MasterTax
"It knows the rules!"™

Volume 7, Issue 2
Summer 2011

MasterNews

Information for the MasterTax User

In This Issue:

MasterTax Extends Support Hours	1
Webinar: PA Act 32 and Ohio Locals	1
More Interface Options Available	2
MasterTax Help Desk	3
Did You Know?	4
Save the Date: Synergy '12	5
Tax, Form, and Software Updates	6
Compliance Corner	8
IT Connection	9

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MasterTax Extends Support Hours

To continue providing our customers with excellent service, MasterTax has extended our Customer Support hours. Support is now available Monday through Friday, 6:00 a.m. to 6:00 p.m., Arizona Mountain Standard time.

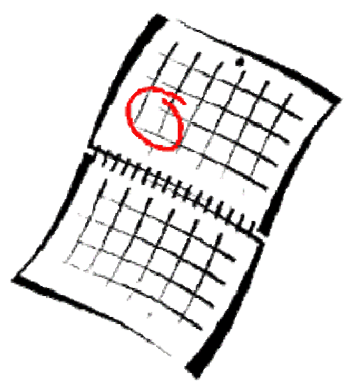
"The ongoing goal of our Customer Support Team is to deliver not just good, but *exceptional* service," said Mitzie Barrett, Director of Service Delivery. "By increasing our availability, we hope to better accommodate our customers' busy schedules, and in turn, make their jobs a little easier."

As always, MasterTax Customer Support can be reached by phone at 480-778-8734, or by e-mail at support@mastertax.net.

Webinar: Best Practices - Pennsylvania Act 32 and Ohio Locals

MasterTax invites you to join us for a free webinar on Best Practices - Pennsylvania Act 32 and Ohio Locals.

MARK YOUR CALENDAR NOW!



This one-hour webinar will be held Monday, June 20, 2011, at 10:00 a.m., Arizona Mountain Standard time (1:00 p.m. EDT).

Topics of discussion will include:

- Pennsylvania Earned Income Tax (EIT)
- Changes taking effect as a result of Pennsylvania Act 32
- Early implementation of the Pennsylvania EIT collection system by some Tax Collectors
- Ohio Municipal Income Tax, and determination of taxing jurisdictions through Ohio's municipal website
- Ohio School District Tax Withholding, and determination of employee tax liability

Watch for an e-mail notification from MasterTax containing registration information.

More Interface Options Available to MasterTax Customers

End Users:

MasterTax is excited to announce that our customers now have access to the ADP Transporter, a fully-supported interface. The interface extracts files, eliminating any on-site maintenance of an interface software application. The interface also allows MasterTax clients to utilize the Employee Wage and Worksite Reporting module, which was previously unsupported by some payroll software systems. This module enables users to produce employee wage listings for state unemployment agencies, and for local agencies that require wage reporting. The module also supports multiple worksite reporting.

The ADP Transporter supports the following payroll software systems:

- PeopleSoft
- Microsoft Great Plains
- SAP
- Lawson
- Oracle
- Infinium
- JD Edwards
- Deltek
- Banner

If you have questions or are interested in purchasing the ADP Transporter interface, please send an e-mail to implementation@mastertax.net. The MasterTax Implementation Team will configure and install the interface, as well as provide training to new users.

Service Providers:

New Interfaces:
The following payroll systems have created new interfaces that are available to service providers:

- PayPlus
- Summit

In addition, Workday's new interface is in the final stages of development, and is expected to be released in the near future.

