



Welcome to our Forty Fifth 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 6 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. When we sent out the last E-Newsletter, we got over 50 bounce-backs because the email address was no longer valid.

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.

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|---------------------------|--|
| Wayne Lee (Owner): | <u>wayne@pay-net.net</u> |
| Hollis (General Manager): | <u>hlee@pay-net.net</u> |
| Gloria (Operations Mgr): | <u>gbal@pay-net.net</u> |
| Becky (Operations) | <u>rbaker@pay-net.net</u> |
| Peggy (Operations) | <u>pgreenwell@pay-net.net</u> |
| Anna (Tax Manager): | <u>atudor@pay-net.net</u> |
| Ivan (Technical): | <u>idiaz@pay-net.net</u> |
| General Communication: | <u>operations@pay-net.net</u> (this will be forwarded to the appropriate person) |
| Debbie (Sales): | <u>dwillett@pay-net.net</u> |
| Don (Sales): | <u>denck@pay-net.net</u> |

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.

- ▶ June 15th also falls on Monday. If you normally date your checks for the 15th and you have direct deposit, we will need your payroll information before 3:00 pm on Thursday, June 11th.
- ▶ June 20th falls on Saturday. If you normally date your checks for the 20th and you have direct deposit, we will need your payroll information before 3:00 on Wednesday, June 17th.

- ▶ June 30th, the last day of June, 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 before 3:00 pm on Friday, June 26th.
- ▶ **July 4th, Independence Day, is a national banking holiday. But, since it occurs on Saturday this year, we will all get to lose a day off! That's right, Pay-Net will be open on Friday, July 3rd and the banks will also be open that day.**
- ▶ July 5th falls on Sunday. If you normally date your checks for the 5th, your check date will roll back to Friday, July 3rd. If this applies to you, and you have direct deposit, we will need your payroll information before 3:00 pm on Wednesday, July 1st.
- ▶ July 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 before 3:00 pm on Thursday, July 16th.
- ▶ August 1st falls on a Saturday. If you normally date your checks for the 1st, your check date will roll back to Friday, July 31st. If this applies to you and you have direct deposit, we will need your payroll information before 3:00 pm on Wednesday, July 29th.
- ▶ August 15th falls on a Saturday. If you normally date your checks for the 15th, your check date will roll back to Friday, July 14th. If this applies to you and you have direct deposit, we will need your payroll information before 3:00 pm on Wednesday, August 12th.
- ▶ August 31st falls on a Monday. If you normally date your checks for the end of the month and you have direct deposit, we will need your payroll information before 3:00 pm on Thursday, August 27th.
- ▶ September 1st falls on a Tuesday. If you normally date your checks for the 1st and you have direct deposit, we will need your payroll information before 3:00 pm on Friday, August 28th.
- ▶ **Monday, September 7, 2009, is Labor Day, a national banking holiday and Pay-Net will be closed on this day. Please take this into account as you prepare your payroll information.**

2009 Holiday Schedule: The following remaining holidays are scheduled for 2009. The official "bank holidays" are marked with an "*".

- ▶ Saturday, July 4, 2009 – Independence Day
- ▶ * Monday, September 7, 2009 – Labor Day – Pay-Net will be closed
- ▶ * Monday, October 12, 2009 – Columbus Day – Pay-Net will be open
- ▶ * Wednesday, November 11, 2009 – Veteran's Day – Pay-Net will be open
- ▶ * Thursday, November 26, 2009 – Thanksgiving Day – Pay-Net will be closed
- ▶ Friday, November 27, 2009 – Day After Thanksgiving – Pay-Net will be closed
- ▶ * Friday, December 25, 2009 – Christmas Day – Pay-Net will be closed
- ▶ * Friday, January 1, 2010 – New Year's Day – Pay-Net will be closed

Important Information on Child Support Payments: As you may be aware, the state of California has required electronic deposits (EFT or Electronic Funds Transfer) of Child Support garnishments for many years. But, on the other hand, up until recently, the state failed to provide the method for making these payments by EFT. Thus, this rule was basically ignored.

However, last October, the state of California started working on providing a system for these EFT payments. And, now, they have their system up and operational. Some of our clients have received notification from the state that they are required to make Child Support and Spousal Support payments by EFT.

And, Pay-Net is ready to do your Child Support Payments on your behalf.

Per California regulations: "...the mandatory EFT filers for child support are those companies that are also required by the state to do payroll tax deposits by EFT...". What this means is that any company that has a total state payroll tax liability greater than \$20,000 per year is required to do tax deposits by EFT and now is required to pay child support payments by EFT.

We strongly recommend that you determine if your company falls under these guidelines. If you do, then contact our office for instructions on how to proceed. You may not have received notification from the state regarding the requirement for using EFT for tax deposits because Pay-Net already makes your tax deposits by EFT.

Also, please note that even if you are required to make your employee's child support payments by EFT, you may find this method easier than using a check for payment, and you can use this method.

If you would like information on how to enroll in this new service, please contact our office.

New I-9 Form: On December 18, 2008, the U.S. Citizenship and Immigration Services (USCIS) published new rules to streamline the *Employment Eligibility Verification Form I-9*. The effective starting date was February 2, 2009. By that date, all employers were supposed to use the I-9 form for each new hire to verify the employee's right to work in the United States.

