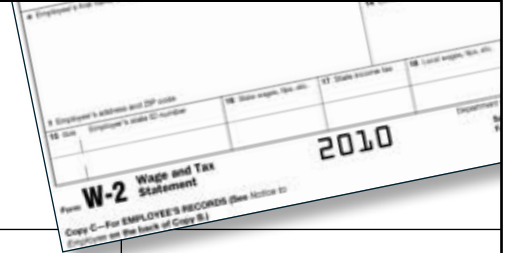


The only newsletter dedicated to helping payroll professionals make the most out of paycards

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BY GLOBAL CASH CARD



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## ELECTRONIC W-2 FORMS THE NEXT STEP IN PAPERLESS PAYROLL

BY CATHY BEYDA, ESQ.

Today's payroll departments are increasingly becoming paperless. More and more employers are using electronic methods to compensate their employees. Electronic wage payment is safer, more secure and less expensive than traditional paper paychecks. Employers also are switching to electronic pay stubs to further reduce their reliance on inefficient and costly paper-based transactions. The next logical step in moving towards a paperless payroll department is to distribute W-2 Forms to employees electronically.

There are several reasons why employers may prefer to distribute W-2 Forms

electronically. On-line delivery reduces the chance that W-2 Forms will be lost, misdirected or delayed during delivery or after receipt. In addition, employees can access the information on the form from a secure website at any time and no matter where they are located. Finally, on-line delivery reduces expenses associated with the processing and delivery of W-2 Forms and is good for the environment.

### THE W-2 FORM REQUIREMENT

The W-2 Form is a Wage and Tax Statement that employers are required to send to their employees each year. The Form identifies the wages and other compensation paid to an employee by his

or her employer, as well as the taxes that have been withheld from those wages by the employer for the previous year. Employers must mail or personally deliver W-2 Forms to their employees by January 31st each year.

In February of 2004, the Internal Revenue Service (IRS) published final regulations making clear that employers may deliver W-2 Forms to their employees in an electronic format provided the following conditions are satisfied:

1. The employee must consent to receiving the W-2 Form in an electronic format;
2. The employer must provide the employee with a number of required disclosures;
3. The electronic form must contain all of the statutorily required information;
4. The employer must notify the employee when the statement has been posted on the website; and
5. The statement must remain accessible on the website until the following October 15.



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These requirements are discussed in more detail below.

### THE CONSENT REQUIREMENT

As mentioned above, the IRS' regulations require that employees affirmatively consent to receiving their W-2 Forms electronically. An employer may obtain this consent electronically so long as the manner used to obtain consent reasonably demonstrates that the employee will be able to access the W-2 Form. The consent also may be obtained on paper provided it is confirmed electronically in a manner that demonstrates the employee's ability to access the electronic statement.

### REQUIRED DISCLOSURES

Prior to, or at the time of the employee's consent, the employer must provide the employee with a statement that clearly and conspicuously discloses to the employee:

- That the W-2 Form will be furnished on paper if the employee does not consent to electronic delivery.
- The scope and duration of the consent. For example, whether the consent applies to all future W-2 Forms until consent is withdrawn or only to the next required W-2 Form.
- The procedures for requesting a paper copy of the W-2 Form after consent is given and whether such a request will be considered a withdrawal of consent.
- That the employee may withdraw his or her consent. The statement must specifically advise the employee that his or her consent may be withdrawn in writing (electronically or on paper) and that the written withdrawal must

be provided to the person or department whose name, mailing address, telephone number, and e-mail address is provided in the statement. If consent is withdrawn, the employer must confirm the withdrawal and the date on which it will take effect.

- The conditions under which the employer will stop furnishing statements electronically to the employee – for example, on termination of employment.
- The procedures for notifying the employer of changes in the employee's contact information. The employer must inform the employee of any change in its contact information as well.
- The applicable hardware and software requirements. The disclosure must describe the hardware and software required to access, print and retain the W-2 Form, and identify the date on which the W-2 Form will be removed from the website.

