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## INSIDE...

- 2 President's Corner  
Heavy Support Season
- 2 Remote Client  
Gain Efficiency
- 3 Year-End  
Check List
- 3 Training  
2009 Dates Available
- 3 Holiday Wishes
- 4 Q&A  
E-mailing Summaries
- 4 Tips  
Backups

In observance of Christmas PenSoft will close at noon on Wednesday, December 24th and will be closed Thursday, December 25th. In observance of New Year's PenSoft will be closed Thursday, January 1, 2009.



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## Electronic Employment Tax Forms

Early in 2008 PenSoft focused on developing e-filing technology for employment tax forms in PenSoft Payroll. This 94X program was released in June of 2008 and is a huge success, exceeding all expectations.

This is a more efficient and less costly way for employers and payroll processors to file their employment tax forms. Additionally, it provides positive feedback from the IRS stating they received the form.

We have worked hard to increase participation in e-filing through education, personalized customer service, and developing easy to use software. Our goal continues to be to make the filing and paying of taxes as easy and convenient as possible for our customers.

Here are just a few of the highlights:

- Implemented the 94X web service to help alleviate the administrative burden

placed on employers while complying with federal reporting requirements.

- Educated businesses on the value of e-filing to promote voluntary compliance and increased efficiency.
- Redesigned our Knowledge Database to improve assistance through this 24/7 service channel.

94X e-filing has substantial advantages over traditional paper filing. The acceptance of this efficient process offers businesses the opportunity to take advantage of cost and productivity savings.

With over two decades of experience in payroll software development, we understand the burden of payroll compliance. PenSoft is committed to providing the best value in payroll software, backed by program support unsurpassed in the industry. To learn how 94X e-filing can make a significant difference to your business and bottom line call 1-800-PENSOFT, e-mail us at [info@pensoft.com](mailto:info@pensoft.com) or visit our website at [www.pensoft.com/webservice.asp](http://www.pensoft.com/webservice.asp)

## EIC & Form W-5

Earned Income Credit (EIC) is a refundable tax credit for eligible employees. It reduces the amount of individual income tax owed and may also qualify eligible employees for a refund on their personal tax return. Before this benefit can be claimed, certain rules and requirements must be met. Visit [www.irs.gov](http://www.irs.gov) for in depth information regarding eligibility requirements and earned income limits. Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit is also a valuable resource guide.

Many employees file for Advanced Earned Income Credit (AEIC). This allows the employee to receive a portion of the tax benefit throughout the year, rather than waiting until they file their tax return at year end. Employees cannot claim exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate to qualify. Employers should notify any employee who becomes eligible during the year about Advanced EIC benefits. To determine eligibility for AEIC, give the

employee a copy of Form W-5 and have them read the instructions and complete the questions on page 2. Form W-5 expires on December 31st each year and employees wanting to take advantage of the AEIC benefits in the following year must file a new Form W-5. It is a good practice to provide a new year Form W-5 with the last paycheck summary for the current year.

All PenSoft Payroll Editions include AEIC tax calculations and offer users the ability to track Advance Earned Income Credit through payroll. The AEIC credit will be properly applied to the federal tax liability on a per payroll basis. Setup is simple. Select the applicable AEIC tax type in the employee tax setup. AEIC amounts automatically flow to the Form 941 and W-2/W-3.

Advanced Earned Income Credit is a resourceful way for eligible employees to increase their disposable income during the year and reduce their federal tax withholding. Employers are strongly encouraged to educate and assist employees eligible for this tax credit.



Leroy Newman  
President & CEO

## President's Corner

### PenSoft Remains Strong

Even in the midst of recent market, employment, and financial turmoil

PenSoft remains strong and stands ready to serve your payroll and support needs now and in the future. With our diversification and sound management practices, PenSoft continues to be profitable and capable of providing the best value in payroll software with unsurpassed program support, as demonstrated by recently constructing our own building and the introduction of the new Federal employment tax return e-filing (94x forms) project.