But, on January 30, 2009, the USCIS did an abrupt twist and extended the effective date for using the new I-9 until April 3, 2009. **Reason:** The USCIS and the new Obama administration wanted time to consider additional changes.

So until April 3, all employers hiring new employees must continue using the current version of the I-9. That version is dated June 5, 2007.

The new form (for use April 3rd and after) and the current form (in use since 2007) look almost identical. So, the next question: How can you know which I-9 form is which? Here's where to find the nearly hidden identification:

- **Before April 3, 2009.** Use the form that has "Form I-9 (Rev. 06/05/07)" located in small type in the bottom right corner of the form.
- **April 3, 2009, and after.** Use the form that has "Form I-9 (Rev. 02/02/09)" located in small type in the bottom right corner of the form. The new form reflects the new rules, which no longer allow an employer to accept expired U.S. passports and expired drivers' licenses to verify employment authorization.

Both versions of the I-9 Form are available on our web site under Employer Resources > Employer Forms.

Potential Problems with New Federal Income Tax Withholding: As you are aware, the income tax withholding tables were changed in March to reflect the new rules under the Stimulus Bill. However, now the IRS has released this announcement:

Employees with multiple jobs or married couples whose combined incomes place them in a higher tax bracket may experience a shortage of federal withholding and they can submit a revised W-4 that tells the employer how much money to withhold each paycheck. To recalculate withholding, filers should use Worksheet 12 in the updated Publication 919.

Publication 919 can be found on the IRS web site, or it can be downloaded from Pay-Net's web site at: <http://www.pay-net.net/docs/p919.pdf> (clickable link).

Arizona Withholding Rates: We have received several inquiries from clients regarding the rate changes for Arizona Withholding. For many years, the State of Arizona has based employee income tax withholdings as a percentage of Federal Withholding. On May 1, 2009, Arizona changed their rates. And, in fact, the state changed the future rates. The following chart shows the former, current and future rates:

Arizona Withholding Rates

Up to April 30, 2009	May 1, 2009 to December 31, 2009	Jan 1, 2010 to June 30, 2010
10.0%	11.5%	10.7%
19.0%	21.9%	20.3%
23.0%	26.5%	24.5%
25.0%	28.8%	26.7%
31.0%	35.7%	33.1%
37.0%	42.6%	39.5%
Minimum Percentage for Employees Earning Over \$15,000 Per Year		
19.0%	21.9%	20.3%

By using an AZ-4 Form (similar to the Federal W-4 Form), an employee would indicate to their employer the percentage rate to use for their withholding.

Note: Effective July 1, 2010, the *State of Arizona will stop using the percentage method* and they will adopt a "table system" similar to the table system used by California. As of this date, the state has not released any information on this new calculation method.

Pay-Net's ConfirmFTD Service: We want to remind our clients of our ConfirmFTD service, which allows our Electronic Tax Filing clients to check their Federal tax deposits on the EFTPS Department's web site (a division of the IRS).

To describe the service in a nutshell: For a very minimal one-time fee, Pay-Net will enroll you with the EFTPS unit of the IRS. You will receive a PIN directly from the EFTPS, which will allow you to register and login directly to the EFTPS web site. There, on their web site, you can

confirm the date and amount of all Federal 941 and 940 deposits made on your behalf by Pay-Net for the last 16 months.

Exciting New Software Features Are Here:

Did you know that our software could now handle complete Human Resource requirements including Applicant Tracking? Did you know by summer, we will have an “Employee Kiosk” feature with complete Employee Self Service? These are exciting times for us as our software evolves into a complete Payroll and Human Resource package that can handle the complex requirements of both functions.

To read more about our some of the new features in the software, click on the following link and you will be taken to a document on our web site:

<http://www.pay-net.net/docs/newsoftware.pdf>

And yes, if you are reading this ENewsletter on your computer, all of these links and email addresses are “clickable”.

If you would like to have these new features in your company, you will need to become a full remote client of Pay-Net. Call our office for details.

Additional Services Offered by Pay-Net:

Sometimes clients can forget the vast range of services that Pay-Net can offer your company. For example, did you know that we offer four different types of tax services? Or, did you know you could import your payroll information from an Excel® spreadsheet? Since businesses are constantly changing, your payroll and human resource requirements can also change. We encourage you to examine the vast number of services that we offer, from Human Resource tracking to Employee Self Service. To find out about our expanse of services visit our web site, www.pay-net.net, and click on “Pay-Net Solutions”.



Note from Wayne

Sometimes I am amazed by the fact that only a small percentage of my clients actually read this E-Newsletter, and an even fewer number respond to various new programs that are described in here. For example, the infamous “Simulus Bill” passed in March had several payroll related issues. One of these issues was the change in COBRA. Now, employers that fall under the COBRA rules are required to pay 65% of a former employee’s health insurance premium, and can deduct that amount from their payroll tax liability. We have had only a

few clients respond to these COBRA changes. Since by my calculations, approximately 50% of Pay-Net’s clients are affected by the new COBRA rules, why have so few clients responded? Oh well, after 29 years in the payroll business, nothing should surprise me anymore. I wish all of you a fantastic, fun-filled, and blessed summer, but remember to keep the sun tan lotion handy!

A handwritten signature in cursive script, appearing to read "Wayne". The signature is written in black ink and is positioned at the bottom right of the page.