

# Advantage

Quarterly News & Advice  
from Advantage Payroll Services

# Payroll Quarterly



SECOND QUARTER 2006

## TAX TIPS

Many people receive bank statements and documents by e-mail. This method is an outstanding way to secure financial records. Important tax records such as W-2s, tax returns and other paper documents can be scanned onto an electronic format.

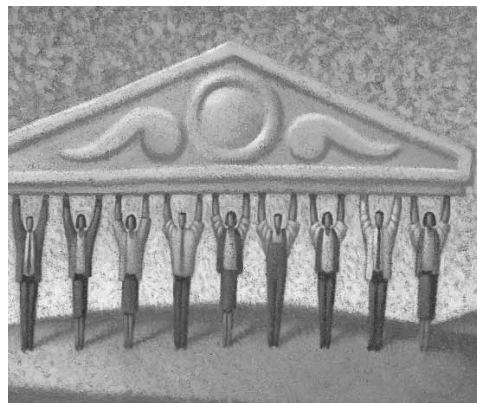
"New technologies provide taxpayers with new opportunities to keep their records secure," said E. Martin Davidoff, chairman, Tax Liaison Committee, American Association of Attorney-Certified Public Accountants (AAA-CPA). "Many people are now receiving bank statements and documents via e-mail. One approach, using a scanner to fill in the gaps of electronic commerce, is to have all financial records in electronic format. By doing so, one can copy all of their records onto a "E-key" or "E-jump drive" periodically.

"Tax Tips" continued on Page 2

## CUSTOMER PROFILE

***The Great Lost Bear restaurant owner benefits from Advantage Payroll's services including invaluable tax reports when managing employee wages and tax liabilities.***

The Great Lost Bear restaurant has been a Portland, Maine institution since opening in June of 1979. Located 2 miles from Portland's Old Port district, the "Bear" serves up an eclectic menu and a bar boasting of fifty-four microbrews on tap. In managing this busy restaurant with approximately 50 employees, co-owner Chip MacConnell sees the benefits of his 20 year partnership with Advantage. "Every one of the payroll specialists assigned to us over the years has been friendly, very professional and knowledgeable, answers any questions or concerns promptly, or quickly finds someone who can. We have been approached by many payroll services over the years but nobody has been able to compete with your product or your service", says Chip.



Among the restaurant products benefiting them the most are the Deductions Not Taken report, the Tax Shortfall List, and the FICA Tip Credit Report. Chip says, "The first two reports help us track which employees owe us money and how much, obviously very important to a business. Employees in a restaurant can have relatively low wages compared to the tips they earn and declare. We often have shortfalls from pay period to pay period. These reports help us to get a handle on these. We also benefit from the FICA Tip Credit Report, which reduces our tax liability each year."

Taking advantage of these products has allowed Chip and co-owners David Evans and Dave's wife, Weslie, to concentrate on what they do best, running their business. If you would like more information regarding services offered by Advantage for restaurants, please contact your local Advantage office.

**For more information about our products and services, contact an Advantage Payroll Services representative at an office near you.**

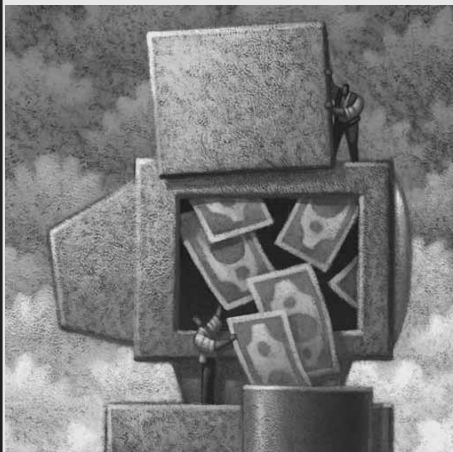
## TAX TIPS

*"Tax Tips" continued from Page 1*

Those keys can be sent to a relative in another city for safe-keeping in case one's normal computer backup systems are destroyed."

Other options include copying files onto a CD or DVD. Also, many retail stores sell computer software packages that you can use for record-keeping.

"Disasters such as hurricanes can't be prevented," said Dennis B. Drapkin, Chair, American Bar Association (ABA) Section of Taxation. "But the disruption they cause can be reduced. Remember to safeguard and backstop your most important records. Store them in a safe place. Back-up your electronic files. Make duplicates where possible and keep them in a separate location."



