



## PREPARE FOR NEXT YEAR'S TAXES

5 ways you, and your employees, can prepare for next year's taxes—today. Plus other ideas for making 2005 more productive.

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### Hello from the team at Intuit® Payroll Services!

It's hard to believe it's already March, isn't it? One topic that's on everyone's mind this time of year is taxes. After the results of our 1040's are in, we tend to take a hard look at our personal finances and wonder what we can do differently next year to shelter a bit of our tax liability.

Although we can't do anything to affect our tax burden for 2004, now is the perfect time to make adjustments to our finances for tax year 2005. Therefore, the team at Intuit Payroll Services has put together 5 ways you, and your employees, can prepare for next year's taxes—today. We encourage you to share this information with your employees—they'll be glad you did.

Also featured are some ideas for helping to make the rest of 2005 a productive, stress-free year when it comes to payroll as well as important upcoming dates and service tips. And, as an Intuit Payroll Services customer, we'd like to extend a special offer to you as our way of saying "thank you" for your business. [Click here](#) to find out about the discounted prices available to you and your employees on TurboTax® for the Web<sup>SM</sup>.

Bill Hensler  
Vice President, Intuit Payroll Services

## PREPARE FOR NEXT YEAR'S TAXES

### 5 ways to help offset your tax liability for next year

With April 15 just around the corner, taxes are on everyone's mind. There are a number of ways you can help shelter your tax liability for next year. Below, we've highlighted a few of the most popular methods of tax deferral for you and your employees.

#### 1. Defer income to next year

If you're up for a sizable payment at year-end (such as a year-end bonus or commission), consider asking your employer to give it to you in January instead. This will help offset your taxable income for the current year. However, this strategy is only suggested if you will be in the same or lower tax bracket next year (you don't want that bonus to push you into a higher tax bracket).

#### 2. Get started now

The best time to enroll in a deferred compensation plan (such as a 401(k) plan) is at the beginning of the year. You'll get the most benefit when you have the entire year's salary to defer rather than just a few months of pay if you were to wait until the end of 2005. You'll enjoy compounding interest on a larger investment over the longer period.

#### 3. Increase your pre-tax deductions

Money is deducted from paychecks on a pre-tax basis when it is directed to a 401(k) or a Flexible Spending Account (FSA). Therefore, to achieve the most benefit, be

sure that you, and your employees, are signed up for the maximum 401(k) contribution, which will increase every year until it reaches \$15,000 in 2006. For 2005, the limit is \$14,000 (participants over 50 can contribute an extra \$4,000). You can also contribute to a dependent care and/or health care FSA which can be used to pay for childcare expenses and health care not covered by insurance.

#### **4. Set up a Cafeteria/Premium Only Plan**

Increase employees' spendable income and reduce your payroll taxes. Section 125 of the Internal Revenue Code of 1986 lets employers offer certain benefits to employees through pretax payroll deductions. The deductions are made from gross wages (before taxes are calculated), which can leave more money in your employees' pockets and reduce your payroll tax liability as an employer. Intuit Payroll Services can provide you with the necessary documents and enrollment materials to set up a new plan or convert an existing one. Intuit will conduct the annual testing required and provide the ongoing support needed so you can be in compliance with IRS rules.

#### **5. Take advantage of the Retirement Savings Contributions Credit**

The Retirement Savings Contribution Credit, or saver's credit, is a non-refundable tax credit available to taxpayers who make eligible contributions to a qualified employer-sponsored retirement plan, such as 401(k) or 403(b), or to an IRA. This tax credit can be realized by any individual at least 18 years old and is up to a 50% credit rate depending upon your adjusted gross income and filing status (other eligibility requirements may apply). For more information, see [IRS Publication 590](#), Individual Retirement Arrangements.

