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Download Only in 2018

Calculating the Premium Overtime Rate

PenSoft participated in a roundtable discussion with the U.S. Department of Labor (DOL) in an effort to better understand the challenges employers face when it comes to complying with the wage and hours laws of the Fair Labor Standards Act (FLSA).

Representatives of the DOL reported in a majority of audits conducted they found violations in the area of overtime calculations.

The employers' lack of understanding in calculating the overtime premium rate and complexity of the organizations' payment structure contributed to many of the violations.

Overtime for employees covered under the FLSA for overtime is 1.5 times their regular rate of pay for all hours worked over 40 hours in a workweek. The calculation can get complicated when employees have multiple rates or other types of pay not calculated on an hourly basis within a single payroll. The complexity of this type of pay structure results in needing to calculate the employee's regular rate of pay by a

weighted average before you can determine the overtime premium pay rate.

Scenarios requiring special calculations*:

- A non-exempt employee with multiple positions within the company, each with a different hourly rate of pay, and has worked overtime hours.
- A non-exempt employee who worked overtime but included is a non-hourly income such as performance bonus, piece rate or commission.
- A non-exempt salaried employee who worked overtime.

Overtime A beast of burden for employers

Understanding what is included in "wages" to calculate employee's regular rate of pay is vital to successfully calculate

overtime pay. Visit <http://webapps.dol.gov/elaws/pay.html> to learn more about calculating regular rate of pay and overtime pay. A useful elaw tutorial is the Fair Labor Standards Act (FLSA) Overtime Calculator Advisor that helps employers understand overtime pay principles by calculating overtime pay based on their data for a sample pay period.

*This not an all-inclusive list

Healthcare Reform Impacts for Employers

Since March of 2010 when the Affordable Care Act (ACA) was passed, there have been many legislative amendments to the ACA and the IRS has provided exhaustive guidance on the implementation of the ACA. Most notably, Vol. 79 No. 29 of the Federal Register is an authoritative reference on the shared responsibility requirements for employers.

This, in context with the Section 6055/6056 of the Internal Revenue Code and the instructions for forms 1094-C & 1095-C, provide the basis for ACA employer compliance.

The complexities in the law and its political ramifications have led to multiple delays

in the implementation of the ACA. A lack of understanding of what has been delayed has provided an atmosphere of uncertainty for employers. The repeal efforts under newly elected

President Trump, have further convoluted this understanding. Additionally, on January 20th President Trump signed an executive order to "minimize the burden" of the ACA that many employers mistakenly

interpreted as their justification for non-compliance. Unfortunately, this executive order notably omitted any references to "employers" and "businesses", and the Internal Revenue Service (IRS) has not changed any regulations related to employer compliance as a result.

See **Healthcare**, page 4

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



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Leroy Newman
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President's Corner

With 2017 half over PenSoft is already gearing up for 2018. Last year was the best customer experience year end and conversion in the history of PenSoft. We are striving for another one at least as good.

New For 2018

To get new customers up and running more quickly with a better understanding of PenSoft Payroll capabilities we are offering free orientation webinars and optionally (for a fee) one-on-one virtual training. This optional training is available to any customer and is designed to work through individual customer challenges. Additionally to better serve our

customers all software subscriptions (new and renewal) will be downloaded from our website.

PenSoft Payroll Hosted Solution

PenSoft's alternative to on premise PenSoft Payroll, the PenSoft Payroll Hosted Solution, is off to a great start. Several customers have elected this solution for mobility, security, reduced infrastructure requirements, elimination of update requirements and monthly versus annual payment. Check it out. It may be the better solution for your company for 2018.

ACA Reporting

ACA reporting appears not to be going away. We know it is an extra burden for companies with 50 or more full time equivalent employees so we have developed an interface with Integrity Data to export payroll data from PenSoft Payroll to their ACA reporting solution drastically reducing the manual input of data. This interface is designed to

be used after each payroll so sign up soon to minimize your effort during the busy time at the end of the year.

Employees

Brenda Vassos, Program Consultant, celebrated five years of excellent service at PenSoft. She came to PenSoft with several years of experience in payroll and accounts payable. Brenda prides herself in providing great customer service and has received accolades from a number of customers. Thanks Brenda for 5 years of dedicated service. Additionally, Brenda prepared for and passed the American Payroll Association (APA) Fundamentals of Payroll (FPC) exam demonstrating her dedication to excellence and interest in self-improvement. Her studies in preparation for this exam added to her knowledge of payroll and increased her

Layered Approaches to Computer Security

When it comes to vectors of attack on computer systems, it pays to take a layered approach. Firewalls can stop some traffic before it gets on your network. Proxy servers can control outbound traffic, and sense when a local computer is sending data to a remote computer it shouldn't. Anti-virus and anti-malware products can help detect and eliminate bad software when it makes it to your computer. These are common tactics and – taken in concert – work well to protect most systems.

Some people take things a step further and completely isolate computers from their local network and/or the Internet itself. This physical isolation is called “air gapping.” The idea is that if there's no network, there's no way for a virus or other malware to infect the system. But there is a trade off in the loss of end-to-end connectivity resulting in a decline in productivity and efficiency within your processes. Unfortunately, another issue that's often overlooked is the “sneakernet”.

“Sneakernet” is what we use to call the process of installing an application on - or moving data between - multiple computers by walking over to them (in our sneakers) with floppy disks. Today, sneakernets are alive and well in places where computers are air gapped, though we tend to use USB drives and CDs rather than floppy disks.

The problem with sneakernets is that they're often overlooked as vectors for attack. Thumb drives, and other USB devices (like iPods, cell phones, and digital cameras) can be infected – or carry infected data – and transmit those infections to systems that would be otherwise immune to attack. In other words, air gapping a computer can provide a false sense of security, and it's easy to defeat the very protection air gapping is intended to provide.