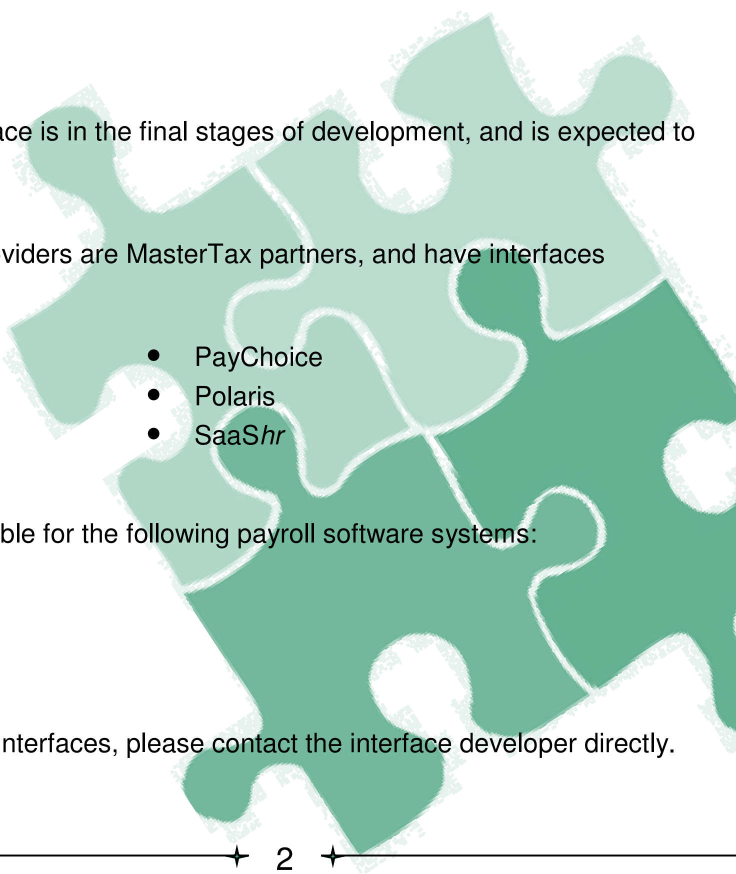
Existing Interfaces:
The following payroll software providers are MasterTax partners, and have interfaces available:

- Accero
- American Onshore
- HRPyramid
- NorthgateArinso
- PayChoice
- Polaris
- SaaS*hr*

Existing interfaces are also available for the following payroll software systems:

- Millennium
- AdaptaSoft
- HR Premier

For questions on new or existing interfaces, please contact the interface developer directly.



Important Dates:

June 14, 2011
Second Quarter Release

June 20, 2011
Best Practices - Pennsylvania Act 32 and Ohio Locals Webinar

July 4, 2011
Office Closed: Independence Day

July 7, 2011
Second Quarter Update

July 7, 2011
Quarter-End Processing Webinars

July 8, 2011
Enhancements Webinars

September 5, 2011
Office Closed: Labor Day

MasterTax Help Desk

Q: How do I switch from IRS form 941 (Employer's Quarterly Federal Tax Return) to IRS form 944 (Employer's Annual Federal Tax Return) reporting?

A:
1. In the MasterTax Home window, click the **Company View** icon.
2. Select the company you want to work with.
3. In the Company View window, switch to the **General>FEIN** tab.
4. Click the **Insert Record** button on the toolbar.
5. In the From column, enter the date of the first day of the current quarter.
6. In the File 944 column, change the setting to **Yes**.
7. Click **Submit**, and then click **Close**.

Q: How can I change the quarterly reconciliation remittance method after variance posting?

A:
1. In the MasterTax Home window, click the **Restart** icon.
2. Select the company, tax code, and quarter you want to restart.
3. If the deposit has already been sent, set the Default Action field to **Reopen**. If the deposit has not yet been sent, set the Default Action field to **Recalculate**.
4. Click **Submit**, and then click **Close**.

