In observance of Independence Day, PenSoft will be closed Monday, July 4th.

In observance of Labor Day, PenSoft will be closed Monday, September 5th.

Nonresident Income Tax Withholding & Reporting

Brick and mortar no longer define the business offices of today. Growing numbers of organizations are expanding their market territory by venturing outside of their state borders, sending their workforce to build their customer base in neighboring states. While it provides many great opportunities the complexity of paying their mobile workforce is at times extremely burdensome.

The International Data Corporation reported the mobile workforce is continuing to grow at a fast pace and projects by 2020 73% of the total United States workforce will be mobile. Emerging technologies increased accessibility and productivity by removing many of the barriers, but technology alone cannot resolve all of the challenges of a mobile workforce.

73% of US Workforce to be Mobile by 2020

The Problem

Organizations with employees traveling outside of their states of residence for business purposes are subject to onerous administrative burdens. The burden is due in part to filing federal and resident state tax returns, their employees may also be legally required to file an income tax return in every other state where they traveled, even if it were for only one day. As a result, the organization and their employees are forced to comply with an assemblage of confusing, antiquated and seemingly opportunistic nonresident state income tax laws.

State taxation laws are unique to each state, and the nonresident rules are incredibly complex due to the varying requirements between states. In reviewing states with personal income tax, over half have a

Data Migration

Mission critical systems are expected to deliver at peak performance around the clock as part of your business. PenSoft Payroll is a vital part of your business operation, and as your business needs grow, your organization will need new computers or servers. For PenSoft Payroll to continue operating at peak performance, it is important the data migration process is done correctly to ensure the database remains uncorrupted and operable.

While the process of moving the data can be a challenging task, it does not have to be a burdensome process. In fact, PenSoft Payroll provides built-in tools to move your data correctly to a new location in a matter of minutes.

Use These Tips to Make a Plan Before Moving Data

There are three data migration options PenSoft:

New Computer System

Requires the installation of PenSoft Payroll on the new machine, activating, and registering the software in advance of creating the common database and restoring the backup data.

New Server

The process of setting up single or multiple workstations with data residing on a central network server requires several detailed steps. PenSoft recommends contacting Program Support for assistance due to the changes in the new architecture of 2016 PenSoft Payroll. When contacting Program Support for assistance, it is important you have established the location on the server first!

President's Corner

Leroy Newman
President & CEO

2016 is nearly half over and PenSoft is already gearing up for 2017. To eliminate software installation, updating and maintenance consider switching to the PenSoft Hosted Application for 2017. Accessed in a different way it functions identically to the desktop software so all the capabilities you are accustomed to using are still available. Check out **www.pensoft.com/hostedpayroll/benefits.aspx** for additional information.

2017 PenSoft Payroll

We know the learning curve for 2016 was challenging because of the new software architecture. As with any new software it will take a little time to become familiar with all of the benefits and you can rest easy in knowing there are no major changes slated for next year.

The look, feel and function of 2017 PenSoft Payroll will be essentially identical to 2016. PenSoft Payroll will ship on December 19th, 2016. Renew early to ensure you have the 2017 product in time for your first payroll of the year.

Professional Training

Training for our employees is a top priority to ensure they are equipped to provide the best products and services for PenSoft customers. Annually our staff attends courses conducted by industry leading educators. In addition to the formal training, our employees attend webinars, association meetings, and industry forums in addition to access to numerous online subscriptions to keep up to date on issues critical in the industry of payroll.

Our software developers attended the Visual Studio Live conference in Las Vegas where they had an opportunity to witness first hand new development tools and to talk with other programmers about their programming experiences. These sessions help us to determine the best ways to leverage available tools in the development of our software products to enhance our customers' experience.

In May our support consultants attended the American Payroll Association National Congress in Nashville. There were 31 sessions designed to discuss payroll best practices and new legislative initiatives affecting the payroll community. Sessions covered many topics including the mobile workforce, personal identification security, reporting requirements, etc. This is an important way for our employees stay current and informed to be able to answer our customers' questions and provide the best support possible.

