



MasterNews

Information for the MasterTax User

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Changes to Password Requirements

MasterTax has implemented new password requirements for both Hosted and Self-Hosted clients. These changes will take effect next time you change your password. Your current password will continue to work, even if it does not meet the new requirements.

The following changes have been made to MasterTax password requirements:

- They cannot be the same as the user ID.
- They cannot contain four or more repeating characters (such as AAAA).
- They may contain \$ or _ in addition to alphanumeric characters.
- The default minimum length has been changed to eight characters.
- When a password is reset, the new password will be in the format @@@\$#### or @@@_#### (where @ is a randomly assigned letter, and # is a randomly assigned number).
- Users cannot re-use their last password.
- On MasterTax Hosted:
 - Users cannot re-use their last four passwords.
 - The minimum length of passwords cannot be less than eight characters.
 - Passwords must contain at least one digit.
 - Users cannot change their passwords more than once in a 24-hour period.
 - Users are required to change their password upon first logon.

Enhancements Made to Deposit Preview and Payment Processes

As of the fourth quarter 2011 Release, a wide variety of filters are available to limit the display of deposits during the Deposit Preview/Payment and Amendment Deposit Preview/Payment processes. When any of these processes are initially launched, a new Select Deposits window opens where you can choose the following filters:

- Individual companies or all companies
- Period-end date range or all period-end dates
- Due date range or all due dates
- Individual tax codes, all tax codes, or a group of tax codes
- Deposit type
- Payment method
- Amount type
- Tax type
- Status
- Late deposits
- Auto-selected deposits

Once you have selected filtering options, you can click the **Save as Template** button to save them to a template that can be used over and over again.

When you click the **View** button, the Select Deposits (cont.) window opens with all the deposits that matched your selection criteria. The Status column has been added to this window, enabling multiple records to be displayed for deposits which have the same tax code, period-end date, due date, method, and type, but which have different statuses.

Important Information for Pennsylvania Employers

Effective January 1, 2012, Pennsylvania Act 32 changes how earned income tax (EIT) is collected for local jurisdictions and school districts. Act 32 reduces Pennsylvania's number of Earned Income Tax (EIT) collectors from 560 to 21.

Preparing for PA Act 32:

1. Register with the appropriate Certified Tax Collector for each of your business locations in Pennsylvania. To determine your Certified Tax Collectors, click [here](#).
2. Collect a *Local Earned Income Tax Residency Certification Form* from each Pennsylvania-based employee. To access the form, click [here](#).
3. Determine the EIT rate and PSD code for each Pennsylvania-based employee. You can perform an address search to determine this information by clicking [here](#).

The address search tool identifies the resident EIT rate for the employee's home location and the non-resident EIT rate for the employee's work location, and displays the greater of the two as the rate that should be used to withhold the EIT tax. This tool also identifies the employee's resident and work PSD codes.

4. Prior to importing your first quarter 2012 RTS file into MasterTax:
 - Set up your payroll system to withhold the determined EIT rate for each employee.*
 - Enter the resident PSD code in your payroll system for each employee.*

* If you are unsure how to enter this information in your payroll system, please contact your payroll software provider.

Please note: If the interface between your payroll system and MasterTax is not automatically maintained, you may need to contact your IT/Interface resource to have these new data elements included in your RTS file.

Other Requirements:

1. Each employee's resident PSD code is required to be reported on the quarterly wage report.
2. Keystone and Lancaster jurisdictions require reporting of employee resident *and* work PSD codes on 2011 W-2s.