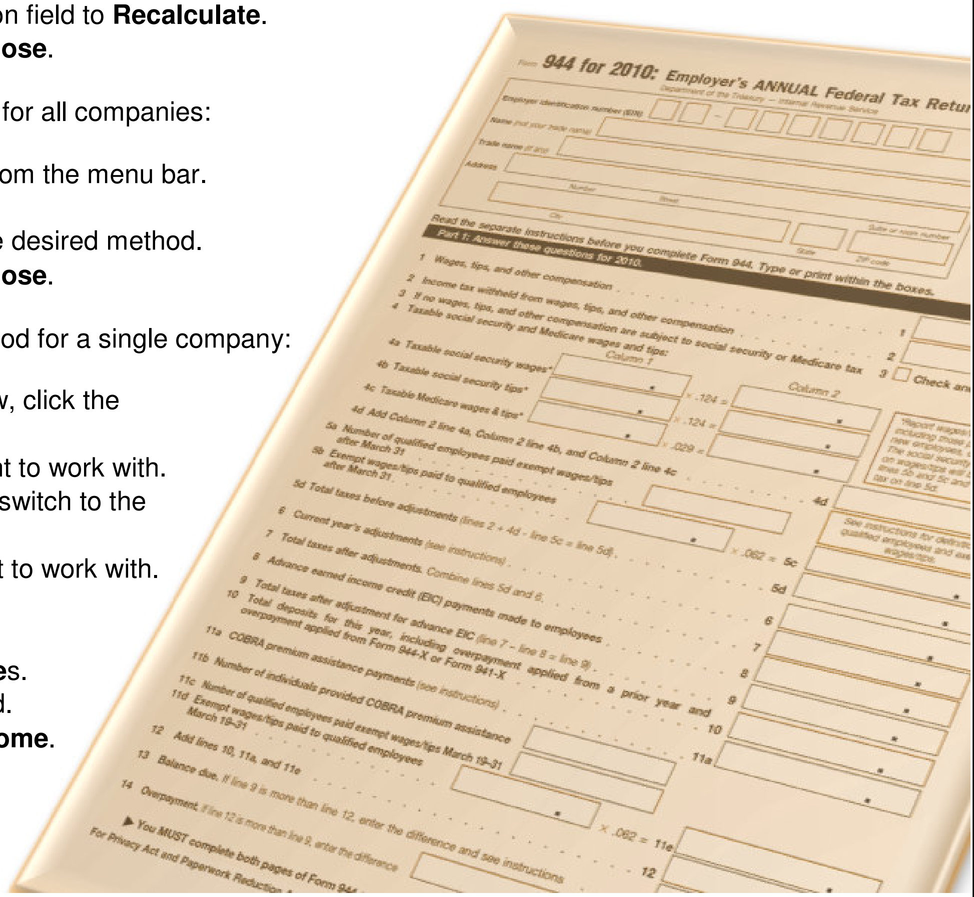
To change the form's filing method for all companies:

5. Select **List>Tax>Tax Forms** from the menu bar.
6. Highlight the form.
7. Change the filing method to the desired method.
8. Click **Submit**, and then click **Close**.

Or, to change the form's filing method for a single company:

5. In the MasterTax Home window, click the **Company View** icon.
6. Highlight the company you want to work with.
7. In the Company View window, switch to the **Tax>List** tab.
8. Highlight the tax code you want to work with.
9. Switch to the **Tax>Return** tab.
10. Highlight the form.
11. Change the Override field to **Ye**s.
12. Select the desired filing method.
13. Click **Submit**, and then click **Home**.

Run the Variance Post process by clicking the **Variance Post** icon in the MasterTax Home window.


Form 944 for 2010: Employer's ANNUAL Federal Tax Retur
Department of the Treasury — Internal Revenue Service
Read the separate instructions before you complete Form 944. Type or print within the boxes.
Part 1: Answer these questions for 2010.
1 Wages, tips, and other compensation
2 Income tax withheld from wages, tips, and other compensation
3 If no wages, tips, and other compensation are subject to social security or Medicare tax
4 Taxable social security and Medicare wages and tips:
5d Total taxes before adjustments
6 Current year's adjustments (see instructions)
7 Total taxes after adjustments. Combine lines 5d and 6.
8 Advance earned income credit (EIC) payments made to employees
9 Total taxes after adjustment for advance EIC
11a COBRA premium assistance payments (see instructions)
11b Number of individuals provided COBRA premium assistance
12 Add lines 10, 11a, and 11e
13 Balance due.
14 Overpayment.

Live Webinar Recordings… Yes, We Do That!

