

THE TAX PICTURE

Avoid Payroll Pitfalls: Four Tax Tips For Small Businesses

(NAPSA)—Tax season needn't be a challenging time for America's 5.1 million small businesses. It may bring numerous payroll responsibilities and potential headaches, but four tips can help small businesses better control payroll:

1. Stay on Top of Payroll Withholding Tax Changes

Tax rates can change at any time. For example in 2003, all federal withholding tax rates changed to support the nationwide mid-year tax cut. Without reliable tax rate updates, many small businesses calculate taxes incorrectly, leading to potential penalties, and collecting back taxes from employees.

While tax agencies post updated withholding tax rates, the easiest way to get current tax rates is probably through your accounting software's payroll tax table service, or to use an online self-service payroll such as www.paycycle.com, which automatically updates its users' tax rates, with 100 percent accuracy guaranteed.

2. Don't Forget That Unemployment Taxes Can Change Too

In 2004, roughly 20 states are changing unemployment tax rates or the wage base subject to unemployment tax.

Accurate paychecks address only half your responsibility. You also need to correctly calculate employer-only taxes, such as unemployment taxes. Complete solutions, such as PayCycle's, calculate both employee and employer taxes to ensure you have your entire payroll under control.

3. File Your Forms

Like individual taxes, you not only need to pay taxes, but also need to file payroll tax forms. Plus, some states require multiple filings quarterly and annually, and forms often change.

Small businesses can file federal

Create Paychecks		PayCycle	
Weekly Payroll			
Pay Period:	01/10/2004 -01/17/2004		
Pay	Name	Regular	OT
<input checked="" type="checkbox"/>	<u>K. Lau</u>	Salaried	
<input checked="" type="checkbox"/>	<u>A. Long</u>	40.0	5.0
<input checked="" type="checkbox"/>	<u>A. Sanghvi</u>	32.0	
Memo:	Great Work Team!		

You may be able to make life easier and avoid payroll pitfalls by signing up for an easy and low-cost online payroll solution.

tax forms electronically (www.irs.gov/efile) and many states offer e-filing options. Alternatively, choose an in-house or outsourced payroll solution that files federal and state forms—either electronically or with pre-filled “signature ready” forms.

4. Stop Worrying: Do Payroll Online

Online self-service payroll can make it easier and less expensive for small businesses to stay in control and avoid headaches. The service offers instant, guaranteed accurate paycheck calculations, direct deposit, electronic tax payments, electronic tax filings, W-2s, detailed reports and toll-free access to payroll experts. You can integrate payroll data with QuickBooks®, QuickBooks Online, Quicken® and Microsoft® Money and never re-enter it again; stay ahead of deadlines with automatic e-mail reminders. Your data is stored on secure servers, so you can even do your payroll from the road, home or office.

For more information on PayCycle, visit www.paycycle.com.