What MasterTax Is Doing to Support the New Payment and Filing Regulations of PA Act 32:

- MasterTax houses the work PSD codes that are reported on the quarterly reconciliation form. The latest RTS specifications support the import of employee resident PSD codes for quarterly wage and year-end W-2 reporting. The specifications are available on the My MasterTax page of our [website](#).
 - a. When importing PTS/RTS transactions, use a tax code that reflects the employee's work location. For example, if the employee works in City of Reading, Berks County, use the following tax codes:
 - PA2177-001 – Reading (City), Berks - Withholding
 - PA2177-053 – Reading SD (Reading, City), Berks - School

(The above tax codes are associated with PSD code 061301 in MasterTax, which will be reported as the Work PSD code to the tax collector—in this case, Berks County EIT Bureau.)
 - b. When importing RTS employee wage and W-2 detail records, in addition to using a tax code that reflects the employee's work location, also provide the PSD code that reflects the employee's residence location. For example, if the employee works in City of Reading, Berks County, but lives in West Reading Borough, Berks County, PSD code 061701 is required in the 601 and 616 records to identify the employee's residence location. This code will be reported as the Residence PSD code to the tax collector.
- MasterTax supports quarterly and annual filing and payments to all EIT Collectors in Pennsylvania. However, we do not currently support the monthly filing and payment of employee wage detail to a single EIT Collector (which may be preferred by some employers with multiple locations in Pennsylvania).

➤ Important Information for Pennsylvania Employers (Continued)

Additional Resources:

If you would like additional information about PA Act 32, a MasterTax sponsored webinar is available. The webinar discusses the details of PA Act 32, and what employers must do to be in compliance. Click [here](#) for more information about the webinar.

If you have questions about how MasterTax is supporting the filing and payment requirements associated with PA Act 32, please call MasterTax Support at 480-778-8734 or send us an e-mail at mastertaxsupport@adp.com.

➤ MasterTax Help Desk

Q: How should I handle the FUTA Reduction states?

A: The FUTA Reduction tax codes will be included in the fourth quarter 2011 Release. For each company operating in a FUTA Reduction state, you will need to enter the total SUTA taxable wages up to the FUTA limit of \$7,000 per employee on the fourth quarter RTS for the state's corresponding tax code.

For example:

ABC Company has five employees in Michigan, with total Michigan taxable wages of \$45,000 (\$9,000 per employee). The total FUTA taxable wages would be \$35,000 (\$7,000 per employee).

In the Reconciliation Tax Summary Correction window, ABC Company would select the Michigan FUTA wage tax code (MasterTax code FE0000-826), and enter in the Taxable QTD/YTD column the Michigan year-to-date FUTA taxable wages of \$35,000.

Q: How can I determine when my Annual Returns are due?

A: Select **Reports>QE Reconciliation>Tax Return Checklist** from the menu bar.

In the Tax Return Checklist Report window, set the Quarter option to **Fourth**, and select the **Annual Only** check box. You can also set the Sort option to **Due Date** to make it easier to see which returns are due the soonest. (See the example to the right.)

Q: How do I handle YTD variances MasterTax will not let me post?

A: MasterTax does not automatically create off-setting variance entries at year end. You need to determine in which quarter the difference occurred by comparing the information from your payroll system to the QTD Analysis report or the Deposit Analysis report. You can then do one of the following to make an adjustment:

- Enter a **prepaid deposit** if the difference has been paid, but is not reflected in MasterTax.
- Enter a **prior period adjustment (PPA)** if a payment still needs to be made, or a credit needs to be applied to an outstanding payment.

If you enter a PPA, you will also need to amend wages. Depending on the agency, you may also need to file an amendment.

➤ Important Dates:

Dec. 13, 2011
Fourth Quarter Release

Dec. 26, 2011
Office Closed:
Christmas Day Observed

Jan. 2, 2012
Office Closed:
New Year's Day Observed

Jan. 5, 2012
Fourth Quarter Update

Jan. 5, 2012
Quarter-End Processing Webinars

Jan. 6, 2012
Enhancements Webinars

Mark Your Calendar!

March 25-27, 2012
Synergy 2012 MasterTax User Conference

March 28, 2012
Synergy 2012 Extra Inning

Notes:

Before assigning an exception level, review the options and their corresponding results below:

No Action: Select this option if you *never* need to see this error type.

Warning: Select this option if you want to be notified of the issue, but do not want processing to be interrupted.

Error: Select this option if you want to be notified of the issue, and you want to prevent further processing of the offending data.