View recordings of past Best Practices webinars on our website at www.mastertax.net.

Click the *Educational Webinars* button at the bottom of the home page.

Note:

MasterTax recommends you first run the Correct Employee SUI Taxable Wages task in **Preview Only** mode.

The system will produce a preview report for you to review before actually updating the wages.

It is important to remember that the preview report compares gross wages, not taxable wages. If you import taxable wages rather than gross wage from your payroll system, the report will incorrectly calculate the wages.

For Help Using this Task:

Click the **Help** button in the Transaction Utilities window.

Did You Know?

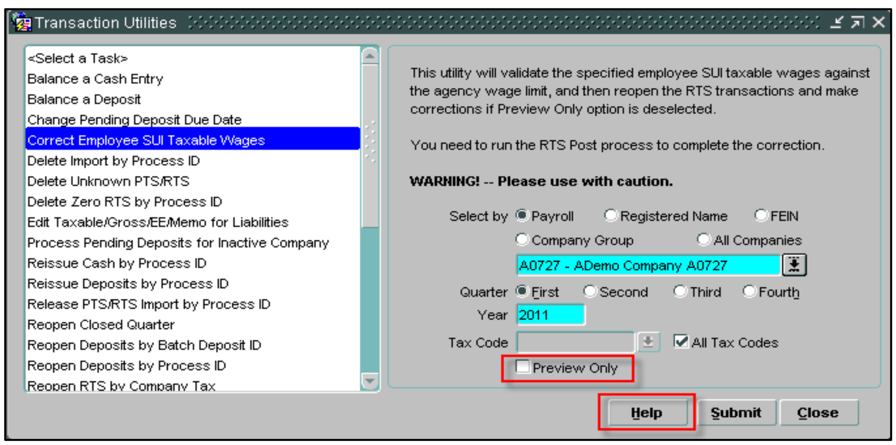
Correct Employee SUI Taxable Wages Task

The **Correct Employee SUI Taxable Wages** task is available to customers that use the Employee Wage and Worksite Reporting module. This task is used to correct employee taxable wages for SUI taxes in RTS transactions. MasterTax compares the SUI taxable wages against each agency's wage base limit, and calculates new employee taxable wages as necessary. It then updates the RTS transactions—reopening them first, if posted—with the newly calculated employee taxable wages.

This task also produces the Employee UI Taxable Wages Correction report, which lists the employees for whom the system calculated new taxable wage amounts, based on the agencies' wage base limits and prior quarter gross wages. The report lists any out-of-state YTD wages for each employee, highlighting any non-zero amounts to indicate that the system is unsure how to arrive at an accurate taxable wages figure for the state, due to the out-of-state wages.

To use the Correct Employee SUI Taxable Wages task:

1. In the MasterTax Home window, select **Utilities>Transaction Utilities** from the menu bar.
2. In the tree view in the Transactions Utilities window, select the **<More…>** option, and then select the **Correct Employee SUI Taxable Wages** task (see below).



3. Set the Select by option to the method you want to use to choose the company or companies to work with: **Payroll**, **Registered Name**, **FEIN**, **Company Group**, or **All Companies**.
4. For any option other than All Companies, select the company/companies or group.
5. The Quarter option and Year field default to the previous quarter, but you can change them to the quarter and year for which you want to correct employee SUI taxable wages.
6. The **All Tax Codes** check box is selected by default, indicating that MasterTax will review all unemployment taxes that require employee-level taxable wage reporting. Clear this check box if you want MasterTax to review individual unemployment taxes, or to review unemployment taxes that do not require employee-level taxable wage reporting. Then in the Tax Code field, select the tax code of each unemployment tax you want to review.
7. The **Preview Only** check box is selected by default, indicating that MasterTax will preview the RTS transactions, and generate a report for review purposes, without actually correcting employee SUI taxable wages. We recommend you first run this utility in Preview Only mode so that you can review the corrections before implementing them. When you are ready to correct the wages, clear this check box.
8. Click **Submit**. MasterTax calculates the new employee taxable wages, and then reopens and updates the applicable RTS transactions. For the corrections to take effect, you must post the reopened RTS transactions.
9. When the task is finished, the Employee UI Taxable Wages Correction report displays in the PDF viewer.


