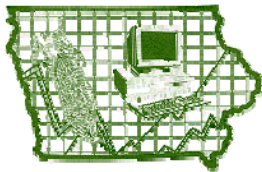


# IOWA FARM BUSINESS ASSOCIATION



and

## PcMars SOFTWARE



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December 2010

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### Office Location Change—We Are Moving!

Because of several recent changes; we are sending out a joint newsletter to all of the Iowa Farm Business Association Members and PcMars users. Due to our new address and recent phone calls, it seemed like these topics would be of interest to each of you.



#### Our NEW mailing address:

2515 University Blvd.  
Suite 107  
Ames, IA 50010

#### Our web address and phone numbers will remain the same:

- ◆ IFBA Website: [www.iowafarmbusiness.org](http://www.iowafarmbusiness.org)
- ◆ PcMars Website: [www.pcmars.com](http://www.pcmars.com)
- ◆ Phone Number: (515) 233-5802



### 2010 Year End Tax Legislation



On December 17, 2010; the “Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010” became law.

This law contained numerous provisions effecting tax rates, expiring credits and estate tax . For complete details, I recommend you review the Provisions in Year-End Tax Legislation article written by Roger McEowen which is posted on the Center for Agricultural Law and Taxation (CALT) website: [www.calt.iastate.edu](http://www.calt.iastate.edu).

To summarize several items from that article which may effect members and PcMars users are:

1. **FICA Tax.** The employee share of FICA tax for 2011 will decrease to 4.2% (instead of the previous 6.2%). The employer’s share, or match amount, will remain unchanged at 6.2%. **Note:** for self-employed individuals, the rate will decrease to 10.4% for self-employed income up to \$106,800 for 2011.  
⇒ **PcMars Users:** In order for your PcMars / PLUS to accurately calculate an employee’s 4.2% deduction, the 2.2.4 patch will need to be installed. (See Patch Notices article on page 3 of this newsletter)
2. **Bonus Depreciation.** Qualified assets, placed in service after September 8, 2010 thru December 31, 2011, would be eligible for 100% bonus depreciation. **Note:** The definition of “qualified” property is the same as previous law regarding bonus depreciation.
3. **Expense Method Depreciation or Section 179.** In 2012, the expense method depreciation (for federal tax purposes) will be set at \$125,000 with the phase-out beginning at \$500,000 for qualified property purchases for the year.
4. **Tax Rates.** The EGTRRA rate structure, put in place in 2001, would continue through 2012 instead of expiring at the end of 2010. As a result, the top individual income tax rate would remain at 35% and the rate for capital gains and dividends would stay at 15% through 2012. In addition, the 10% bracket will remain in place for two more years instead of increasing to 15%.
5. **Alternative Minimum Tax.** The bill contains a two-year “AMT patch.” The AMT exemption is set at \$47,450 for individuals for 2010, \$72,450 for those filing as married filing jointly. In 2011, the exemption will be \$48,450 for individuals, \$74,450 if filing status is married filing jointly.
6. **Transfer Tax.** For deaths and taxable transfers in 2011 and 2012, the exemption for estate, gift and GSTT purposes would be \$5 million and the tax rate would be 35% beyond that level. The bill would also allow portability of the estate tax exemption between spouses for deaths in 2011 and 2012.



For more information on these tax changes, check with your tax consultant or field man.

## 1099 Reporting Changes

*During the past months, we have received calls inquiring about new tax legislation for 1099 and W2 reporting. In general, there seems to be confusion regarding the new 1099 reporting requirements and “when” these requirements begin. To help explain, here is a summary of how it will effect PcMars users and how we are working to address the new requirements. It is important to note that there are separate items.*



1. **For 2011:** The IRS will require any merchant/third party account provider to report payments to the IRS via the 1099K Form. This 1099K is required unless payment recipient receives less than \$20,000 gross and their total number of transactions do not exceed 200. Examples of merchant/third party accounts are credit card companies, PayPal, etc. The form has gross sales attributed to each month's gross sale so that the IRS can match up fiscal years. **Note:** this is a new reporting requirement which the merchant (credit card company) must complete. This new requirement was part of the Housing Assistance Tax Act of 2008.