If a change in hardware or software creates a material risk that an employee will not be able to access his or her W-2 Form, the employer must notify the employee of the change. The notice must describe the new hardware or software and advise the employee that a consent to receive the W-2 Form in the revised format must be provided to the employer.

Finally, the employee must be informed that he or she may be required to print the form and attach it to a federal, state or local income tax return.

### POSTING AND ACCESS REQUIREMENTS

The Treasury Regulations make clear that an electronic W-2 Form must contain all

of the information required on paper W-2 Forms. If the statement is posted on a website, the employer must notify the employee by January 31 that the statement has been posted. The notice may be delivered by mail, electronic mail or in person, and must provide instructions on how to access and print the statement. It also must include the following statement in capital letters: "IMPORTANT TAX RETURN DOCUMENT AVAILABLE." If the notice is sent by e-mail, this statement must appear on the subject line of the e-mail.

Finally, the Treasury regulations require that W-2 Forms furnished on a website be accessible from the site through the following October 15. If October 15 is a Saturday, Sunday or legal holiday, the Form must remain on the site until the first business day after October 15. Corrected W-2

Forms also must be posted on the website through October 15 of the following year, or for 90 days after the corrected Forms are posted, whichever is later.

### CONCLUSION

The IRS has adopted regulations allowing employers to distribute W-2 Forms to employees electronically. Employers looking to reduce their reliance on inefficient and costly paper processes should seriously consider this option.

*Cathy Beyda is an employment law attorney with Paul, Hastings, Janofsky & Walker LLP out of their Palo Alto office. She regularly counsels national employers on electronic wage payment issues, and is the chair of the American Payroll Association's Government Affairs Task Force subcommittee on payroll cards. Ms. Beyda can be reached at [cathybeyda@paulhastings.com](mailto:cathybeyda@paulhastings.com).* ■

## HOLY PAYCARDS, BATMAN! IT'S ADAM WEST!



The excitement at the Global Cash Card Booth was simply too much to keep the Caped Crusader away. Although capeless and doing a bit less crusading these days, Adam West, who played the pointy eared super hero in the campy 1960's TV series, was hosted by Global Cash Card and met with fans and congress attendees in droves. In fact, at times the line to swap hearty handshakes with the crimefighter stretched entirely across the exhibit hall floor. There were a few POW!s and ZING!s along the way but overall everyone came out unscathed. We hope to see you again, Bruce Wayne. Same Bat time. Same Bat channel. ■



# APA CONGRESS

## HIGHLIGHTS FROM THE PANEL DISCUSSION

Global Cash Card hosted a panel discussion at the 2010 APA Congress entitled, "Paycards, Paystubs, State Regulations and Real Experiences." The panel discussion was aimed at helping payroll professionals understand what to look for in selecting a paycard program. This discussion was illustrated by a real-life case history by John Rusnak of DAVCO Restaurants, which is the

largest franchisee of Wendy's Restaurants. With over 200 people in attendance, the panel was one of the more popular sessions of the Congress. Following the success of the panel, Global Cash Card hosted a webinar two weeks later on the same topic. The webinar was in such hot demand that it quickly sold out, with 1,200 people logging in.

## APPEARANCE OF CELEBRITY AT GLOBAL CASH CARD BOOTH, WAS NO TINY DEAL

One of the highlights of the Global Cash Card Booth at this year's APA Congress was the appearance of Tommy "Tiny" Lister. Having starred in movies such as "The Dark Knight", "The Fifth Element," "Goldmember,"

"Star Trek: Enterprise," and "Beverly Hills Cop II," Tiny was immediately recognized by Congress attendees. Standing at over 6' 5" and 300 pounds, Tiny is one impressive guy.



