, on another note:

Congress Considers Mandating New Worker Verification System

Witnesses appearing June 7 before the U.S. House of Representatives Ways and Means Subcommittee on Social Security expressed significant concerns about the consequences of attempting to convert the government's voluntary Employment Eligibility Verification System into a mandatory nationwide program.

Subcommittee chairman Michael R. McNulty (D-N.Y.) said that the panel was particularly interested in the impact that proposals for employment eligibility verification would have on the Social Security Administration. The government presently has a “modest” voluntary program used by about 17,000 employers, but expanding to a nationwide mandatory verification program would require SSA to support verification of more than 60 million hiring decisions per year.

McNulty said that the subcommittee wanted to ensure that an employment verification process is “effective, efficient, and feasible” for employers and employees, but that it was also concerned that SSA would need to be given enough resources to “fulfill this new charge without compromising its core duty to administer Social Security.”

Rep. Sam Johnson (R-Texas), ranking Republican on the subcommittee, said that he supported “helping employers who want to do the right thing,” as well as protecting workers against identity theft, and that common sense solutions were needed. Johnson said, however, that there already have been concerns about accuracy and timeliness in the employment verification process, while checking employment eligibility with a law enforcement agency like the Department of Homeland Security is “a little chilling.”

Proposed California Legislation on Health Insurance: Two bills that would require California employers to spend at least 7.5 percent of their payrolls on employee health insurance were approved in their houses of origin June 7. The measures, which were authored by the state legislature's Democratic leadership, passed with near unanimous support from majority Democrats over the opposition of minority Republicans. A.B. 8 was approved by a vote of 47-32 and S.B. 48 on a 23-16 vote. Both are “play or pay” bills that require employers that do not offer cafeteria health plans to their workers to pay into a state-run health care purchasing pool. The bills also require insurers to guarantee the issuance of policies to individuals. Legislative leaders hope to reconcile the separate bills into a single measure to send to Gov. Arnold Schwarzenegger (R).



A Note from Wayne

Summer time is finally here! The kids are out of school! I hope that all of you will be able to take a vacation this year and relax away from your everyday duties. Please drive safely and, most importantly, have fun with your family or friends. I would like to welcome all of our new clients and thank all of our “old” clients for continuing to entrust Pay-Net with your company’s payroll needs.

Wayne