### Heavy Support Season

As we enter the busiest time of the year for our Support Department I would like to share with you ways to receive the quickest and best support possible from PenSoft. Every customer is very

important to us and we appreciate your business. Unfortunately in December our support calls exceed our normal call volume by over 200%. Due to the technical and tax nature of payroll we cannot bring in temporary employees to take up the additional workload. Therefore we offer these suggestions:

- Search the PenSoft Payroll help file within the payroll software.
- Search the PenSoft Knowledge Database (KDB) at [www.pensoft.com/support.asp](http://www.pensoft.com/support.asp)
- If an immediate answer is not required, request support via e-mail to [support@pensoft.com](mailto:support@pensoft.com) or fax 757-873-1733. E-mail and fax support requests are normally completed within one business day.
- If an immediate answer is required please call Program Support at 757-873-1199. There may be an extensive hold time due to the volume of calls.

### Employee Milestone

It is with great pleasure I congratulate Joe Griffith, Senior Programmer, on 15 years of superb service with PenSoft. When I hired Joe in 1993 PenSoft Payroll (then called PC Payroll) was a basic DOS payroll program. He was an experienced Windows® programmer with a Master of Business Administration degree. Joe's first task was to produce a 16-bit Windows payroll program. He responded to the challenge and as soon as his program was introduced, in addition to maintaining the tax calculations, he began the process of adding features – a process continuing to today. Over the 15 years Joe has introduced three generations of payroll software starting with a 16-bit Windows version through the 32-bit program we currently support. Through his insight, leadership and knowledge PenSoft Payroll has grown to be the best value in payroll software with benefits and a feature set for any small to mid-sized business. Thank you so much Joe for your outstanding loyalty and service.

## Gain Efficiency with Remote Client

The internet is an amazing tool for sending and receiving information. It is estimated 91% of PenSoft clients use the internet in their daily operations and it has radically changed the way they do business. Downloading information and importing information into business software means tasks taking hours can now get completed in minutes.

There is talk that in the future we will operate "Paperless Offices". This is hard to imagine but without a doubt the electronic interchange of information saves business owners time and money. By taking advantage of PenSoft Remote Client, you can connect with clients or multiple facility payroll managers instantly. PenSoft Remote Client provides the ability to communicate and exchange payroll information anywhere and at anytime.

PenSoft Remote Client Benefits:

- Saves Time and Money in obtaining and sending data with the use of the internet
- Lowers Error Rates and increases data quality by eliminating the need to rekey data
- Improves Efficiency of servicing clients and managers by reducing the need for travel and courier service
- Enhances Security of sensitive data and personal information through a secure website

PenSoft Remote Client is easy to use. Download the payroll data and import into PenSoft Payroll. It is that simple! For more information visit [www.pensoft.com/webservice.asp](http://www.pensoft.com/webservice.asp)

## Training

Training dates for 2009 have just been announced! Sign up for any of the available dates below:

- March 9-10
- June 8-9
- September 14-15
- December 7-8

Our two day training seminars will demonstrate the flexibility of PenSoft Payroll. The comprehensive training sessions and optional day two workshops lead you from the set up and processing stage to the reconciling and reporting features. PenSoft employs a proven outline designed to cover all topics in a systematic and easy to understand way.

Concise workbook documentation and optional hands-on workshops will help accelerate the learning process and provide a valuable reference guide for other employees in your company. The workshops allow participants to apply the information from the training session quickly and effectively to their company's payroll requirements.

Sign up online at  
[www.pensoft.com/training.asp](http://www.pensoft.com/training.asp)

## Webinars

Watch your e-mail box! We are adding new webinars throughout the year. Webinars are extremely popular and fill up fast! As new webinar training is added we will e-mail the address in your customer record notifying you of new training opportunities.

## Year-End

PenSoft understands year-end is considered the busiest time of the year for Payroll and Human Resource departments. It is a common practice for payroll professionals to work overtime during this time to meet the demands at the office.

Current year tasks need to be completed while preparations for the next year begin. Keeping a handy task list of things to do is extremely helpful in ensuring all tasks are completed in a timely and efficient manner. The following is a general compilation of requirements typically completed during year-end and should not be considered all inclusive. Each company is different, and may not utilize all the items in the list. Also companies should customize this checklist to include items necessary for successful year-end processing unique to their organizations.

