DataLine

5150 N. Sixth #125
Fresno CA 93710
phone (800) 833-8824
fax (559) 226-5418
www.DatatechAg.com

A quarterly newsletter for Datatech customers
Volume 10, Issue 4 Winter 2007

INSIDE THIS ISSUE:

DATATECH NEWS

Year End Info

This newsletter includes a variety of information on year end issues, including extended support hours, update information, year end reminders and instructions for accessing workflows. Please take the time to read it thoroughly.

Office Closed

Datatech's Office will be closed on the following days:
Tuesday, January 1st, Monday, January 21st and Monday, February 18th

World Ag Expo

Datatech will be exhibiting at the World Ag Expo in Tulare, California February 12th –14th. Doors will be opening at 8:00 this year, so get there early!

For more information on the farm show visit: www.worldagexpo.com. A new electronic registration is available that allows you to register/purchase entrance badges on-line. These badges will be mailed to you and allow you to enter through special fast pass gates and may be scanned by some vendors when you want to leave your contact information. If you would like complimentary tickets from Datatech please call Beth at extension 103. Limit of 2 tickets per customer, please.

Washington Seminars

We recently held two seminars in Pasco, Washington with over 14 customers and 25 persons in attendance from throughout Washington and Oregon. We would like to thank all of the attendees for their support of these seminars.

We will be holding more seminars in the Spring in our Fresno office. Please see our Spring DataLine Newsletter for dates and times. If you are out of the area and would like one of these seminars held privately for your office staff or in your area, please contact Hannah at extension 101 to see what arrangements can be made.

H-2A Payroll Module Available

The H-2A Payroll Module is now available. The H-2A module includes processing the H-2A employee payroll checks without tax deductions and printing a 1009-M instead of a W-2 at the end of the year for the employee. If you are looking into the H-2A program contact Hannah at extension 101 for more information on this module.

NEW FEATURES

A detailed list of program enhancements, fixes and new features is included in the Year End Update Help file on the Help menu. But here are a few we'd like to point out:

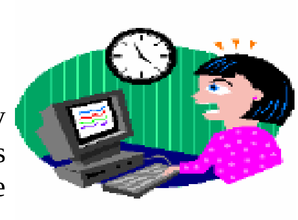
- Crew sheet export to Excel. This option is not only useful for custom crew sheets (including printing individual time cards), but is available to export employees into any template you may have. Such uses include printing a break sheet record or misc. deduction worksheet.

  If you would like a sample template for individual time cards, weekly time sheets or a break record, please email Hannah at Hannah@DatatechAg.com. You can then customize the sample templates to your specific needs.

- Department Entry. There is now a Department setup on the Payroll, Utilities menu. On the Employee entry window, you can select a Department from the lookup menu.

(Continued on page 3)

Extended Support Hours



Once again Datatech will be providing extended support hours during the month of January for ***Payroll and Payroll Closing/Tax Reporting Questions***. To take advantage of this extended support please follow the directions below. At all times of the year we make every effort to answer calls as soon as possible. You can assist us by following these instructions when calling for software support at all times throughout the year.

Datatech's office will be closed on Tuesday, January 1st. The extended hours for customer support will begin on Wednesday, January 2nd and end on Thursday, January 31st. From January 2nd through January 31st, customer support will be available ***Monday through Friday until 6:00 p.m. Support will also be available on Saturdays between the hours of 1:00 p.m. and 3:00 p.m***. You may leave a message at any time and calls will be returned during these hours. Remember, the extended hours are for payroll and payroll closing questions only.

If you know you will need assistance after normal business hours, you may call us ahead of time to ***schedule a specific time for us to call you***. If you are calling for help between 5:00p.m. and 6:00p.m., or Saturday between 1:00p.m. and 3:00p.m., it is very important that you include your phone number in the message you leave, since personnel providing after hours support may not have access to our company database. Also, if you fail to leave the message on the support line, or do not leave complete information as instructed below, it may result in us not being able to return your call until the next business day.

Every effort will be made to answer your call as soon as possible. We ask for your patience, especially in the first few weeks of January, when there is an increased volume of calls.

Please follow these simple steps for customer support in January and throughout the year:

1) ***Consult the provided workflows and frequently asked questions before calling us.*** (See page 3 for instructions on printing detailed Year End Help documents.) This will save you time.