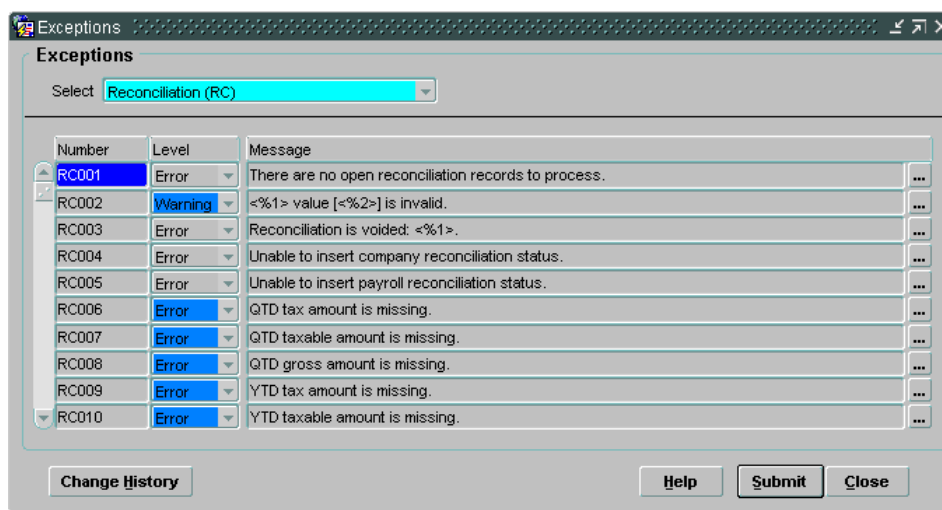
Did You Know?

Exception Code Lookup

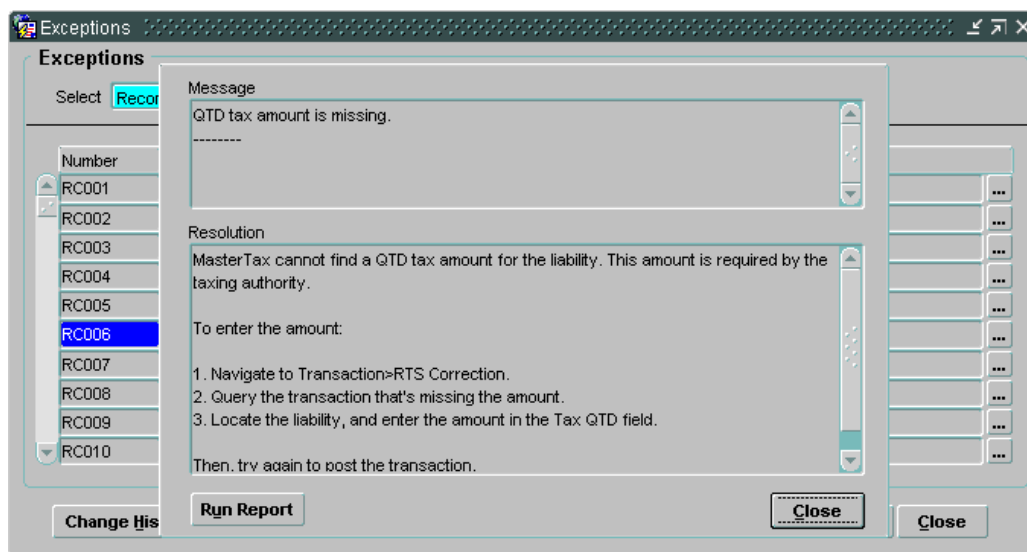
If you receive an Error or Warning message during processing, MasterTax can help you determine the cause and provide steps to resolve the issue.

To Look up an Exception Code

1. Select **List>Exceptions** from the menu bar.
2. In the Select field, choose the category of the exception message you received.



3. The window is updated with all the exceptions in the selected category.
4. Locate the number of the exception you received, and click **...** at the end of its line.
5. The Message window opens, showing the cause of the error, and the steps to resolve it.