⇒ **PcMars Users:** The merchant account reporting should have little or no effect on the typical PcMars users. This is because vendors that you are required to send 1099 to in 2011, such as landlords for rent, contract labor, and etc. are normally paid by a check instead of credit cards. However, if you do pay with a credit card be aware that you will not need to send them a 1099. If this effects you, we suggest you create a separate vendor for payments made thru a merchant account in the 2.2 version. Depending on the 2012 1099 filing requirement (see below), we are discussing adding a “merchant” account selection in the next PcMars update.

2. **For 2012:** The 2010 Health Care Bill will require more 1099 reporting for payments made after December 31, 2011. There has been a lot of discussion regarding this being repealed; however, as of this writing (December 27, 2010), the provision has not been repealed. Several “key” issues of this act are the terms “amounts in consideration for property”, “gross proceeds”, and the definition of a “person.”

### Results of these 1099 reporting changes are:

- ◆ Payments made to a corporation are no longer exempt from 1099 reporting.
- ◆ This new 1099 reporting requires the \$600 threshold to be for services and property.

### Examples of this new reporting requirement are:

- ◆ You will need to send a 1099 to the Coop for purchases of fertilizer, fuel, etc.
- ◆ You will need to send a 1099 to the equipment dealer if you purchase a tractor, combine, etc.

⇒ **PcMars Users:** This will drastically increase the number of 1099 Forms each PcMars user will be required to file.

1. To track all your payments, users will need to utilize the Vendor List for each payment. We will add additional filters to help manage your Vendor List in a later version.
2. The 1099 payment limit requirements will include both payments made by merchant accounts and by checks. However, since you will ONLY be required to report the amount paid with a check, we are working to add a “merchant account” selection and separate these on the 1099 reports. Currently, there seems to be a movement to repeal this new provision and uncertainty. We will continue to monitor this new legislation and make any needed enhancements to a new PcMars version prior to 2012 to allow users to easily prepare their 1099s.

As you can see, these changes will GREATLY increase the number 1099 Forms you file. For more details or current information, check with your tax consultant or field man.

## PcMars Software

*There are several PcMars software selections to choose from or mix and match. Here are descriptions of our different programs.*

### PcMars Windows Full Version



This is our most widely used “farmer-friendly” farm accounting program. It is designed specifically for farm applications, but with enough flexibility that it may be used for small business and church applications as well. This program can be installed as a cash basis, single-entry system or fully accrual, double-entry system. Each has payroll capabilities with detailed payroll tax reports as well as detailed loan tracking capabilities.

### PcMars PLUS Enhancement



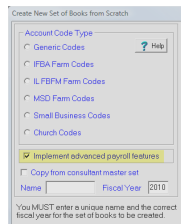
This is an enhancement to the Windows Cash Basis Full Version of PcMars. It includes additional features for inventory tracking, livestock production data, crop production data, enterprise allocations, combine set of books utility and extra report capabilities. ***This enhancement requires you to already have the current version of PcMars Windows Full Version installed on your computer.***

### PcMars Accounts Receivable Program



This program can be installed as a stand-alone program or interfaced with your existing PcMars Windows Full program. PcMars Accounts Receivable Program is used for recording your receivables, printing statements/invoices and reports.

### PcMars Advanced Payroll Enhancement



This enhancement module is available as a yearly subscription. It will add on to PcMars Windows Full Version or PcMars PLUS. The Advanced Payroll module offers additional payroll features such as containing federal tax tables and yearly-updated state tax tables for Iowa, Illinois and Minnesota. It has the ability to customize an additional seven labor withholding fields, calculate retirement deductions / matching, pension withholding automatic adjustments, and expanded labor reports to reflect and include all added payroll features. The yearly subscription cost is \$100 (+tax/shipping) since the tax tables must be updated each year. ***Also, you must have the most current version of PcMars or PLUS (currently 2.2) to install this module.***

**For more information, software tips, or classroom manuals, visit [www.pcmars.com](http://www.pcmars.com).**

# Software Corner



## 2011 Advanced Payroll Module



The new Federal tax tables were released December 20, 2010. As a result, we got busy updating the 2011 Advanced Payroll Module. We anticipate this update will be available by the time you have received this notice.

As a reminder: to order or renew your Advanced Payroll Module for 2011, there are two options:

- ◆ In your PcMars PLUS 2.2; click on “help” then click on “order Advanced Payroll Module.” Print the form and mail it along with payment to the indicated address.
- ◆ You can call us at 515-233-5802 to order with a credit card.