2) ***When calling, enter extension 110 to go directly to the support department.*** This is the fastest way to get help. The support extension is monitored by multiple people and calls are returned in the order received. If you call a personal extension and that person is on an extended call, you may have to wait longer for a return call.

3) YES, we provide software support by email! ***Send your email questions to Support@DatatechAg.com***. This will ensure that all support personnel see the message and it can be answered as soon as possible. ***Emails can be sent anytime, but will be answered during business hours only***.

4) If all support personnel are busy, ***please leave a detailed message including your name, company, phone number, and your question***. If you have an error message, please provide the entire error message. Also, please provide details on the program option you were using and the prompt you received the error on. If you have left one message for support there is no need to leave a second message. This will help us reduce time spent listening to messages.

5) If your question is regarding items on reports, report totals or discrepancies, you can ***fax the reports to us at (559) 226-5418 at any time***. This will help us answer your question more quickly and effectively. ***Faxes can be sent at any time, but are only checked during business hours.***

Workflows For Payroll Closing

Updated Quarterly and Year End Payroll Closing workflows will be included with the year end update. These include: more detailed instructions for completing the blank paper 940, 941 and 943 reports; 401-K, 125 and other special tax plans for W-2 reporting; W-2 printing tips and year end frequently asked questions.

After installing the year end update you will see under the Help menu a Year End Help option. In addition to the above topics, this option will include the 2007 Year End Update Release notes which includes all of the program changes and additions made throughout the year.

If you are using the software on a network and get a message that the Help can't be displayed, please call Datatech's support department for assistance in changing your Help path to a local directory.

We recommend printing these documents after you have completed the installation of the update, so they are handy when you need them.

If you have questions about a particular step or report in the closing process, please call our support department for assistance. However, in order to provide faster customer support for all customers we are unable to remain on the phone while you complete each step of the closing process.

As always, if you would like personal assistance with your closing process and/or printing and filling out tax reports, you can make an appointment with our support department. This service is provided at our regular hourly training rate.

(New Features - Continued from page 1)

You can currently print an Employee List, Batch Report and print checks by Department.

- Void Check Memo & Report—A Memo field has been added to the Void (& Re-Issue) check window. This may be used to record whether the employee lost the check, never received the check or whether the check is voided for a data entry correction. The Memo will print on the Void Check Report, now available on the Reports menu.
- The Check for Updates option will now let you view a list of the changes that are included in the current update before downloading and installing it.

F.A.Q./Year End Reminders

- Effective January 1, 2008 California employers are required to notify their employees of the federal Earned Income Tax Credit (EITC). A sample notice can be printed from: www.edd.ca.gov/EarnedIncomeTaxCredit.pdf
- Passwords for the S.S.A.'s BSO website must be changed every 365 days. Companies that file their W-2's electronically should verify their login information and change their password now to avoid delays in submitting your file.
- After you have updated your 2008 tax rates verify your SUI rate for 2008. This must be entered in the State Tax Rate file, located off the Payroll, Utilities menu.
- The year end update must be installed before entering Batch Payroll Checks or before Creating Checks from Daily Payroll in order for the tax deductions to be calculated correctly.
- Payroll Checks cannot be printed for 2008 until the quarter and year have been archived and closed. Reports can be printed and verified at a later time, but you must at least archive and clear totals in order to print checks. See steps 1-3, 5 & 6 of the detailed quarter and year end workflows as mentioned in the article above.
- If you need to re-open a closed quarter and/or year to make adjustments after closing, instructions are located off the Year End Help menu as discussed above. This will automatically update totals, so the Fix Employee Totals will not have to be run manually.
- No general ledger closing is needed at this time. Manual journal entries and automatic closing entries can be run when ready.
- If you want to enter closing dates for any of the accounting modules, so that no entries can be back-dated or edited, there is a Closing Accounting Modules option on the General Ledger menu. You may also want to edit Operator Permissions, so that other users can't edit these dates.
- If you would like to create a new set of books for 2008 please call the support department to set them up before the 1st of the year.
- The default option for printing S.S.N.'s will change to the last four digits to comply with the new California law. If you are in another state or want to change the option to not print any number at all you can do this on the Payroll page of the Program Setup.
- If you need to change a S.S.N. for an employee after you have Archived, you must edit the Archive file and Employee file for the change to be updated on W-2's. Or, if you have fixed multiple employees, you may change the Employee files and then Fix Totals to the Archive.