6. If the level of the exception can be changed, and you determine the issue is not applicable to your business, you can assign a different level to the exception:
 - Click **Close** in the Message window to return to the Exceptions window.
 - Locate the exception.
 - If the Level field is blue, you can select a different value in the Level field. Your choices are **Error**, **Warning**, and **No Action**.

➤ Why You Should Attend Synergy 2012



Synergy 2012, MasterTax's biennial user conference, is just around the corner. The conference promises to deliver in-depth discussions, with more expert speakers and broader content than ever before.

Synergy sessions are designed to help clients realize the full potential of their MasterTax software. The knowledge gained at Synergy can immediately be applied to a MasterTax user's daily tasks. Whether interested in information on the advanced features in MasterTax, tips on reducing exposure and managing the abatement process, updates on tax law changes for 2012, or advice for streamlining wage attachment processing, Synergy 2012 has something for everyone!

There are special sessions designed for trading Best Practices for payroll tax compliance with fellow MasterTax users, sharing suggestions for product enhancements with the MasterTax Development team, and networking with payroll professionals and industry experts from across the U.S.

Clients also have the opportunity on Wednesday, March 28, to meet one-on-one with a MasterTax Team Member from Support, Development, or Management to discuss any questions they may have regarding their MasterTax software. (One-on-one meetings are by appointment only. Please click [here](#) to request a meeting, or call MasterTax Support at 480-778-8734.)

Synergy 2012 attendees will come away from the event with valuable information on improving processes, ideas for creating greater efficiencies, and tools for resolving challenges, making the conference a rewarding experience for all who attend. To view the conference brochure, click [here](#).

[Register](#) by December 31st and save with Early Bird Pricing!

➤ What MasterTax Clients Said About Synergy 2010:

"I thoroughly enjoyed networking with other MasterTax users and having fun in the sun"



"We got some very helpful information for a big project we are rolling out"

"The User Feedback session was great for exchanging ideas and thoughts on growing the software"



"Very informative, great speakers"

"I enjoyed meeting so many new people, and it was great talking to the MasterTax staff"

"Very entertaining and informative"

Tax, Form, and Software Updates

New Tax Setup

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

- **FE0000-805** – Federal - Arkansas UI Taxable Wage to FUTA Limit
- **FE0000-806** – Federal - California UI Taxable Wage to FUTA Limit
- **FE0000-809** – Federal - Connecticut UI Taxable Wage to FUTA Limit
- **FE0000-812** – Federal - Florida UI Taxable Wage to FUTA Limit
- **FE0000-813** – Federal - Georgia UI Taxable Wage to FUTA Limit
- **FE0000-817** – Federal - Illinois UI Taxable Wage to FUTA Limit
- **FE0000-821** – Federal - Kentucky UI Taxable Wage to FUTA Limit
- **FE0000-827** – Federal - Minnesota UI Taxable Wage to FUTA Limit
- **FE0000-829** – Federal - Missouri UI Taxable Wage to FUTA Limit
- **FE0000-832** – Federal - Nevada UI Taxable Wage to FUTA Limit
- **FE0000-834** – Federal - New Jersey UI Taxable Wage to FUTA Limit
- **FE0000-837** – Federal - North Carolina UI Taxable Wage to FUTA Limit
- **FE0000-839** – Federal - Ohio UI Taxable Wage to FUTA Limit
- **FE0000-842** – Federal - Pennsylvania UI Taxable Wage to FUTA Limit
- **FE0000-844** – Federal - Rhode Island UI Taxable Wage to FUTA Limit
- **FE0000-851** – Federal - Virginia UI Taxable Wage to FUTA Limit
- **FE0000-855** – Federal - Wisconsin UI Taxable Wage to FUTA Limit
- **FE0000-878** – Federal - Virgin Islands UI Taxable Wage to FUTA Limit

The following tax code will be reactivated:

- **FE0000-836** – Federal - New York UI Taxable Wage to FUTA Limit

Inactive Tax Codes

The following tax code will be inactivated in MasterTax as of December 31, 2010. Please refer to the Release Notes for further clarification and other changes not mentioned here.