Synergy '12
A League of Our Own
MASTERTAX
USER CONFERENCE
MARCH 25 - 28 2012
LOCATION:
SCOTTSDALE
ARIZONA
WATCH FOR:
E-BROCHURE
FALL 2011
Talking Stick Resort
MasterTax
"It knows the rules!"

Tax, Form, and Software Updates

New Tax Setup

The following tax codes will be added to MasterTax as of the second quarter 2011 Release. Please refer to the Release Notes for further clarification and other changes not mentioned here.

- **WV9000-138** – Huntington (City) - Occupational License Fee

Inactive Tax Codes

The following tax codes are being deactivated in an effort to minimize generic codes within the MasterTax database. Please refer to the Release Notes for a more detailed list.

The following taxes were reactivated in the first quarter 2011 Update, effective April 1, 2011; however, the taxes did not go into effect, and therefore have been inactivated again, effective December 31, 2008:

- **OH9019-001** – South Solon - Withholding
- **OH9019-001R** – South Solon, Resident - Withholding

The following tax code will be deactivated as of June 30, 2011:

- **WV9000-001** – Huntington (City) - Service Fee

Tax Rule Changes

The following tax rule changes will be made to MasterTax as of the second quarter 2011 Release. Please refer to the Release Notes for further clarification and other changes not mentioned here.

- **Alabama Unemployment (AL0000-010)** – The frequency has been changed from **Q-25C** (Quarterly due on or before 25th) to **Q-C** (Quarterly Calendar Due EOM), and the due dates of quarterly returns and variances have been changed from **Cal 25** (Calendar due 25th) to **Cal EOM** (Calendar due end of month).
- **Chicago Expense Tax (IL9000-143)** – The frequency has been changed from **Q** (Quarterly) to **Q-15BC** (Quarter due before 15th).
- **Indiana Withholding (IN0000-001)** – The Applied For EIN type is not supported. The agency will reject all returns and coupons filed with an Applied For or Invalid account number. MasterTax will soon cease generating Indiana Withholding forms for Applied For accounts.
- **RDS Occupational Tax (AL9997-138)** – The frequency **M-25C** (Monthly due 25th Calendar Day) has been removed.
- **Utah Unemployment (UT0000-010)** – The frequency has been changed from **Q** (Quarterly) to **Q-C** (Quarterly Calendar Due EOM), and the due dates of quarterly returns and variances have been changed from **EOM** (Monthly due EOM following) to **Cal EOM** (Calendar due end of month).
- **Washington Unemployment (WA0000-010)** – The Applied For EIN type is no longer supported. A fee of twice the tax liability or $1,000, whichever is less, will be charged for each return filed for an Applied For or invalid account number.
- **Wisconsin Unemployment (WI0000-010)** – The frequency has been changed from **Q-C** (Quarterly Calendar Due EOM) to **Q** (Quarterly), and the due dates of the quarterly returns and variances have been changed from **Cal EOM** (Calendar due end of month) to **EOM** (Monthly due EOM following).

"MasterTax's customer service and support have never failed me.

Response is timely, and the assistance provided is always the best."

Pacita Abarquez, Healthways

Tax, Form, and Software Updates (Continued)

Electronic File Updates

The following changes will be made to electronic forms in MasterTax as of the second quarter 2011 Release. Please refer to the Release Notes for further clarification and other changes not mentioned here.

- **Georgia Withholding (GA0000-001)** – The layout of the e-file for form GA G-7 has been updated to match the agency's latest specifications.

- **Keystone Collections Group EIT and Keystone Collections Group-LST (PA4443-145 and PA4446-145)** – Keystone Collections Group requires employers with 25 or more employees to e-file their wage reports. The agency no longer accepts submissions of wage reports on magnetic media. The **e-File** method has been added, and the **Mag Media** methods have been removed, for forms PA KEYSTONE EIT and PA KEYSTONE LST. Refer to the e-Filing Instructions for more information [Help>e-Filing Instructions>Tax Return e-Filing Instructions].

