

Welcome to our Thirty-Seventh 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 8 to 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. By doing this, 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.

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
Peggy (Operations)	pgreenwell@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.

"Challenging" Payroll Dates: Please take notice of the following dates as you prepare your payroll information.

► December 1st falls on a Saturday. If you normally date your checks for the 1st, your calendar rolled back to a check date of Friday, November 30th. If you normally date your checks for the 1st and you have direct deposit, we will need your payroll information by 3:00 pm on Wednesday, November 28th.

► December 15th falls on a Saturday. If you normally date your checks for the 15th, your calendar rolled back to a check date of Friday, December 14th. 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, December 12th.

▶ **Plan carefully around the holidays. Christmas Day falls on a Tuesday. Currently Pay-Net plans to be closed on Monday, December 24th, Christmas Eve Day and on Tuesday, December 25th. However, Monday, December 24th is not a banking holiday so you may date your direct deposits for the 24th.**

▶ **New Years Day falls on a Tuesday also. Currently, Pay-Net plans to be open on Monday, the 31st, but will close at NOON, Pacific Time, that day. Pay-Net will be closed on Tuesday, January 1st.**

▶ **The last day for Year End adjustments is Friday, December 28th, at NOON Pacific Time. Any and all adjustments must be reported to Pay-Net by that date. If you need Pay-Net to add an additional calendar day to your processing calendar, please call our office.**

▶ January 5, 2008, falls on a Saturday. If you normally date your checks for the 5th, your check date has rolled back to Friday, January 4th. If this is the case and you have direct deposit, we will need your payroll information by 3:00 pm on Wednesday, January 2nd.

▶ January 15, 2008, falls on a Tuesday. 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 Friday, January 11th.

▶ January 20, 2008, falls on a Sunday. If you normally date your checks for the 20th, your check date has rolled back to Friday, January 18th. 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 Wednesday, January 16th.

▶ **Monday, January 21, 2008, is Martin Luther King Day. Although Pay-Net will be open that day, it is a legal Banking Holiday. Please take this date into consideration as you prepare your payroll information.**

▶ February 5th falls on a Tuesday. If you normally date your checks for the 5th and you have direct deposit, we need your payroll information by 3:00 pm on Friday, February 1st.

▶ **2008 is Leap Year. For this reason, February has 29 days in it. Be aware of this as you prepare your payroll information.**

▶ March 1st falls on Saturday. If you normally date your checks for the 1st, your check date will roll back to February 29th. If this applies to you and you have direct deposit, we need your payroll information by 3:00 pm on Wednesday, February 27th.

2008 Holiday Schedule: The following remaining holidays are scheduled for 2008. The official “bank holidays” are marked with an “*”

- ▶ * Tuesday, January 1, 2008 – New Year’s Day – Pay-Net will be closed
- ▶ * Monday, January 21, 2008 – Martin Luther King Day
- ▶ * Monday, February 18, 2008 – President’s Day
- ▶ * Monday, May 26, 2008 – Memorial Day – Pay-Net will be closed
- ▶ * Friday, July 4, 2008 – Independence Day – Pay-Net will be closed
- ▶ * Monday, September 1, 2008 – Labor Day – Pay-Net will be closed
- ▶ * Monday, October 13, 2008 – Columbus Day
- ▶ * Tuesday, November 11, 2008 – Veteran’s Day

- ▶ * Thursday, November 27, 2008 – Thanksgiving Day – Pay-Net will be closed
- ▶ Friday, November 28, 2008 – Day After Thanksgiving – Pay-Net will be closed
- ▶ * Thursday, December 25, 2007 – Christmas Day – Pay-Net will be closed
- ▶ * Thursday, January 1, 2009 – New Year’s Day – Pay-Net will be closed

Important News For our Payentry Clients

If you use Pay-Net’s web based payroll system, Payentry.com, this is an important announcement for you. Effective immediately, we need you to change your method of login to the Payentry web site.

Sometime in the near future, within the next few months, Payentry will be changing their web servers, and, at the same time, the web address for Payentry will also change. To ensure that your service will not be interrupted, we suggest using the following method of accessing Payentry:

- (1) Open Pay-Net’s web site by typing www.pay-net.net into your browser.
- (2) When the main page of our web site opens in your browser, there is a Payentry logo on the left hand side of the screen. This logo is a “clickable link”. By clicking on the Payentry logo, you will be presented with the Payentry login screen. Enter your username and password and you will be taken into the Payentry web site.

If you use this method of accessing Payentry, then when the web site changes, Pay-Net will instantly change the link on our web site and you will be assured of continuing to access Payentry without any loss of service.

