



Welcome to our Fifty Eighth Edition of Pay-Net's E-Newsletter. Previous editions of our E-Newsletter are available on our web site, [www.pay-net.net](http://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](mailto: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](mailto: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 When we sent out the last E-Newsletter, we got over 50 bounce-backs because the email addresses were no longer valid.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](mailto:wayne@pay-net.net)
- Hollis (General Manager): [hlee@pay-net.net](mailto:hlee@pay-net.net)
- Gloria (Operations Mgr): [gbal@pay-net.net](mailto:gbal@pay-net.net)
- Becky (Operations): [rbaker@pay-net.net](mailto:rbaker@pay-net.net)
- Paula (Operations): [pmowry@pay-net.net](mailto:pmowry@pay-net.net)
- Anna (Tax Manager): [atudor@pay-net.net](mailto:atudor@pay-net.net)
- Ivan (Technical): [idiaz@pay-net.net](mailto:idiaz@pay-net.net)
- General Communication: [operations@pay-net.net](mailto:operations@pay-net.net) (this will be forwarded to the appropriate Person)
- Jaime (Sales): [jlee@pay-net.net](mailto:jlee@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.

If you notice, Debbie is not on the list anymore. Our salesperson for over 11 years, Debbie Willett, has decided to call it quits and is moving to the upper Midwest. We will all miss her. Jaime will be taking her place, but those are big shoes to fill.

**Pay-Net's web site:** If you have the opportunity, please visit our web site at [www.pay-net.net](http://www.pay-net.net) and let us know what you think about it. Send your responses to [operations@pay-net.net](mailto:operations@pay-net.net).

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

- ▶ May 20<sup>th</sup> falls on a Sunday. If you normally date your checks for the 20<sup>th</sup>, your check date will roll back to Friday, May 18<sup>th</sup>. If this describes your situation and you have direct deposit, we need your payroll information before 3:00 pm on Wednesday, May 16<sup>th</sup>.

▶ **Monday, May 28, 2012, is Memorial Day, a national holiday. Pay-Net will be closed that day. Please take this date into consideration as you prepare your payroll information.**

▶ June 5<sup>th</sup> falls on a Tuesday. If you normally date your checks on the 5<sup>th</sup> and you have direct deposit, we need your payroll information before 3:00pm on Friday, June 1<sup>st</sup>.

▶ The end of June and first of July fall on a weekend. If you normally date your checks for the end of a month or the first of a month, your check date will roll back to Friday, June 29, 2012. If this describes your situation and you have direct deposit, we need your payroll information before 3:00 pm on Wednesday, June 27, 2012.

▶ **June ends the Second Quarter of 2012. If you have any payroll adjustments that you want included in the Second Quarter reports, you must report these adjustments on, or before, Thursday, June 28<sup>th</sup>.**

▶ **The 4<sup>th</sup> of July is a national holiday, Independence Day, and it occurs on a Wednesday. Pay-Net will be closed that day. Please take this date into consideration as you prepare your payroll information.**

▶ **If you normally date your checks for the 4<sup>th</sup>, or Wednesday, your check date will roll back to July 3, 2012. If this describes your situation and you have direct deposit, we need your payroll information before 3:00pm on Friday, June 29, 2012.**

▶ **If you normally date your checks for the 5<sup>th</sup>, Thursday or Friday, and you have direct deposit, you will need to run your payroll one day earlier than normal.**

▶ July 15<sup>th</sup> falls on a Sunday. If you normally date your checks for the 15<sup>th</sup>, your check date will roll back to Friday, the 13<sup>th</sup>. If this describes your situation and you have direct deposit, we need your payroll information before 3:00pm on Wednesday, July 11<sup>th</sup>.

▶ July 31<sup>st</sup> 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 3:00pm on Friday, July 27, 2012.

**Holiday Schedule:** The following remaining holidays are scheduled for 2011 plus the 2012 holidays. The official “bank holidays” are marked with an “\*”

- ▶ \* Monday, May 28, 2012 – Memorial Day – Pay-Net will be closed
- ▶ \* Wednesday, July 4, 2012 – Independence Day – Pay-Net will be closed
- ▶ \* Monday, September 3, 2012 – Labor Day – Pay-Net will be closed
- ▶ \* Monday, October 8, 2012 – Columbus Day – Pay-Net will be open
- ▶ \* Monday, November 12, 2012 – Veteran’s Day – Pay-Net will be open
- ▶ \* Thursday, November 22, 2012 – Thanksgiving Day – Pay-Net will be closed
- ▶ Friday, November 23, 2012 – Day After Thanksgiving – Pay-Net will be closed
- ▶ \* Tuesday, December 25, 2012 – Christmas – Pay-Net will be closed
- ▶ \* Tuesday, January 1, 2013 – New Year’s Day – Pay-Net will be closed

**State and Federal Government Team Up to Combat Employee Misclassification:** As many employers have been engaging in attempts to misclassify workers as independent contractors instead of employees, the Labor Department has teamed up with a number of states in an attempt to curb such misclassification, M. Patricia Smith, solicitor of labor, said Nov. 5 at

the annual conference of the American Bar Association's Section of Labor and Employment Law. Labor officials have signed memorandums of understanding with the Internal Revenue Service and 11 states, she said.

