

News From



A Publication for GMS Accounting and Revolving Loan System Clients

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18th Annual GMS Financial Management Conference

May 18-23, 2003 - Snowbird, Utah

Don't forget to mark your calendars and plan to attend the 18th Annual GMS Financial Management Conference to be held at the Snowbird Ski and Summer Resort in Snowbird, Utah on May 18-23. As in previous years the conference will be divided into two segments with the regular conference May 18-21 followed by intensives May 22-23.

Enclosed with this newsletter is a brochure with the agenda of all conference sessions, along with registration and reservation forms. Watch for the March issue of News from GMS for a brief description of each session.

Who Attends the GMS Conference?

If previous years are an indication, we can expect close to 300 participants from over 200 GMS client organizations located throughout the country. Attendees include fiscal staff, auditors, revolving loan management staff, Executive Directors, human resource staff and program managers. Many GMS clients view this as annual in-service training for their fiscal personnel and now it is especially important for those that have upgraded to the windows version of accounting or plan on upgrading to the Windows version of accounting or RLSS during 2003.

From a strictly GMS viewpoint, we wish all GMS clients could attend since the conference is our best way to provide you with the most up-to-date information on using GMS software. Every member of the GMS staff will be at the conference giving you a tremendous opportunity for face to face consultation and assistance.

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FICA/Federal Taxes Revised

GMS DOS Accounting System clients were mailed Accounting software revisions/upgrades diskettes on December 7, 2002. That diskette also contained the 2003 FICA and federal tax changes. However, since you would have received the diskette and installed the revisions before your last paycheck was issued for the year, we did not include the loading instructions to implement FICA and federal tax revisions for payrolls after January 1, 2003. Towards the end of December, we emailed or faxed the loading instructions for the 2003 FICA and federal tax revisions. You should be sure to install the tax revisions prior to running your first payroll in the new year. If you have not received these instructions or your diskette mailed

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Enhancement #602 Ohio School Tax Analysis Rewritten in Windows Version

Enhancement #602 Ohio School Tax Analysis has been rewritten in the windows version. This enhancement is required if you want to receive the analysis by school district code and to have the school tax information automatically print on W2's. Without this enhancement, you will still be able to withhold the Ohio school tax from employees, but there will not be a table where the information is stored by school district code. If you presently do not have this enhancement, the cost is \$220.00 with an annual maintenance of \$33.00 for 1 to 2 users, \$250.00 with an annual maintenance of \$37.50 for 3 to 4 users and \$280.00 with an annual maintenance of \$42.00 for 5 + users. Please call the Maryland office at 800/933-3501 or email to service4gms@gmsactg.com to order this enhancement or to receive more information.

In This Issue: RLSS 1099-C...Advanced EIC Revisions...Requirements for RLSS...

RLSS - IRS FORM 1099-C FOR 'CANCELLATION OF DEBT'

IRS Revised Procedure 98-35 indicates that some lenders must provide debtors with a 1099-C if there has been a cancellation of debt of more than \$600.00. You must file these forms by January 31 if you are one of the following lenders:

- 1-A financial institution as described in section 581 or 591(a), such as a domestic bank, trust company, building and loan, or savings and loan association;
- 2-A credit union;
- 3-A Federal Government agency including:
 - a-a department
 - b-an agency
 - c-a court or court administrative office
 - d-an instrument in the executive, judicial, or legislative branch of the government
- 4-One of the following:
 - a-Federal Deposit Insurance Corporation
 - b-Resolution Trust Corporation
 - c-National Credit Union Administration
 - d-Any military department
 - e-US Postal Service
 - f-Postal Rate Commission

Although most RLSS users are not included in the above descriptions, you as a lender have the option of voluntarily submitting 1099-C's. This can be useful in your collection process related to bad debts. When your agency has recognized a loan as a bad debt, and charged off the principal balance, you can then submit a 1099-C at the end of the year. Once you have issued a 1099-C to a debtor, you cannot actively pursue collection, but can receive voluntary contributions from the debtor. These forms are easy to complete, and can be ordered free of charge from the IRS. Information to be completed on 1099-C's includes:

- 1-Debtor's name and address
- 2-Debtor's Social Security Number, or Federal Identification Number
- 3-Your agency's name and address
- 4-Your agency's Federal Identification Number
- 5-The date the debt was canceled
- 6-The amount of debt that was canceled
- 7-A debt description (ex: business loan, housing loan, etc.)