### Year-End Task List

#### October-November

- ❑ Payroll software renewed for 2009.
- ❑ Order 2008 tax forms – W-2s and/or 1099 forms.
- ❑ Order check stock for 2009. Save 10% on your first order with PenSoft.
- ❑ Order toner supplies. Look for the special sale flyer included with the newsletter and save 30%.
- ❑ Display W-2s on screen or print W-2s on plain paper, verifying all necessary field items have data.
- ❑ Meet with Accounts Payable to schedule when payroll will receive a report of taxable fringe benefits paid through A/P.
- ❑ Complete the Social Security Number verification.
- ❑ Delegation of tasks. Decide what tasks can be delegated. Take the time to “train/explain” the job. Make sure the employee understands your expectations and time line for the project. Let them know you are available if they should have questions.

#### December

- ❑ Obtain year-end software updates. Prior to running year-end reports, be sure to install the current version of the software. It is not uncommon for the government to make last minute changes to forms, filing formats and formulas for year-end filing.
  - ❑ Process taxable fringe benefits such as group term life, personal use of company cars, etc.
- NOTE:** These items should occur prior to the last regular payroll run so social security, Medicare and other applicable taxes can be withheld, if necessary.
- ❑ Contact 3rd Party insurer to get 3rd party information if it has not been provided throughout the year. Apply to 4th quarter payroll.
  - ❑ Reconcile the 4th quarter 941 with the payroll summary report.
  - ❑ Reconcile the 941s and 943s for the year with the W-3, Form 940 FUTA and State Reports.
  - ❑ Notify employees of changes in the cafeteria plan and/or retirement withholding.
  - ❑ Provide employees with a new Form W-4 if there have been any changes in their filing status.
  - ❑ Provide a new Form W-5 for applicable employees..

## Holiday Wishes

As another year comes to an end, we at PenSoft find ourselves reflecting fondly over the past year and all those who have helped us. Thank you for providing us with the honor of working with you for the past year.

*From our family to yours, we wish you a joyous holiday season and a prosperous New Year.*

**Q.** Where can I adjust the minimum reportable compensation for Form 1099 to display forms with amounts less than \$600?

**A.** First, ensure you are in 1099 Mode. To lower the minimum reportable compensation amount:

- Click Reports on the toolbar.
- Click Tax Reports.
- Click Report Setup under the appropriate Form 1099 type.

**Q.** How do I download the update if I receive a pop up blocker message and cannot access the download?

**A.** Pop up blockers are products of Windows Internet Explorer Security Packs. The Knowledge Database at [www.pensoft.com/support.asp](http://www.pensoft.com/support.asp) includes extensive information on how to adjust your settings. Simply search for "Service Pack 2 for Windows XP" in the search field for Step 2. Click the link for "Service Pack 2 for Windows and Internet Explorer 7 Security Issues" for instructions.

**Q.** Why am I always being asked to verify my name and company information when I call for support?

**A.** PenSoft takes privacy and security of our customers seriously. Payroll data contains sensitive information and it is our objective to take steps to ensure it does not fall into the wrong hands. Verifying contact information helps protect our customers from unauthorized users obtaining support to access information from within the payroll software.

**Q.** I am trying to e-mail a plain paper summary and I receive the following error message: "Failed: No Payee Address."

**A.** The employee e-mail address is missing or it is invalid. To check the status of the e-mail address:

- Click Employees on the toolbar.
- Highlight the desired employee.
- Click Modify.
- Click Personal.
- Update the e-mail address as needed.
- Click OK to save the changes.

## Tips

### Knowledge Database

Answers to most questions can be found in the Knowledge Database by visiting [www.pensoft.com/support.asp](http://www.pensoft.com/support.asp). Narrow your search by using the drop down arrows to select a category or enter specific words or phrases.

### Conversion Errors

When installing or updating PenSoft Payroll ensure all computers are provided with the same disk or download version. Conversion errors may arise if workstations are converting from an outdated or incorrect software version.

### Backups

Backups should be done after every payroll to independent media or devices. Off-site backups are necessary for a good contingency plan. Disasters are not always a product of nature. Server crashes, power failures, and other unforeseen events can cripple a company. Having a current backup helps to ensure payroll data is safe in the event of such a disaster.

### Report Stack Set

A report stack set allows printing multiple reports, even from different companies, as a group rather than one at a time. Once the desired report stacks are added to a stack set, printing all the reports in the set may be done just by selecting the time period to be covered. PenSoft Payroll supports an unlimited number of report stack sets. Report Stack Sets are available in the Accounting Edition.

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