- **FE0000-845** – Federal - South Carolina UI Taxable Wage to FUTA Limit

Electronic File Updates

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

- **Federal Withholding** (FE0000-001) – The layouts of the e-files for forms 940, 941, 944, and FE 1096 have been updated to match the agency's latest specifications.

New Individual Help Guides

As of the fourth quarter 2011 Release, the *MasterTax Features Guide* has been replaced with seven individual guides:

- | | |
|--|---|
| • <i>MasterTax Amendment Guide</i> | • <i>MasterTax New Hire Reporting Guide</i> |
| • <i>MasterTax Bank Reconciliation Guide</i> | • <i>MasterTax SUI Rate Exchange Guide</i> |
| • <i>MasterTax Enrollment Guide</i> | • <i>MasterTax Wage Attachment Guide</i> |
| • <i>MasterTax IRS Exchange Guide</i> | |

Tax, Form, and Software Updates

Electronic File Updates (Continued)

- **Maryland Withholding** (MD0000-001) – The Comptroller of Maryland requires employers with 25 or more employees to electronically file their W-2s (form MD MW508).
- **New Jersey Withholding** (NJ0000-001) – Support of the e-File method has been added for the New Jersey Withholding Annual Reconciliation and W-2s (form NJ NJ-W-3). Refer to the e-Filing Instructions for more information [Help>e-Filing Instructions>Tax Return e-Filing Instructions].
- **Utah Withholding** (UT0000-001) – A template is now provided to convert the MasterTax e-file for the Utah Withholding Annual Reconciliation (form UT TC-941R) to Microsoft Excel format, as required by the agency. Refer to the e-Filing Instructions for more information [Help>e-Filing Instructions>Tax Return e-Filing Instructions].
- **Virginia Withholding** (VA0000-001) – The Virginia Department of Taxation requires employers who furnish 50 or more employee withholding statements for calendar year 2011 to file their W-2s electronically. In addition, the agency no longer accepts W-2 submissions on magnetic tape, CD, or diskette. Support of the e-File method has been added for form VA V-6. Refer to the e-Filing Instructions for more information [Help>e-Filing Instructions>Tax Return e-Filing Instructions].
- **Grand Rapids Withholding** (MI0006-001) – The City of Grand Rapids, Michigan, requires all service providers, and any employer with 250 or more employees, to submit their W-2 data electronically on CD. Support of the Mag Media - CD option has been added for form MI GRW-3.
- **Ohio CCA Withholding** (OH9998-001) – The layout of the e-file for Ohio CCA W-2s (form OH9998R) has been updated to match the agency's latest specifications.
- **PA Berks EIT** (PA9996-145) – The layout of the e-file for PA Berks EIT W-2s (form PA BERKS REC) has been updated to match the agency's latest specifications.
- **RITA Withholding** (OH9997-001) – The layout of the e-file for RITA W-2s (form OH9997R) has been updated to match the agency's latest specifications.

Tax Rule Changes

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

- **Kentucky Withholding** (KY0000-001) – The agency has switched to JP Morgan Chase Bank for processing EFT Credit payments.
- **New Jersey Withholding and Unemployment** (NJ0000-001 and NJ0000-010) – The bank account and transit routing numbers have been changed for EFT Credit payments.
- **New York Withholding and Metropolitan Commuter Transportation Mobility Tax** (NY0000-001 and NY0000-145) – The RFDI transit routing number has been changed for EFT Credit payments.
- **North Carolina Withholding** (NC0000-001) – The NC-SW (North Carolina Semi-weekly) frequency has been added.
- **Rhode Island Withholding** (RI0000-001) – The bank account number has been changed for EFT Credit payments.

Duplicate PPA Warnings... Yes, We Do That!

As of the fourth quarter 2011 Release, MasterTax will warn users of possible duplicate prior period adjustments.

During the PPA Post process, if more than one PPA exists for the same tax amount *and* tax period, a message will warn you of the possible duplicate PPA.

For more information, refer to the fourth quarter 2011 Release Notes, available December 13, 2011.