8-If the debt was canceled due to a bankruptcy (yes or no)

Three-part 1099-C's obtained from IRS are prepared by the lender. The original copy is sent to IRS along with a 1096 Transmittal Form, a copy is retained for your files, and a copy is mailed to the borrower. If the debt was canceled for reasons other than bankruptcy, the amount of the charge off may become taxable income for the debtor, which can in turn become an incentive for repayment. A note of caution: Reporting charged off loans on 1099-C's should only be done when all avenues of collection have been exhausted. Because the canceled debt is reported to IRS as potential income, any future recoveries toward that loan must be voluntary.

FICA/Federal Taxes Revised... continued from page 1

out on December 7, 2002 did not include a file called GMSPRUP2.D02, please contact the GMS Maryland office at (800) 933-3501.

GMS Windows clients were emailed the revised FICA and Federal tax tables and installation instructions towards the end of December. Make sure you follow the instructions carefully to be certain you delete and import the new tables into your database prior to running your first paychecks in the new year.

What Will These Changes Mean For Your Employees?

- Most employees will find a minor reduction in their federal taxes resulting in a minor increase to their net pay.
- FICA and Medicare rates continue to be unchanged at 6.2% and 1.45% respectively. There continues to be no limit on wages subject to the Medicare tax while the FICA limit has been increased from \$84,900 to \$87,000. Thus, only higher paid employees will be affected by this change.

We Can Print Your W2's and 1099's

Remember... If you are having problems printing your W2's and 1099's we can help. You just need to send the forms you have left and your prepared processing disk to the Maryland Office. Please call 800/933-3501, ext. 1 if you have further questions.

Laptop Hands-On With Windows Report Writer

New Annual Conference Intensive

Bring your laptop computer (make sure batteries are charged) to this session and learn the step by step functions to develop reports using the GMS Windows Report Writer. GMS Staff will give instructions on how certain simple reports are developed. Then, as time permits, each person in the intensive can request instructions on how to develop a report that they want for their particular agency. All participants will then learn step-by-step how to develop those requested reports. When you get back to your office, you can use those queries to create reports using your database. Hopefully, this intensive will relieve a lot of frustration that many windows clients have experienced since they have tried to use the new GMS Report Writer.

Computer Requirements for Upcoming RLSS Windows Software

We want to prepare your organization for the new software release as some of you may have to upgrade your current computer or purchase new equipment.

The new software will run under all Windows version environments so it doesn't matter if you have Windows 95, 98, 2000, Millennium, XP or NT. Your computer must have Microsoft Access installed and we would suggest a Pentium II or higher computer with no less than 32 megs of memory and at least 30 megs of hard drive space just for the GMS system. (That does not include the space you will need for all other applications, ie. Access, operating system, etc.)

Program and database file backups will become the sole responsibility of each agency once the new software is installed. This will mean you will need to make sure you have a good in-house backup device and a good schedule for backing up your software. Some agencies may already have this in place. Those of you who don't will need to add this to your hardware requirements list. You may also consider having a CD Read/Write available on your network. This would allow you to burn a CD copy of software/files in the event that GMS may require a large file to be sent to the office. More on the new software in next month's newsletter!

Advanced EIC Revisions

The 2003 Advanced EIC (earned income credit) revisions were included in the merge file sent to all DOS accounting clients along with the 2003 federal and FICA tax changes. This merge was included on the Accounting software revisions/upgrades diskettes that were sent on December 7, 2002. Towards the end of December, we mailed the loading instructions for 2003 FICA, federal and EIC tax revisions. After installing the software, no additional steps are required to implement these revisions if your software was previously set up to run the Advanced EIC routine.

GMS windows clients were emailed the revised EIC tables and installation instructions towards the end of December. Make sure you follow the instructions carefully to make sure you delete and import the new tables into your database prior to running your first paychecks in the new year.