- **Lancaster County Tax Collection Bureau (PA3336-145)** – Lancaster County Tax Collection Bureau requires employers with 15 or more employees, and taxpayers who remit payment by EFT, to e-file their wage reports. The agency no longer accepts submissions of wage reports on magnetic media. The **e-File** method has been added, and the **Mag Media** methods have been removed, for form PA LANCASTER E. Refer to the e-Filing Instructions for more information [Help>e-Filing Instructions>Tax Return e-Filing Instructions].

Enhancements

The following enhancements will be added to MasterTax as of the second quarter 2011 Release. Please refer to the Release Notes for further clarification and other changes not mentioned here.

- In preparation of supporting Pennsylvania Act 32, employee residence PSD codes can be imported in the Employee Wage (601) records of RTS files (the Version field in the File Header [000] record must be **19**), and they can be manually entered in the Employee Wages window. The PSD codes have also been added to the Tax Code Alternate report [List>Import Setup>Tax Code Alternate>Run Report], and are available for extract in the Tax Master and Tax Master - Alternate Codes data views [File>Files>Export>Data Extract].

  If an employee's residence PSD code is not provided, MasterTax will assume the employee works and lives in the same locality, and therefore will report to the agency the PSD code associated with the tax code.

  As of the second quarter 2011 Release, the PSD codes will be reflected in the quarterly wage file for Keystone Collections Group and Lancaster County Tax Collection Bureau. They will not yet be reflected in any other file.

- The ability to mask all but the last four digits of employee social security numbers in wage reports has been added back to company packages and amendment packages.

- The system-defined tax groups are now available for selection in the Tax Group field for the Deposit History, Deposit Analysis, Liability Analysis, QTD Analysis, and YTD Analysis reports.

- Support of Military Base state abbreviations **AA**, **AE**, and **AP** has been added to all State fields.

- Selection of tax groups/tax codes has been added to the Reconciliation Recalculation and Amended Reconciliation Recalculation windows.

- The ability to include subtotals by Cash Care bank account has been added to the Cash Preview, Cash Collection, Amendment Cash Preview, Amendment Cash Collection, Wage Attachment Cash Preview, and Wage Attachment Cash Collection reports.

"Customer Service is not a department, it's an attitude."

Author Unknown

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Join the Payroll Tax Compliance Professionals group on LinkedIn by clicking here.

Compliance Corner

Review the items below for relevant and topical information for the Payroll Professional. The information comes from various agency websites and publications. Please contact the agency involved if you require more information.

- **Arizona Department of Revenue**

  Effective March 1, 2011, an employer who is required to remit payments by electronic funds transfer (EFT) but fails to do so will be subject to a penalty of 5% of the amount of the payment not made by EFT. Employers are required to make withholding payments by EFT if their average quarterly withholding liability was $20,000 or more during the prior year. For more information, click here.

  Effective July 20, 2011, employers will be permitted to pay their employees electronically, without the need for a paper paycheck. Employers may give employees a choice: either provide written consent to direct deposit and designate a financial institution, or be paid by paycard.

  Employees who are paid with a paycard are entitled to one free withdrawal for each deposit of wages per pay period, but not more frequently then once per week. Employers must also provide a list of all fees associated with the use of a paycard. For more information, click here, and scroll to the bottom of page 2.

- **City of Omaha Finance Department**

  The Omaha Commuter Wheel Fee has been repealed, retroactive to January 1, 2011. A city ordinance implemented the fee to pay for street maintenance in Omaha. Effective January 1, 2011, employers were authorized to withhold the fee from certain employees' wages, and the first return and payment would have been due by April 15, 2011. Payments already made to the City of Omaha Finance Department will be returned, and employers should return any fees that were withheld from their employees' wages. For more information, click here.