If you have any questions, or problems accessing Payentry this way, be sure to call our office.

Reminder

California’s Minimum Wage Increase

A reminder that California’s Minimum Wage increases to \$8.00 per hour effective January 1, 2008.

Status on Social Security Name/Number Mismatches: As most of you are aware, Pay-Net has been following this issue for several years, keeping our clients up-to-date on the latest developments .

Because of the conflicts between the IRS/SSA and the Department of Homeland Security, the SSA has just announced that they will not be sending out any "Name Mismatch" letters this year. Of course, this is always subject to change!

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.

GSA Releases Per Diem Rates for Fiscal Year 2008: Effective Oct. 1, 2007, the standard per diem rate for business travel within the continental United States will be \$109 (\$70 for lodging, \$39 for meals and incidental expenses), the General Services Administration has announced. For specifically listed localities, the lodging rate will range from \$70 to a new high of \$317 for Vail, Colo. The rates for meals and incidental expenses remain the same, ranging from \$39 to \$64. The entire listing of per diem rates is available online at <http://www.gsa.gov/perdiem>.

November IRS Letter and State SUI Letters: Each year at this time, the IRS sends companies a letter that indicates if their depository frequency changes. Please be sure to send us a copy of the IRS letter and state SUI letter when you receive them. **Please note: Since Pay-Net cannot confirm your company's deposit frequency with the IRS, any penalties or interest charged to your company due to a deposit frequency change will not be Pay-Net's responsibility!** So be sure to send us those letters!

Payroll Tax Law Changes for 2008:

- ▶ Social Security Wage Base Change: The wage base increases to \$102,000.00 for 2008 but the percentage remains the same at 6.20%. The maximum an employee can accrue in Social Security in 2008 is \$6,324.00, up from \$6,045.00 in 2007.
- ▶ No change in Wage Base nor Percentage for Medicare. The wage base is unlimited and the percentage remains at 1.45%.
- ▶ Federal Withholding: The tables for withholding will be adjusted for inflation
- ▶ California Withholding: The tables for withholding will be adjusted for inflation
- ▶ California SUI: Will remain using the Table F+ for SUI percentages. Table F+ includes a 15% "emergency surcharge" to the regular Table F. The taxable wage limit of \$7,000.00 remains the same.
- ▶ California SDI Rate: The rate of 0.8% remains the same but the wage base goes to \$86,698.00 resulting in the maximum SDI withheld of \$693.58.

Miscellaneous Year End Ramblings:

- ▶ Note that the Cutoff date for all 2007 payroll information is 12:00 Noon on Friday, December 28, 2007. Any payroll information reported after that date will require re-processing of year-end and additional fees from Pay-Net, plus a delay in receiving your year-end package. In addition, due to late payment of tax deposits, state and federal penalties may apply.
- ▶ You can expect to receive your year-end package on, or before, Wednesday, January 23, 2008.
- ▶ If you have any items such as allocated tips, third party sick pay, personal use of company car, etc., that affect W-2's, please discuss these items with us prior to December 28th.
- ▶ The results of our EVS (Electronic Verification Service) are being sent out to clients now. If you have any Name or Social Security Number changes, please make these changes prior to December 28th.
- ▶ Remember to send us a copy of your IRS Depository Letter plus all State SUI Letters you receive.

The following 14 states will increase their state minimum hourly wages effective Jan. 1, 2008:

- Arizona: \$6.90 (from \$6.75);
- California: \$8.00 (from \$7.50);
- Colorado: \$7.02 (from \$6.85);
- Delaware: \$7.15 (from \$6.65);
- Florida: \$6.79 (from \$6.67);
- Iowa: \$7.25 (from \$6.20);
- Massachusetts: \$8.00 (from \$7.50);
- Missouri: \$6.65 (from \$6.50);
- Montana: \$6.25 (from \$6.15);
- New Mexico: \$6.50 (from \$5.15);
- Ohio: \$7.00 (from \$6.85);
- Oregon: \$7.95 (from \$7.80);
- Vermont: \$7.68 (from \$7.53); and
- Washington: \$8.07 (from 7.93).



A Note from Wayne

It's hard to believe that Christmas is right upon us again! It only seems a few months ago I was taking down the Christmas lights and putting away all the decorations. Of course, in Payroll, it is the calm before the storm as we prepare for Year End with all the W-2's and tax returns to process, package and deliver to all of you! This year, Pay-Now will process over 30,000 W-2 Forms for our clients. So for right now, we will kick back and enjoy this season. From all of us here at Pay-Net, we wish you a Very Merry Christmas and a Prosperous New Year.

Wayne