## **TAX SERVICE TIP**

### **Common payroll questions at tax time**

As with many other significant events during the year, tax season may find you wondering how your company's payroll will be affected. Below

are a few of the more frequent questions our Payroll Specialists receive each year around this time. Take a look; chances are, one of your questions is on this list:

#### **1. Q: I need to obtain a copy of my quarter-end returns. What do I need to do?**

A: You will automatically receive a copy of your tax forms after they have been filed with the appropriate agencies by QuickBooks Assisted Payroll. For information about when your copy will be sent, see [When will I receive copies of my payroll tax forms?](#) If you need to request additional copies, or if you need copies for a different quarter or year, please fill out a [Customer Request for Copies of Tax Information](#).

#### **2. Q: How do I change the bank account to debit our payroll from?**

A: Changing the bank account from which QuickBooks Assisted Payroll deducts paychecks, taxes, and fees, requires you first to update the information within QuickBooks and then send the change to QuickBooks Assisted Payroll. Please see [How do I update the bank account in which payroll is deducted in QuickBooks](#) for detailed instructions.

#### **3. Q: What should I do if I receive a Federal or State tax notice?**

A: If you receive a notice or correspondence about your federal or state payroll taxes, *please verify that the notice falls within a period that was handled by QuickBooks Assisted Payroll*. If it was, mail the documents to QuickBooks Assisted Payroll, Tax Department, P.O. Box 30005, Reno, NV 89520 or fax it to 866-293-1994. If it was not within the period that was handled by QuickBooks Assisted Payroll, contact your previous provider for resolution of the notice.

#### **4. Q: How can I protect my payroll data in case of computer failure?**

A: Backing up your payroll data is just as important as backing up other important information in your company. Intuit Payroll Services recommends you back up your data after each payroll, and to back up to

your network or a disc on a quarterly basis. And since it's March, this would be your first quarterly back-up of 2005.

## SERVICE TIP

### Monday, May 30th is a Federal Reserve Holiday!

How will Memorial Day affect payroll processing? Payroll will not be processed on Monday, May 30, 2005 because it is a Federal Reserve Bank Holiday. To allow for the holiday, you might need to process your payroll a day earlier than usual. [Click here](#) for additional information.

## TIME SAVING IDEAS

### Do you know how the proposed changes to Social Security, introduced recently by President Bush, will affect payroll taxes?

Start this year off with confidence that your payroll is in line with current reforms and guidelines. And, instead of spending countless hours researching this type of information, you can obtain everything you need with QuickBooks Employee Organizer. Employee Organizer keeps employment regulations and best practice

information, employment forms and templates and access to background checks, all at your fingertips. Information is updated regularly and it is all conveniently integrated with your QuickBooks. [Click here](#) to find out more about Employee Organizer.

## PAYCARDS

### Now available...

Direct deposit has long been a popular solution known for simplifying paydays for both employers and their employees. But, if some of your employees don't have bank accounts, paper checks were the only means of paying them. Thanks to Intuit Payroll Services PayCards, you can say "good-bye" to time consuming check printing and distribution and instead, pay these employees just as if they had a bank account and direct deposit! That means you can pay employees via a PayCard (with a MasterCard® logo) and they can use the card just like a traditional debit card for groceries, gas, shopping on-line and withdrawing cash at ATMs—just as they would with a debit card!

[Click here](#) to learn more about PayCards.

## REFERRAL PROGRAM It's just too good to keep to yourself...

Each and every time you refer a friend or business associate\* to Intuit Payroll Services you are eligible to earn your choice of a \$50 payroll processing credit or a \$50 Visa® gift card!

You've seen for yourself how Intuit Payroll Services can save you time and hassles — now you can help your business associates enjoy the same benefits and earn \$50 yourself in return! It's easy, just complete our [online referral form](#) or call **866-820-6337** and make your referral today!

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\* A new client is defined as someone who has subscribed to either QuickBooks Assisted Payroll or Intuit Payroll Services Complete Payroll, and who has run and paid in full a payroll with Intuit Payroll services within 60 days of the submittal of your referral form. You must submit your completed referral form online or communicate the referral information by phone at the time of the initial referral. All referrals are subject to the Referral Reward Program rules. Terms and conditions are subject to change at any time without notice.

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