## BATMOBILE STOPS BY GCC BOOTH AT APA CONGRESS



What would a visit by Adam West be without his faithful companion? No, not Robin. His other faithful companion – none other than the fin bedecked, jet powered, Batmobile. One of the actual Batmobiles used

in the filming of the original 1960's Batman TV series was on display as part of Global Cash Card's exhibit at the 2010 APA National Congress in Washington DC.

## COOL JAZZ WARMS UP THE NIGHT AT APA COCKTAIL RECEPTION



RICHARD ELLIOT TREATS GUESTS TO HIS SMOOTH TONES



# GLOBAL CASH CARD INTRODUCES A GEM OF A PROGRAM



Global Cash Card and its partners, MasterCard and the American Payroll Association, are proud to announce the GEM program. By participating in this program, payroll professionals can receive free APA memberships and free MasterCard prepaid Global Cash Card gift cards redeemable for APA seminars, workshops and other education programs.

## Free Education Gift Cards

A \$500 MasterCard Gift Card to be used exclusively for any APA Education (classes, e-learning, webinars, conferences, etc.) to the payroll professionals that have selected and contracted the Global Cash Card program for their organization (maximum number of 4 per organization).

## Here's How You Qualify

To qualify for the GEM program, your company must meet the following eligibility requirements:

- Your company must have a minimum of 50 full-time employees
- Once your company has completed a live demonstration with Global Cash Card, they will receive 1 free, one year, APA membership
- Once your company has signed an agreement with Global Cash Card, and implemented the paycard program with Global Cash Card, they will receive up to 3 additional APA memberships

- In addition, once an agreement has been signed, and the paycard program has been implemented with Global Cash Card, the company will receive up to four \$500 MasterCard gift cards that may be redeemed through the APA\*
- \*Certain restrictions apply
- Current Global Cash Card clients are not eligible

For details on this program please contact George Mavrantzias at 888-220-4477 ext. 305 or gmavrantzias@globalcashcard.com. ■

These exclusive benefits of GEM are available to all payroll professionals who select and contract with Global Cash Card to implement a payroll card program for their organization and meet the qualifications as described below.

## Free Memberships

A complimentary one-year APA Membership for current non-members and/or renewals of Membership to those payroll professionals in the organization that select Global Cash Card for implementation (maximum number of 4 per organization).



## A CUP OF JOE

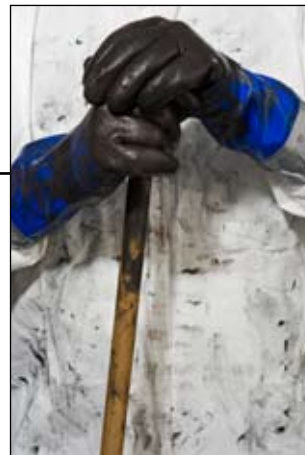
Exhibiting at a trade show is always a serious commitment. There's not only the hard costs of the booth space and physical exhibit, but all the hours of some of your best people that get tied up. In the case of our attendance at the recent 2010 American Payroll Association's Congress in Washington D.C., I have to say it was a commitment well worth the investment. We not only had the chance to make a bit of a splash, as you can see in this issue of the Paycard Advisor, but we had the enormous opportunity to brush shoulders and meet face-to-face with many of the best and brightest payroll professionals in the industry. We never take lightly the time we spend with people who are looking for a way to streamline their operations, increase their value to their employees and improve their bottom line. The show was absolutely one of the highlights of the year for us and I want to personally thank all those who took a few minutes to stop by and see what makes us one of the leading paycard companies in the world.

Joseph F. Purcell,  
Chief Executive Officer, President Global Cash Card

# GLOBAL CASH CARD HELPS WORKERS IN THE OIL LEAK CLEAN UP EFFORT

There are a host of companies involved in clean-up efforts of the oil leak in the Gulf. The workers often have problems getting paid in a timely manner because they are constantly in the field and spread out over a large area.

Many of these companies have come to Global to ease the payroll burden on their employees. Global is proud to do their part in the effort by providing a paycard program to these tireless workers to make sure they are paid on time. ■



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