To be eligible to receive the advance payment of the earned income credit in 2003, you expect your 2003 earned income and adjusted gross income will each be less than \$29,666 (\$30,666 if you expect to file a joint return for 2003). Include your spouse's income if you plan to file a joint return. The other eligibility requirements remain unchanged. The software/table has been revised to reflect this and minor changes in the indexing. The W-5 form, Earned Income Credit Advance Payment Certificate, was revised in 2002. You need to specify if you are (a) single, head of household, or qualifying widow or (b) married filing jointly. On the Advanced EIC tables, there are three different tables to follow:

- (A) Single or Head of Household - Use S for Federal Filing Status and code 1
- (b) Married without Spouse Filing Certificate - Use M filing Status and code 1
- (c) Married with both Spouses Filing Certificate - Use M filing Status and code 2

In the software/table, we are using the federal filing status field to determine if it uses the single or married table and also for what box is checked on the W-5 form. If married filing jointly is checked, they should have an M in the federal filing status field and if single, head of household, or qualifying widow(er) is checked, they should have an S in the federal filing status field.

Prepaid Maintenance Saves You Money!

Prepay a year's worth of maintenance fees and save 7.5% If your fiscal year is getting ready to start, now is the time to contact Sara Drury at (800)933-3501 ext. 3 for further details or to request billing for a whole year.

Session Highlights

This year again, our main focus will be training on the new GMS Windows Accounting and Financial Management System. Training will take place during the regular session and also in two intensives to be held immediately after the regular conference. The computer clinic also provides for hands-on opportunity.

For newer system users, you will also find detailed training on the Dos Accounting and Financial Management System. There will also be GMS-RLSS sessions during all of the concurrent sessions slots showcasing the new windows RLSS.

Windows Sessions this Year-Each session held twice

Intro to GMS Accounting
A/P Processing
Payroll Processing
GL and Related Activities (Part 1 & 2)
A/R Processing
Fixed Asset Inventory
Using Complete Purchase Orders
Intro to Report Writer
Basics of Year End Closing
Answers to the Top 10 Service Questions

DOS Sessions this Year - Most sessions held once

A/P Processing
Payroll Processing
Month End Processing (Part 1 & 2)
A/R Processing
Fixed Asset Inventory
Using Complete Purchase Orders
Basics of Year End Closing (held twice)
Answers to the Top 10 Service Questions (held twice)
The Great GMS Challenge Cup (3 rounds)

Other Sessions for Accounting System Users-Each session held twice

GMS Cost Allocation Concepts
Accounting Q & A with GMS Staff

Sessions for RLSS System Users-Most sessions held once

Showcasing Windows RLSS (held twice)
Accounting for Your Revolving Loans
Q&A with RLSS Staff
RLSS Troubleshooting and Handling Special Situations-Windows

RLSS Troubleshooting and Handling Special Situations-DOS

Managing a Successful Loan Program (Part 1 & 2)

With 6 concurrent sessions scheduled at nearly all times, there is always a topic to choose from that is useful to your organization. To make certain that everyone has the opportunity to attend sessions of greatest interest, every windows accounting session will be conducted at two different times. Showcasing Windows RLSS will also be conducted twice and all other GMS-RLSS sessions are run one time only.

Computer Clinic

In addition to specific sessions, the Computer Clinic is open throughout the conference giving you an opportunity to "test drive" any GMS product. GMS staff members are stationed in the Computer Clinic at all times to provide individualized assistance and support. In the Computer Clinic you can experiment and practice as much as you want!

Intensives

The five post conference Intensives are always well attended. These 1 1/2 day concentrated courses have been refined with years and years of experience and are in great demand year after year. Choose from any one of these topics:

- Training on the Windows Accounting Software
- Year End Procedures/Preparing for Audit
- Special Training for New Accounting Users - DOS version
- Laptop hands-on with Windows Report Writer
- Training on Windows RLSS

We hope that we will see you in Snowbird. For further information on conference activities please feel free to contact Liz Collins, our Annual Conference Coordinator at extension 2.

State Tax Revisions for 2003

As of this time, we have not received any notification of 2003 state tax revisions.

If and when you receive notification of any changes in your state tax, please contact the Maryland office at 800/933-3501 ext 1.

HOLIDAY Announcement

The GMS offices will be closed Monday, January 20 in honor of Martin Luther King's Birthday. The offices will reopen at 9:00 am on Tuesday, January 21.