Employees

Tracey Ross, Office Administrator, celebrated 10 years of outstanding service at PenSoft. Tracey came to us with several years of administrative experience. This experience and her willingness to learn new processes have helped her excel. Originally joining PenSoft as an Administrative Assistant she quickly demonstrated her professionalism and abilities to do far more resulting in being ultimately named the Office Administrator responsible for leading the other Administrative Assistants in the Department. She is instrumental to the success of her Department and PenSoft. Thanks Tracey for 10 years of dedicated service!

Joshua Firestone, Junior Programmer, joined the PenSoft Information Systems Department after completing his Bachelor of Science in software development degree at ECPI. His strengths and enthusiasm were evident in a very short time as he worked to understand the organization and source code for our products and services. Welcome Josh!

2017 Renewals

2017 Renewals & Tax Forms

Renew Your PenSoft Payroll for 2017!

Why renew with PenSoft?
- Affordable!
- Simple. Don't have to learn a new software.
- Access your payroll. Simply transfer your company from 2016 to 2017 and process payroll!

Complete the enclosed renewal form and renew **TODAY**! Prepaid 2017 software will ship on December 19th via UPS Next Day Air Saver.

Don't Forget Your 2016 Tax Forms!

A handy order form is included on the back of your renewal notice! If you purchased 2015 tax forms from PenSoft, your reorder is printed for your convenience on your renewal notice. Prepaid tax form orders ship on or before November 14th via UPS Ground.

Benefit Plans

PenSoft Payroll provides a centralized way to administer benefits such as retirement and health insurance plans. In one location you can enter the plan information such as:

- Plan Name
- Plan Type
- Plan Number
- Group Number
- Eligibility
- Deductions
- Carrier
- Contact

Once you have added a benefit plan you can then set enrollment. An employee must be eligible to be enrolled. If they are not marked as eligible, enter the date when the employee will become eligible. This date can be included on the company calendar. Including the eligibility date will not automatically mark employees as eligible. This will need to be manually checked once the date arrives.

If employees are enrolled from the Benefit Enrollment window, the associated deduction will automatically be added to the employee's list.

From this one central location you can setup all your benefit plans faster than entering the individual employee information.

Do you still need to add additional employee specific information?

All benefit plans added under the Company setup are displayed for all employees.

From the employee setup you can add additional information that is employee specific.

On the Benefit window for each employee you can add

- Additional eligibility information
- If employee has declined enrollment and date
- If employee's dependents are enrolled
- Withdrawal information

Once the benefit has been marked as withdrawn you can automatically remove any deductions you have associated with the benefit if you wish. Enrollment is also automatically updated to remove the mark

Benefit plans are defined for the whole company and you are not able to setup individual plans for employees.

The benefit plans feature is available in the Standard Edition and higher.

Q&A

Q. Can I setup a company password?

A. PenSoft Payroll utilizes user logins instead of individual company passwords. Once an administrator account has been created, individual user login accounts can be added. Each user account can then be assigned a role for each company setup in PenSoft Payroll.

Q. How can I delete the regular hourly wages from a salaried employee's setup?

A. First delete the overtime wage. Once it is deleted you can delete the regular hourly wages income.

Q. I'm interested in moving to PenSoft Payroll Hosted Solution. If I sign up, when do I send you my 2016 data?

A. You don't have to! PenSoft Payroll Hosted Solution is the same payroll solution you are currently using but hosted on a remote server to provide you access anywhere. Once you are setup with the hosted solution you will simply make a backup of your 2016 data and then restore your backup to the remote server. All your data from the desktop version will be available on the hosted version for you.

Q. I want to rehire a terminated employee. Do I need to reenter all their information?

A. Not if you marked them as terminated in PenSoft Payroll. If you want to rehire them view your list of terminated personnel. Highlight the desired employee you wish to rehire and click the "Rehire" button. PenSoft Payroll will then have you verify information already entered in the program. Make any necessary corrections and then click Finish. They are now rehired and will be in your list of personnel.

PenSoft Payroll Hosted Solution

Payroll as mobile as you are!

Mobility, technological complexities, rapid change, and escalating IT costs are just a few of the reasons customers are migrating to PenSoft Payroll Hosted Solution.

Wondering if PenSoft Payroll Hosted Solution will work for your company? *Or…* Still debating about switching over? *Or…* Do you think it is too late to make the change for 2016?