- **District of Columbia Office of Tax and Revenue (OTR)**

  The OTR is mailing notices to employers regarding 5,500 delinquent taxpayers who did not take advantage of the tax amnesty program that ran from August 2, 2010, through September 30, 2010. Employers are instructed to increase withholding from these taxpayers by changing their withholding exemptions to zero. Once an employee has fulfilled his or her tax liability, the employee may ask the OTR to instruct the employer to adjust his or her exemption allowances to prevent tax underpayments in the future. For more information, click here.

- **Florida Department of Revenue**

  Employers may make installment payments of unemployment insurance taxes for the first three quarters of 2011. Employers must submit form UCT-6, *Employer's Quarterly Report*, pay at least the minimum installment payment, and pay a $5 fee. The fee is required once a year, and must be paid in the first quarter the employer participates in the installment plan. For more information, click here.

- **Michigan Department of Licensing and Regulatory Affairs**

  Effective April 24, 2011, the Department of Energy, Labor, and Economic Growth has been renamed to the Department of Licensing and Regulatory Affairs. Among other things, this agency handles labor (wage and hour) and unemployment insurance matters. For more information, click here.

Compliance Corner (Continued)

- **Michigan Department of Treasury**

  The Department is conducting a tax amnesty program that includes withholding tax from May 15, 2011, through June 30, 2011. Eligible employers with liabilities for return periods ending on or before December 31, 2009, will have penalties waived and avoid criminal prosecution if they pay all tax and interest due. For more information, click here.

- **New York State Department of Labor**

  The Wage Theft Prevention Act went into effect April 9, 2011. The Act changed employer requirements with regard to pay rate notices and pay statement requirements. The Department has posted guidelines, instructions, new model pay rate notice forms, and FAQs on its website. For more information, click here.

- **West Virginia Bureau of Child Support Enforcement**

  Effective June 12, 2011, employers with more than 50 employees must remit child support payments electronically in a manner prescribed by the Bureau.

  Also effective June 12, 2011, employers must notify the Bureau of an employee's name, address, social security number, date of birth, and amount of bonus at least two weeks before a bonus of at least $100 is issued to the employee. This must be done in the manner prescribed by the Bureau. If it is determined that an employee has a child arrearage, an income withholding notice will be mailed or faxed to the employer. Currently employers must report any bonus to the Bureau's Employer Relations Unit. Up to 50% of the bonus can be withheld. For more information, click here.

- **Wisconsin Department of Revenue**

  Effective for tax years beginning on or after January 1, 2011, the state has adopted federal rules relating to health savings accounts (HSAs). Amounts contributed to an HSA for an employer are no longer taxable wages to the employee. Similarly, pre-tax amounts contributed to an HSA by an employee under a §125 cafeteria plan are no longer taxable wages for Wisconsin purposes. The Department of Revenue advises employers that these changes do not affect reporting requirements for 2010 W-2 forms. Contributions to an HSA that represent additional wages to an employee for Wisconsin purposes can be reported to employees either by: 1) including the amount that is taxable for Wisconsin purposes (but not taxable for federal purposes) in box 16 (State wages, tips, etc.) of form W-2; or 2) providing employees with a supplemental "Wisconsin only" form W-2 with the taxable HSA benefits shown in box 16. For more information, click here.

IT Connection

This section is geared toward the IT professional who supports your MasterTax software. The information contained here is aimed at enhancing your MasterTax user's experience.

- **Reminder:** MasterTax now supports Oracle Database 11*g*R2. To upgrade, contact MasterTax Customer Support.

- **Reminder:** Effective **March 15, 2012**, MasterTax will no longer support Oracle Database 9*i*. The MasterTax software may not function properly when running on Oracle Database 9*i*. You are required to upgrade to Oracle Database 10*g*R2 or 11*g*R2 to receive support for any MasterTax issues.

We Want Your Feedback!

Tell us what you want to see in *MasterNews*!

MasterTax gladly welcomes your comments and suggestions.

Click **here** to send us an e-mail!

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