



Welcome to our Fifty 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 4 to 6 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 Email Addresses Current When you have personnel changes, remember to send us any email 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 When we sent out the last E-Newsletter, we got over 50 bounce-backs because the email addresses were no longer valid.

Pay-Net Email 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 (General Manager): hlee@pay-net.net
- Gloria (Operations Mgr): gbal@pay-net.net
- Becky (Operations): rbaker@pay-net.net
- Paula (Operations): pmowry@pay-net.net
- Anna (Tax Manager): 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

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.

Monday, September 4, 2011, is Labor Day, a national holiday. If you normally you're your checks for the 5th, your check date will roll back to Friday, September 2nd. If this applies to your company, and you have direct deposit, we need your payroll information before 3:00 pm on Wednesday, August 31st.

September 20th falls on a Tuesday. If you normally date your checks for the 20th and you have direct deposit, we need your payroll information before 3:00 pm on Friday, September 16th.

October 1st falls on a Saturday. If you normally date your checks for the 1st, your check date will roll back to Friday, the 30th. If this applies to your company and you have direct deposit, we need your payroll information before 3:00 pm on Wednesday, September 28th

Monday, October 10th is Columbus Day. Although Pay-Net will be open this day, this is an official banking holiday. If you normally date your checks for Monday, Tuesday, or Wednesday, or the 10th, we will need your payroll information a day earlier than normal.

October 15th falls on a Saturday. If you normally date your checks for the 15th, your check date will roll back to Friday, October 14th. If this applies to you and you have direct deposit, we need your payroll information by 3:00 pm on Wednesday, October 12th.

October 31st falls on a Monday. If you normally date your checks for the end of the month, and you have direct deposit, we need your payroll information before 3:00 pm on Thursday, October 27th.

November 1st falls on a Tuesday. If you normally date your checks for the 1st of the month, and you have direct deposit, we need your payroll information before 3:00 pm on Friday, October 28th.

Watch out for the November holidays! Friday, November 11th is Veteran's Day, Thursday, November 24th is Thanksgiving, and Pay-Net will also be closed on Friday, November 25th.

1099 Requirement Repealed: **This is really great news!** Legislation to *repeal* the new Form 1099 rules due to begin January 1, 2012, and called burdensome by many businesses, was signed April 14 by President Obama. The legislation (H.R. 4) repeals language from the 2010 health care law (Pub. L. 111-148) requiring businesses to issue a Form 1099 for payments to companies for goods and services that exceed \$600 per year to each vendor. It also repeals an expansion of those rules to include landlords, which was enacted under a small business law (Pub. L. No. 111-240).

Changes in FUTA tax: The FUTA tax rate has contained a 0.2% surcharge. This surcharge has been in effect for over 30 years, and each time it has been scheduled to stop, Congress has always approved extending the surcharge. That is, until now!

This session of Congress has failed to extend the 0.2% surcharge. As a result, the FUTA tax surcharge will be dropped effective July 1, 2011. The gross FUTA tax will now become 6.0% with the credit for timely state SUI deposit remains at 5.4%. Thus the effective FUTA tax percentage will be 0.6% instead of the old rate of 0.8%. This means that the maximum FUTA tax for an employee will drop from \$56.00 per year to \$42.00.

And, to answer your question, YES, our software has been modified to take this new FUTA tax into account.

Possible FUTA Credit Reductions: According to an announcement by the US Labor Department, it looks like there could be as many as 22 states that will be saddled with additional FUTA taxes due to their state UI department(s) not paying off their federal UI loans. The final announcement of which states will be affected will come out in December.

Bottom line ó if you have employees in one of these states, look for an increase in your FUTA tax for 4th Quarter. If you subscribe to our tax filing service, Pay-Net will notify you of the amount of additional tax due, and we will draft your account and make the deposit.

Editorø note: It amazes me that we had a reduction in FUTA tax effective July 1, 2011, and now many employers will be õzappedö with additional FUTA taxes due to the shortfalls. Why didnøt the government just continue the FUTA tax surcharge to make the shortfalls smaller?

In 2010, there were three states with Credit Reductions: Indiana, Michigan and South Carolina. This year, these states plus Arkansas, California, Connecticut, Florida, Georgia, Idaho, Illinois, Kentucky, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Virginia and Wisconsin may join the list. Alabama, to avoid becoming a Credit Reduction state this year, imposed an unemployment compensation tax assessment to cover the interest owed on itø federal loans. The total amount of outstanding federal loans is \$40 billion as of August.