PenSoft Payroll Hosted Solution is a perfect fit for companies and payroll processors of all sizes! One advantage of the PenSoft Payroll Hosted Solution is you can make the switch when it is most convenient for you, without interrupting productivity! Moving to PenSoft Payroll Hosted Solution does not involve a multi-step process taking weeks or even months. You simply make a backup of your current 2016 data and then restore it to the cloud. You are up and running in no time!

Continue to enjoy all the features and capabilities you are currently familiar with in the desktop version of PenSoft Payroll AND gain the convenience of being able to access it anywhere with an internet connection. You no longer have to worry about installing, registering, and restoring data on your laptop before any vacations, trips, etc. Have the freedom to process payroll at your client's location without the worry or cost of purchasing multiple licenses.

Migration, continued from page 1

New Platform

Migrating to PenSoft Payroll Hosted Solution from the PenSoft Payroll desktop solution is the easiest of all data migrations! PenSoft Payroll will be installed, activated, and registered by our onboard specialists. Your role is to backup your data onto a data drive and restore the backup to PenSoft Payroll Hosted Solution.

PenSoft Payroll Hosted Solution is a new offering. It provides the convenience of cloud technology combined with the features of our desktop payroll software. With PenSoft Payroll Hosted Solution, there are no upfront costs. You only pay for what you use with monthly billing. **Say good-bye to the update process!** Update maintenance is automated and handled by PenSoft, giving you assurance the software is always the latest version. **But the most amazing feature is the mobility of use.** Regardless if you're away from the office on travel or vacation, you have the freedom to process payroll from any device with Internet access.

Standard Practices

Plan

Even with the most basic of data migrations, outline who, what, when, and where of the database project. Success depends on all stakeholders understanding the plan and knowing when they will not have access to the payroll data and the time when it will be back to business as usual.

Communicate

Notify all vested stakeholders of the plan to migrate the database. The communication may need to include your clients. Notification that the system will be down for maintenance can eliminate the frustration and potential embarrassment of not being able to meet the request of management or your clients.

Cleanse

In preparation for the data migration, it is a good time to evaluate the information and determine if there are companies to archive to a backup disk or terminated/inactive personnel to purge. As a precaution, PenSoft recommends making a backup of all data before the cleansing process. Careful consideration has to be taken to ensure the safekeeping of important information. Your organization's policies govern the process by which you cleanse your data.

- Migrate – Move the data using the Backup function under Utilities. The process can be done by the individual company or multiple companies to a single file. The data is restored to the system using the Restore function under Utilities. The process of restoring companies is completed individually and not in a batch process.
- Validate – Compare reports from the newly restored companies to previously printed reports to ensure the quality of the data restored is complete and accurate.

When busy running the day-to-day activities of your business, there is never a perfect time to update hardware, move applications, and migrate the data to a new system but, if you allocate the time, and have a solid plan of action, you will reap huge benefits. Your systems will run smoother; overall organization improves, and you will have more time to focus on the growth of your business and clients.

Interested in PenSoft Payroll Hosted Solution? Visit **www.pensoft.com/hostedpayroll/features.aspx** for information on the levels of service and available features or view the on-demand video at **https://attendee.gotowebinar. com/register/8735192542825461176**1

For assistance or questions about the installation and the migrating of PenSoft Payroll data, contact Program Support at **support@pensoft.com** or call 757-873-1199. Knowledgeable program consultants are available to assist Monday – Thursday from 9am to 6pm and Friday 9am to 5pm. Eastern time.

What Do You Gain By Switching?

Mobile

Process payroll anywhere with any device with internet connection. Continue to use Windows XP or even a Mac!

Secure

Data is safe and secure in a Tier III data center.

Cost Effective

No upfront costs. You pay only for what you use on a monthly basis.

Reduced IT Expense

Hardware and software are managed by the host.

No Installation

You receive access to PenSoft Payroll Hosted Solution setup and ready to go.

Maintenance Free

Payroll updates are automatically deployed to ensure you are always working with the latest version.

What Do You Have to Lose? Nothing!

Want to see how it works? Visit **https://attendee.gotowebinar.com/register/226330442689583106** to sign in and watch a video!

What will your monthly costs be? Visit **www.pensoft.com/hostedpayroll/calculator.asp**x to run the numbers.