States seeking to reduce misclassification have linked the efforts of multiple agencies, Smith said. When there is an investigation of an employer's potential legal violation, all the appropriate agencies devote attention to that employer to ensure that it comes into compliance with all workplace laws.

**IRS Issues FAQ's on Voluntary Classification Program:** The Internal Revenue Service released a list of frequently asked questions (clickable link) about its new voluntary classification settlement program.

The program, launched Sept. 21, allows taxpayers to voluntarily reclassify workers as employees for federal employment tax purposes and pay 10 percent of the amount of employment taxes calculated under the reduced rates of Section 3509(a) of the Internal Revenue Code.

Not all workers have to be reclassified as employees, and exempt organizations and government agencies are eligible for the program, IRS said.

Employers that wish to participate in the program must submit Form 8952. The form and instructions are available on the IRS website, [www.irs.gov](http://www.irs.gov).

**News from the State of California:** The state has issued a couple of news announcements:

- (1) The EDD issued the Employment Determination Guide (DE38) to help business owners determine whether a worker is an employee or an independent contractor. Here is a clickable link to the DE38: [http://www.edd.ca.gov/pdf\\_pub\\_ctr/de38.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de38.pdf)
- (2) An initiative to combat Fair Labor Standards Act violations in the San Francisco area's restaurant industry was launched April 2, 2012, by the Federal Labor Department's Wage and Hour Division. Investigations conducted over a 5 year period found violations at 68% of the restaurants that resulted in more than \$2.1 million in minimum wage and overtime back wages owed to nearly 2,500 employees. Currently, the investigators are making unannounced visits to restaurants in the LA County area.
- (3) In a recent ruling, the California Supreme Court ruled that employer must still relieve employees of all duties during a designated meal period, but are not required to ensure that no work is conducted during the time to avoid penalty. State law grants employees who work more than 5 hours a day a 30 minute meal break. If the employee works less than 6 hours a day, the break period can be waived by mutual consent. Employees working more than 10 hours a day are entitled to a second 30 minute break, which can be waived by mutual consent when employees work up to 12 hours a day.

**Reports Portal Is Here:** As previously announced, the Pay-Net Report Portal is now up and running with many clients actively using the portal. In fact, 150 clients received their quarter end reports via the Portal for First Quarter, 2012.

**What is the "portal"?** The portal is a secure web site where clients can log in and retrieve various reports that have been placed there.

**Why is Pay-Net doing this?** With today's internet security concerns, Pay-Net will be eliminating the practice of emailing reports to clients. While email is basically secure, it can still be breached by hackers and valuable company/employee data could be

compromised. So, instead of emailing reports to clients, these reports will be run and placed into the Reports Portal. Our clients will log into the portal and download the reports.

**Is the Portal secure?** The portal uses the most current SSL encoding to ensure security on the portal. The user will see the common <https://> prompt for the portal. This security is identical to that security used by banks and financial institutions for their client account access.

**What is the time table?** Pay-Net will start the roll out of the portal in February with the goal of having all clients on the portal by June 1<sup>st</sup>. If your company wants to be on the portal quickly, just send an email to [operations@pay-net.net](mailto:operations@pay-net.net) and we will get you setup.

**Self-Check Employment Service:** The US Citizenship and Immigration Services division of the Department of Homeland Security has recently opened a “Self Check” web site.

“Self-Check” is a voluntary, fast, free and simple service that allows you to check *your* personal employment eligibility in the United States. If any mismatches are found between the information you provide and your Department of Homeland Security or Social Security Administration records, Self-Check will inform you of how to correct those mismatches.

Just click on this link to go to the web site: [Self Check website](#)

**Health Care Status:** As I am sure that all of you are aware, the Health Care law is now in the hands of the Supreme Court, and we are all awaiting the decision.

**Craziest Idea from the IRS:** One of the craziest ideas to come out of the IRS occurred in January during a conference. The IRS wants to go to a “Real-Time Tax System”. Basically, this means that when individuals file their personal income tax returns, the IRS computer system would immediately check the individual’s reported earnings against the total wages in the system.

In order to achieve this goal, the IRS proposal would require earlier, or more frequent wage reporting. The proposal goes as far as to say that W2’s should be filed the first couple of days in January!!

To implement this idea, the entire framework of the financial world would need to change including such items as reporting interest from banks, Third Party Sick Pay, financial statements from brokers, companies would need to report all payroll adjustments before the end of December, etc., etc. There are some 50 types of compensation that would have to be gathered and reported before the end of December.

This idea has been challenged by the NPRC, National Payroll Conference, as being somewhat impractical at this time and would require a lot of regulatory changes.

## *Note from Wayne*



Our country's Health Insurance Industry is really in shambles and it going to really hurt our economic situation. I just received our Health Insurance quotes, from a very large, reputable company. My rates for Pay-Net's Health Insurance Plan are going up almost 25% next year. 25% this year on top of 17% last year and 15% the year before. This is in spite of no major claims! Wouldn't all of you like to increase your prices that much? I understand that the insurance companies' profits are down because of the economy, but so are everybody's. We definitely need an overhaul of our Health System. While I don't agree with the current health plan passed a year and a half ago, I think we desperately need some changes.

*Wayne*