Cobra Subsidies for Laid-Off Workers Ending 08/31/2011: The subsidy for continuing health insurance coverage under the federal economic stimulus law will end Aug. 31, 2011. Under the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5), eligible individuals—generally people involuntarily terminated from their jobs—have been able to extend their health insurance coverage by paying their former employers 35 percent of the cost of coverage for up to 15 months. Otherwise, they can extend their health coverage under the Consolidated Omnibus Budget Reconciliation Act by paying 102 percent of the premium cost for up to 18 months.

Employers paid the resulting difference in the cost of coverage, but have been able to completely offset that cost with payroll tax credits.

The federal stimulus law originally applied the subsidy to individuals laid off between Sept. 1, 2008, and Dec. 31, 2009, but several extensions pushed the end date to May 31, 2010.

E-Verify Requirement?: There are two bills recently introduced in the House that would expand the use of the e-Verify system, the federal governmentø voluntary employment screening program. Both of the bills would require the use of e-Verify for all new hires by US employers. The bills also include several changes to the Form I-9 employment verification process.

Currently, there are several states, including Arizona and Georgia, that have already passed laws requiring all employers to use the e-Verify system. Plus, there are 11 other states that have pending legislation requiring the use of e-Verify.

Pay-Net is exploring the possibility of offering this service to our clients. Watch for future announcements from us.

2011 Holiday Schedule: The following remaining holidays are scheduled for 2010 plus the 2011 holidays. The official õbank holidaysö are marked with an õ*ö

- * Monday, September 5, 2011 ó Labor Day ó Pay-Net will be closed
- * Monday, October 10, 2011 ó Columbus Day ó Pay-Net will be open
- * Friday, November 11, 2011 ó Veteranø Day ó Pay-Net will be open
- * Thursday, November 24, 2011 ó Thanksgiving Day ó Pay-Net will be closed
- Friday, November 25, 2011 ó Pay-Net will be closed

- * Monday, December 26, 2011 ó Christmas Day observed ó Pay-Net will be closed
- * Monday, January 2, 2012 ó New Years Day observed ó Pay-Net will be closed

Update On Our New Software: It seems as if we have been talking about our new software for sometime now. Each time, the release date would get pushed back because of some type of problem or needed enhancement.

Well, we are *really* close now. Our new web-based system will have a completely new look and will have the complete functionality of our full software which means our web users will have access to a complete HR system. In addition, we will be announcing soon our Employee Kiosk which will be a completely new system replacing our present ESS module (Employee Self Service). On our new Kiosk, employees can make requests for address changes, withholding changes, etc., submit these requests by email and receive confirmation back.

To access the new Pay-Net Online system:

- (1) Go to our web site www.pay-net.net
- (2) Click on the Pay-Net Online logo on the left side of the main screen
- (3) For user name, type in: paynetdemo (all one word in lower case)
- (4) For password, type in: 9000demo
- (5) For company, type in: 9000

The system will then log you into the new Pay-Net Online system. Please note that this software resides on a test computer system and your response time will be slow depending on the number of users online.

To access the new Employee Kiosk:

- (1) Click on this link: <https://www.pay-netonline.com/Kiosk/Login/Login.aspx>
- (2) For user name, type in: normalabbey (all one word in lower case)
- (3) For password, type in: 9000normal

Check it out and let us know what you think!

Coming Soon: **Reports Repository:** We are in the process of setting up a secure place on the Internet where our clients can retrieve their reports. This repository will replace our procedure of emailing a company's reports. Yes, this is Pay-Net's venture to cloud computing. When a client requests a report, our system will run the report and then automatically place the report in the client's secure place in the repository. Our clients can then simply log into this repository and then download the reports.

Time & Attendance Integration: We are currently working on the integration of a couple of time & attendance systems. These online systems will be completely integrated with our new Kiosk version of employee self-service.

"Pay As You Go" Worker's Comp Insurance: We are currently working on a complete integration between our software and an insurance carrier to provide pay as you go worker's comp. In this application, you will be drafted with each payroll for the worker's comp premiums. The advantages of pay as you go include no deposit of worker's comp premiums is required, and there is no annual audit.

More information will be coming in future E-Newsletters.

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

It's been a busy summer at Pay-Net. I hope that all of you had a great time during these months. I am very excited about our new software offerings. Not only can we offer our clients more services and the additional functionality of our software should fit everyone's needs. The new employee kiosk will have all the functionality of a complete, online HR system designed to make the interface with employees less time consuming. It has taken us a couple of years to develop this system, but I think that everyone will be very pleased with our new product, Pay-Net Online.

A handwritten signature in black ink, appearing to read "Wayne Ho". The signature is written in a cursive, flowing style.