Confused on which of the three service levels is best for you? Visit **www.pensoft.com/hostedpayroll/features.aspx** to review the features available in each.

Ready to sign up? Download the contract at **www.pensoft.com/documents/PenSoft_Hosting_Agreement.pdf**

PenSoft Payroll Hosted Solution lets you focus on your core business while ensuring you pay only for services you need when you need them.

requirement to withhold tax from a nonresident employee's wages on the first day the nonresident employee travels to the state for business purposes.

Beyond the challenges of varying state/local withholding tax laws, organizations are struggling to identify solutions incorporating the necessary tools to ensure compliance. High numbers of organizations report there is not a single comprehensive solution on the market to address the multitude of administrative burdens, and they are at risk of non-compliance in the event of an audit. For those organizations having ad-hoc their systems in efforts to comply with the requirements, many say the cost of compliance is exceeding the tax liability.

Cost of Non-Compliance

Many states have developed strategic plans to enforce compliance with legislative laws governing the mobile

workforce. Organizations having flown under the radar for years are becoming increasingly visible to revenue authorities, and the states are looking to collect this lost source of revenue.

An Ernest & Young survey reports, in 2016 organizations are at a higher risk of being audited for employment tax issues by a state or local agency than by the Internal Revenue Service, and some states/localities are aggressively pursuing organizations suspected of non-compliance.

The increasing consequences of non-compliance make mobile workforce compliance a top priority for organizations of all sizes. The risk to an organization goes far beyond penalties and interest to include: personal liability of company officers, employee audits, assessments, criminal charges, the closing of the business, and loss of professional reputation.

Take Action

Focus on the mobile workforce compliance issue has spurred an increase in proposed legislation to simplify the taxation of mobile workers. Lobbying groups such as the American Payroll Association, work on behalf of organizations to bring to light the burdensome nature of today's current state/local taxation structure for nonresident workers.

The Mobile Workforce State Income Tax Simplification Act (H.R. 2315 / S. 386) would simplify and reduce the complexity of nonresident income taxation by barring states from imposing an income tax on employees (qualified) working within a nonresident state for 30 or fewer days in the calendar year. Organizations would be relieved of withholding nonresident income tax and submitting related information returns so long as fraudulent activities are not present.

You can add your voice to the cause by sending a letter to your Congressional representatives asking them to support the mobile workforce bill.

The Mobile Workforce Coalition provides tools to make the process extremely simple.

Step 1 – Visit **www.mobileworkforcecoalition.org/get-involved/**. The Mobile Workforce Coalition drafted a standard letter to send to your congressional representatives. When you provide your contact information (name, address, e-mail, and phone number), it helps to identify your representatives in the U.S. Senate and House.

Step 2 – Send a letter asking your Representative and Senators to sign on as cosponsors of the Mobile Workforce State Income Tax Simplification Act, if they aren't already. If they are, thank them for their support and encourage them to ask their colleagues to sign on. The pre-written letter to the legislators includes space where you can share your thoughts on the issue.

Step 3 – Scroll to the bottom of the page and click send. If you are a traditionalist, there is the option to print and mail the letter(s).

To learn more about the Mobile Workforce Coalition and the impact on businesses visit their website **www.mobileworkforcecoalition.org** and to keep current of the issue sign up for updates or follow the organization on social media.

No Cost Seminar

PenSoft Payroll clients with employees working in multiple states need to be vigilant in meeting their nonresident income tax withholding and information reporting requirements, keeping in mind currently only a limited number of states waive their nonresident income tax requirements based on de minimis earnings and time spent in the state.

We invite you to join us Thursday, June 23rd at 1pm Eastern time for a free informal presentation titled Nonresident Income Tax Withholding & Reporting in PenSoft Payroll. The discussion will focus on leveraging the tools in PenSoft Payroll to support a mobile workforce. There is no charge for the 60 minute webinar but register early; registration is open to the first 50 registered attendees.

Register Today!

https://attendee.gotowebinar.com/register/4039108015323339522

PenSoft's Government Relations Team will continue to monitor the bill and provide periodic updates as the bill moves forward through Congress. Stay abreast of news of interest by visiting our website, reading our blog at www.pensoftblog.com, newsletters, and payroll tips to remain well informed on legislative issues impacting your organization.