WHY ARE MY TAX DEDUCTIONS INCORRECT?

There are a few factors that can come into play that can cause discrepancies in the FICA, Medicare, or SDI that is withheld from an employee's check. Following are a few situations that can cause discrepancies in tax deductions.

Issues with a new payroll year

When the software calculates deductions (either during the Create Checks process or during the entry of a Batch Payroll check) it looks at the current year tax rate files for the deduction rates. If you are entering or creating checks for a new year before you have closed the prior year, the tax deductions will be based on the current rate file and may be incorrect.

On every check that is entered or created, the program will calculate the year-to-date tax deductions and verify that the employee has had the correct amount of tax withheld for the year. If the wrong amount has been withheld year-to-date the program will take out extra tax or give back tax to make the year-to-date withheld correct.

Here's an example:

A check was entered in Batch Check Entry the first week of January 2008, before the 2007 payroll year was closed. Let's say an employee earns $300 a week. The first week, when the 2007 SDI tax rate was used (.6%) the deduction would be ***$1.80*** (it should have been $2.40 at the 2008 rate of .8%). On the employee's second check, the year to date earnings would total $600 and the program will multiply that by the 2008 SDI rate of .8% to come to a total of $4.80 total SDI that should have been withheld. Subtracting the first weeks deduction of $1.80, the program will withhold ***$3.00*** on the second check ($2.40 for the current check and $0.60 to make up for the under withheld from the 1st check). On the employee's third check the deduction will be back to the correct amount of ***$2.40***.

In recent years the SDI rate for California has changed every year. This question about the amount withheld has arisen many times because a lot of companies will start the payroll entry for the new week before they have closed the year. If you are using the Daily Payroll Entry, we suggest that you do not create checks until the year has been closed. If you are using Batch Check Entry, you can use the Recalculate button on the recap tab to recalculate the tax after the year has been closed. If you do not do either of these the program will adjust the employees tax withheld on the next check they receive.

This type of issue is less common with FICA and Medicare because of their wage limit being higher and also the fact that the tax rate has not changed on those taxes in quite a number of years.

Opening a prior payroll year

A second reason the tax could be off would be from creating checks or entering checks while in a different payroll year. In order to make voiding and correcting of totals in prior payroll years easier we added an option on the Fix Employee Totals to move back to a prior quarter and/or year. When this is done the year that you move to becomes the current payroll year. If you use the create checks or batch check entry during this time it will use the tax rate from that year to calculate how much is withheld.

Example:

Before printing W-2's at the end of January 2008, a Payroll Manager moves the year back to void/correct earnings in 2007. During this time the data entry staff creates checks for the current week in 2008. Because the "Current Year" is 2007, the batch of checks processed during this time will be calculated with 2007 tax rates. The next checks done for these employees after the year has been re-closed will have adjustments to correct their year to date tax deductions because of the previous incorrect calculation.

Another related scenario would be if you have already entered the checks in the batch, switch to a different payroll year, and then bring up one of the checks to edit it. It will automatically recalculate the tax withheld based on the payroll year you have switched to. **We do not recommend changing the current payroll quarter or year while doing any batch entry or creating checks. Our recommendation is that this is done only after you have completed payroll for the week or before starting payroll for the new week.**

Editing Tax Deductions Manually

A third issue that may arise could be due to a data entry person editing the amount of tax withheld on the payroll check on the recap tab. This should not be done. There is no audit trail to show the editing of payroll tax so it has been hard in most cases to show an employer that this has definitely been done. We have done extensive testing on the program and have not been able to find a case where the program does not take out a tax or the incorrect amount when the settings in the program are all correct and totals are in balance.

To prevent accidental (or even intentional) editing of the payroll taxes that are calculated based on a percentage, **we have disable the Social Security, Medicare and SDI entries** on the Payroll Batch Check Entry Recap tab page. Federal and state withholding amount will still be enabled. If for some reason it is necessary to edit these amounts, please contact Datatech customer support to obtain an access code that will allow you to edit the deductions.