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➤ Tax, Form, and Software Updates (Continued)

Enhancements

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

- The PPI Administrator menu item has been added to the Data Input group in the Access Options window. When this menu item is assigned to a user's access options set, employee social security numbers will not be masked in windows and reports.
- Support for 1099-R payments and year-end annual reconciliations has been added. Payee level reporting is not supported.
- The **Run Report** button has been added to the Company Tax Quick Edit - Frequency window, enabling you to print a liability lookback report.
- The ability to add a monthly PTS liability for Denver Employee OPT (CO0080-051) for multiple companies at one time has been added [Transaction>Quick PTS Add>Denver OPT Minimum].
- Support of Workday vendor codes has been added to the Tax Code Alternate window.
- The Clear Record Selections task has been added to the Transaction Utilities window. If a record in certain process windows is locked by a user, and that user is not available to deselect it, this task enables you to clear the selection flag from the record so that it may be processed.
- The ability to choose the payment status (Deposited or Manual Pay) of the deposits to be exported has been added to the General Ledger Export and Wage Attachment General Ledger Export utilities.
- The ability to specify the print order of employee W-2s has been added to the ADP PSS Export utility.
- Support of the CD rate exchange method has been added for Idaho Unemployment (ID0000-010). Refer to the SUI Rate Exchange Instructions for more information [Features>SUI Rate Exchange>Configuration>SUI Rate Exchange>...].

➤ 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.

California

Effective January 1, 2012, the minimum rates of pay that a computer software employee must earn to be exempt from state overtime requirements will increase as follows: the hourly rate will increase to \$38.89 from \$37.94; the monthly salary exemption will increase to \$6,752.19 from \$6,587.50; and the annual salary exemption will increase to \$81,026.26 from \$79,050.00. In addition, the employee must meet the duties test contained in state law (California Labor Code §515.5). For more information, click [here](#).

Also effective January 1, 2012, the amount a licensed physician or surgeon must earn to be exempt from state overtime requirements will increase to \$70.86 an hour from \$69.13 an hour. In addition, the licensed physician or surgeon must be primarily engaged in duties that require licensing pursuant to the Medical Practice Act, as provided under state law (California Labor Code §515.6). For more information, click [here](#).

Compliance Corner (Continued)

Michigan

Effective October 1, 2011, the Michigan New Hires Operation Center is returning new hire reports that do not include the date of hire of an employee (i.e., the date an employee first performed services for pay). To comply with federal law, the employer must resubmit the new hire report with the date of hire completed. Michigan did not amend its state law to require inclusion of this date, as the statute refers to the federal law on new hire reporting. For more information, click [here](#).

Minnesota

Employers that have improperly classified one or more employees as independent contractors have until December 16, 2011, to participate in the Department of Revenue's voluntary compliance initiative. Employers that participate must pay tax at the rate of 3% of the wages paid to the affected workers for calendar year 2010, but will have all penalties and interest waived. All affected workers must be treated as employees beginning January 1, 2012. For more information, click [here](#).

Texas

Effective September 7, 2011, an employee's date of hire is a required data element for new hire reporting purposes, along with the employee's name, address, and social security number, and the company's FEIN. The change was made to comply with federal law. Previously, it was optional for an employer to include the date of hire. 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.

As previously announced, beginning **March 15, 2012**, MasterTax will no longer support Oracle Database 9i.

After March 15, 2012, MasterTax software may not function properly when running on Oracle Database 9i. If you are currently on Oracle Database 9i, you should upgrade to Oracle Database 11gR2 before this date to continue receiving support for any MasterTax issues.

If you purchased your Oracle database software and support through MasterTax, please contact MasterTax Support to upgrade to Oracle Database 11gR2 Enterprise edition.

If you purchased your Oracle database software and support through another vendor, you are responsible for contacting the vendor to obtain the necessary files to upgrade.

If you have any questions or wish to speak with a MasterTax Customer Support representative, please call 480-778-8734 or send us an e-mail at mastertaxsupport@adp.com.

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MasterNews!

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