## New Patch Available for PcMars and PcMars PLUS



*New PcMars and PcMars PLUS patch is now available at [www.pcmars.com](http://www.pcmars.com). All PcMars product patches are cumulative, which means the most recent patch contains all previous patches. The new feature included in the latest 2.2.4 patch is:*

⇒ Updated employee social security withholding percentage to 4.2%; based on the Dec. 17, 2010 tax law changes. (See [2010 Year End Tax Legislation](#) article on page 1 for details)

After this patch is installed, PcMars will automatically withhold 4.2% social security from an employee’s paycheck containing a 2011 date. If the paychecks are entered with any other year’s date, the employee’s social security withholding will be 6.2%. **Note:** This change does NOT effect the Medicare rate.

### Key features included in the previous 2.2 patches are:

- ⇒ Nelco check / deposit tickets are now listed in a selection box and Nelco order screens have been added with links to their website.
- ⇒ Added the ability to change non-multiple loan vendor expense to a multiple loan vendor expense and vice-versa.
- ⇒ A new option to print all tack notes on the Year End Detail / Full Year General Ledger has been added.
- ⇒ If Accounts Receivable Program Version 2.0 is interfaced with PcMars, it will no longer allow one set of books to be open at the same time by both programs. This prevents data corruption.
- ⇒ Added a new feature under **Utility** menu for resetting report and check printer settings. This utility is great if you use a wireless printer or a laptop in different locations with different printers.
- ⇒ A new Advanced Payroll order form has been added.
- ⇒ “Live” Net Worth is now available with small business, generic and church sets of books.
- ⇒ Enhanced Open/View function for books now available in advanced options.

**For a complete listing of all added features and fixes, visit [www.pcmars.com](http://www.pcmars.com).**

**\*\*As a reminder\*\*** The 2.2 patch is only available to current PcMars/PLUS version 2.2 users. The 2.2.4 patch is VERY important and will be available for download on 01-01-2011. Every user who utilizes the payroll functions of PcMars will need this patch. Users with older versions of PcMars will not be able to download the patch. To order the most current version, please cut out the form at the bottom of this page, fill out and send it, along with a check, to SoftShell Computer Services.



Not sure which version of PcMars you have? Here’s how to know!

1. In PcMars, click Help
2. Click on About PcMars

A screen will pop up showing the exact version you have. Any version listed as 2.2 or higher is able to download the free patch.



### Yes! Please send me a 2.2 update.

*(Check which software you currently use and list your serial number):*

PcMars Windows Full Version, Serial # WF- \_\_\_\_\_ (required)

PcMars PLUS Version, Serial # WP- \_\_\_\_\_ (required)

Name \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

County \_\_\_\_\_ (Iowa Only)

**\*\*Sales tax applies to all Iowa residents. Amount of sales tax is dependant upon the county in which you reside.**

Telephone Number (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Email Address \_\_\_\_\_ (optional)

Enclosed is my check payable to SoftShell for \$100 plus Iowa sales tax (if applicable).

**Tip:** For Iowa customers, cost is \$107 (when 7% sales tax is applicable). For non-Iowa Customers, cost is \$100.

Send This Update Order To: **SOFTSHELL COMPUTER SERVICES**

**23588 E AVENUE  
ELDORA, IA 50627**



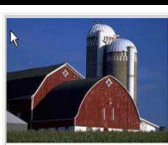
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### We're on the Web!

[www.iowafarmbusiness.org](http://www.iowafarmbusiness.org)

[www.pcmars.com](http://www.pcmars.com)



PcMars Farm  
Accounting  
Software

## Nelco Supply Ordering Change

For the past several years, we have been working with Nelco as a compatible form supplier. These forms include PcMars checks, deposit tickets, Accounts Receivable statement forms and envelopes.

Through the years we have found Nelco to be an excellent company to work with regarding compatibility, quality and offering the various options that users want; such as many color choices, style types, and security features. Because of the increasing options users have requested, we decided to have Nelco work with you directly for your PcMars form needs.

Because of this change, you will receive future promotional mailings with special discount offers for PcMars users only. We hope you feel these special discounts and options are beneficial when using the check printing option in PcMars.

Starting with the PcMars 2.2.3 version, we added web links to the PcMars supplier ordering page. These supply links can be found under **File** and **Help** as **Order Nelco Check Form**.