If you run an air-gapped system, be cognizant of how you install software and move data to and from it. Make sure you have policies in place to provide connectivity for registering software, use vetted devices; and make sure your anti-virus product(s) can scan USB, CD, and DVD devices.

Happy computing!

Q&A

Q. We purchased 4-up W-2 forms from PenSoft. After submitting the W-2s, the Social Security Administration (SSA) sent a letter stating they were unable to process the forms and Copy A (for SSA), red & white or black & white, must be two to a page. Why did the SSA reject the forms if PenSoft is an approved form vendor?

A. The 4-up forms are for use when employers are electronically filing (e-file) Copy A with the SSA. Employers must first register with SSA Business Services Online (BSO) to gain access to the SSA's e-file system. Alternatively to print 2-up W-2 Copy A forms (for SSA), click the drop-down box by the "Output" option and select Generate and fill-in A, 2-Up.

Q. We need to move data from the old server to the new server. What is the correct process to move our payroll data files?

A. The simplest way to move your data from one server to another is to make a backup of your company/companies (*.D17) and restore them to the new location. Do not copy and paste files to the new server because this will cause your files to be locked. The common data file (PSxx.cmn) can be copied and moved without locking the company files. If you experience locked files, please call Program Support at 757-873-1199.

Q. How do I set up employees with J1 VISAs so their wages are exempt from Social Security and Medicare?

A. Set the employee wages as not subject to Social Security and Medicare within income category. Be sure to set the not subject categories for both the employee and company level.

- Click Personnel on the toolbar
- Click the Employees button to view the list of employees
- Highlight the desired employee
- Click Setup
- Click Incomes in the payroll setup list
- Highlight the desired incomes types
- Click Modify
- Uncheck the boxes for Social Security & Medicare Employee and Company
- Click OK to save

Q. Is there a way to determine the status of the company's 94X submission without calling Program Support?

A. Yes! To check the status of your 94X submission:

- Click Reports on the toolbar
- Click Other Reports button
- Click System Reports under Report Categories
- Click 94x Submissions
- Login with your customer number and password
- The log will report the current status of the submission

Discontinuation of CDs

Beginning with the release of 2018 PenSoft Payroll, all subscriptions, including quarterly and tax updates, will only be accessible via download.

Changes to PenSoft Payroll occur at a rapid pace and it is important to get these updates to our customers as quickly as possible. The mass-production of CDs to send out via mail courier is no longer the most efficient method to meet the needs of our growing customer base.

We feel our customers will be better served by the availability of the latest software online. For those customers who want to have a hard copy of the software, on the website we will provide installation instructions along with videos to demonstrate how to easily download the software to a flash drive/burn to a CD for archival purposes.

Customers will receive e-mail reminders of quarterly and tax updates to ensure they are using the most recent software version before processing quarterly payroll reports. To streamline the process check the company system option to "Always check for program updates at startup" if the computer has internet connection. To ensure you receive e-mails from PenSoft, please add us to your white list, safe list, or address book.

PenSoft customers new to downloading contact Program Support for assistance. Contact Program Support by e-mail at support@pensoft.com or call 757-873-1199. When contacting Program Support by e-mail include your customer number in the subject line to expedite your request.

Healthcare, continued from page 1

The introduction of the American Healthcare Act (AHCA) shed light on the challenges of finding consensus in a repeal and replace bill. While this bill may yet repeal the penalties for not offering coverage to employees should it pass in the Senate in its current form, it does not remove the need to report to the IRS any coverage actually offered to employees. Any changes that do come are likely to include an employer IRS reporting element.

Knowing that the ACA is still the law of the land, it's important for employers with 50 or more full-time employees (or equivalents) to have a strategy for penalty mitigation, including a plan for compliance with the employer mandate to offer affordable coverage to employees who work 30 hours/week or more. While this seems simple on the surface, the method by which employers determine eligibility can be very complex, requiring them to consider unpaid leave, breaks in service and other factors. For employers with more than 250 eligible employees, this must also include the ability to file electronically.

We have found that many employers are challenged with determining:

1. Whether they are subject to the ACA
2. Which employees are eligible for coverage
3. Whether coverage is affordable to their employees
4. What their potential exposure is for penalties

In addition, employers struggle completing the necessary electronic filing of ACA forms with the IRS and accessing the expertise needed to ensure their compliance strategy is manageable and comprehensive.

The IRS is cross-referencing employers with at least 50 W-2's, which did not file 1095-C's, and is sending letters to ascertain the reason for non-filing. While the IRS scrapped their previous system for evaluating ACA filings due to system and budget issues, the new system, called the ACA Compliance Verification system, is set to come online this month. This new system will open the door for the shared responsibility payment (a/k/a penalty) notifications.

When researching systems for ACA compliance, the following are key factors for employers:

- Integration into payroll systems
- Automated ACA form generation
- Easy implementation and upgrades
- No long-term contract commitment
- Ability to easily e-file ACA forms without obtaining a TCC ID and performing the IRS testing
- Access to health insurance reform expertise

Even if coverage was not offered, employers should be actively engaged in ensuring their organization is complying with the ACA, filing the required forms at a minimum. Otherwise, they should be prepared for a shared responsibility payment letter from the IRS in the coming days.

Interested in learning how the integration between PenSoft Payroll and Integrity Data ACA works? Contact us!

E-mail info@pensoft.com or visit www.pensoft.com/services/ACA.aspx

Article courtesy of Tom Franz, CPP, CHRS with Integrity Data.

2018

PenSoft Payroll
December 18, 2017
available to download

2017

Tax forms
ship November 13, 2017 via
UPS Ground

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