



**INNOVATIVE
BUSINESS
SOLUTIONS, INC.**



November 1999

"A payroll and automation services company"

Preparing for Year-End

Once again it's time to prepare for the end of the year. With the Year 2000 fast approaching, we want to stress the importance of reporting all of your 1999 payroll related items prior to January 1st. Rest assured we are Y2K ready.

First, we would like to say "Thank you" for choosing Innovative Business Solutions as your payroll service. We sincerely appreciate your continued confidence in us and your decision to do business locally.

Next, we would like to remind you that we need your help to be sure that your year-end payroll reporting is accurate and complete.

You need to notify us of any earning or tax information that is not part of your ordinary payroll, but needs to be reported on your employees' W-2's. This should be done as early as possible prior to December 31st to avoid costly backdating of payrolls after 1999 has been closed. Some of the items to consider are:

1. Employer provided life insurance in excess of \$50,000;
2. Personal use of company provided vehicles;
3. Reportable qualifying employee gifts or awards;
4. Employer contributions to a non-qualified deferred compensation or retirement plan;
5. Employer paid moving expenses;
6. Handchecks, voids or bonuses paid after your last scheduled payroll run for the year;

7. Allocated Tips;
8. Sick or disability pay reported to you by a third party administrator.
9. Any other taxable fringe benefits (Unsubstantiated Cash Payments, Health Club Memberships, etc).

Another reason for reporting taxable fringe items with your regularly scheduled payroll is that associated taxes can be withheld from your employee's normal payroll check. If they are reported separately, the employer will have to fund both the employee's and employer's shares.

If you are unable to quantify any of these items before December 31st, please call us to let us know when you will have the information necessary to print your W-2's.

Thank you again for your assistance.

Schedule Your Special Year-End Payroll Runs

In order to ensure the highest degree of service, we are requesting our clients to notify us in advance of upcoming special payroll runs (bonuses, taxable fringe, etc.). If you require a special year-end payroll, please give us as much advance notice as possible. Requests for special payroll runs without advance notice may result in additional processing fee premiums.

Salary Deferral Limit

The maximum dollar limit for 401k salary deferral for 2000 is increasing from \$10,000 to \$10,500.

Bonus Payments

Don't forget to consider statutory required withholding rates of 28% and 6% for federal and California respectively for all supplemental payments to employees over and above their base salary. If your employees insist on any other rate of withholding, you should protect yourself and your company by insisting on separate W-4 and DE-4 statements for these payments.

2000 Payroll Calendars

Please complete and return the enclosed payroll calendar to IBS. Be sure to indicate transmission date and pay date for your payrolls in the upcoming year.

Bank Holidays (2000)

New Year's Day	Jan	1
Martin Luther King, Jr. Day	Jan	17
President's Day	Feb	21
Memorial Day	May	29
Independence Day	July	4
Labor Day	Sep	4
Columbus Day	Oct	9
Veteran's Day	Nov	11
Thanksgiving Day	Nov	23
Christmas	Dec	25

**We are Y2K
Ready!**