## RESTAURANT PAYROLL

*Running a restaurant can be tough.* At Advantage Payroll Services, we understand the difficulties restaurant owners face in managing their employees and their business. There are a number of complex laws in effect governing restaurant employees' wages and tips. It can be a daunting task to avoid making mistakes.

To help you over these hurdles and to help manage your restaurant business more effectively, Advantage offers a sophisticated, comprehensive system that's powerful enough to handle the payroll needs of any size establishment. Regardless of how many employees you may have, we've got the expertise to help you process your restaurant payroll with the accuracy, timeliness and flexibility both you and your employees need.

### **Choose the solutions right for your business.**

Beyond standard wages, tip reporting and payroll tax filing, Advantage can provide a variety of other valuable services and reports to help you manage the complexities of restaurant payroll:

- **Allocated Tip Reporting**

Advantage can help take the mystery out of meeting your TEFRA requirements. You can choose the method you want us to use to monitor reported tips...and if it becomes necessary to allocate tips, no other payroll system provides as much flexibility as Advantage.

- **Tip-to-Minimum Validation**

Our system will make sure the wages you pay your staff and the tips they report keep your business in compliance with minimum wage requirements, giving you the information and the tools to keep both your employees and the government happy.

- **Shortfall Reports**

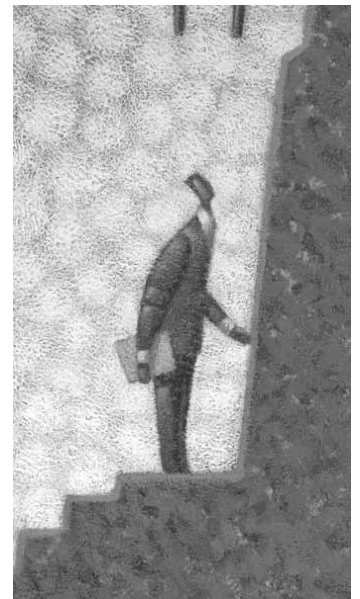
Part of our standard Restaurant Payroll package, this valuable report protects both you and your employees, ensuring that they don't owe you for voluntary deductions that couldn't be satisfied from their wages...and that they have an opportunity to pay the proper tax on their income.

*"Tax Tips" continued from Page 1*

### • FICA Tip Credit Report

Advantage will help you get the maximum benefit from this powerful business tax credit. In addition to maintaining your payroll records, we can track your matching portion of FICA paid on tips in excess of minimum wage on a per period, monthly, quarterly, yearly or fiscal year basis - whenever you need it! Tracking this information could lead to substantial business tax savings.

Whether you're a large establishment or a small café, Advantage understands the needs of restaurants like yours nationwide. Select from our menu of standard and value-added services, and start enjoying a better payroll solution right away!



**For more information about our products and services, contact an Advantage Payroll Services representative at an office location nearest you.**

## Government to Stop Collecting Long-Distance Telephone Tax



**IR-2006-82, MAY 25, 2006**

WASHINGTON - The Internal Revenue Service today announced that it will stop collecting the federal excise tax on long-distance telephone service.

The tax on telephone services was first imposed in 1898. The current rate is 3% of the charges billed for these services. The IRS announcement follows decisions in five federal appeals courts holding that the tax does not apply to long-distance service as it is billed today.

Taxpayers will be eligible to file for refunds of all excise tax they have paid on long-distance service billed to them after Feb. 28, 2003. Interest will be paid on these refunds.

Taxpayers will claim this refund on their 2006 tax returns. In order to minimize burden, the IRS expects to announce soon a simplified method that individuals may use.

So taxpayers won't have to spend time digging through old telephone bills, we're designing a straightforward process that taxpayers may use when they file their tax returns next year," said IRS Commissioner Mark W. Everson. "Claiming a refund will be simple and fair."

The IRS announcement does not affect the federal excise tax on local telephone service, which remains in effect. Likewise, various state and local taxes and fees paid by telephone customers are also unaffected.

More information can be found in IRS Notice 2006-50. It will also be published in Internal Revenue Bulletin 2006-25, dated June, 19, 2006.

# CONTACT US

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For sales and product information, contact your local Advantage office  
or to locate the office nearest you, call toll-free:

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You can e-mail your questions or comments,  
including those regarding Payroll Quarterly, to:

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Log on to our Web site at

**[www.advantagepayroll.com](http://www.advantagepayroll.com)**

where, in addition to a wealth of information on  
Advantage Payroll and its services, there is a form you  
can fill out to contact us online.

We look forward to hearing from you!

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