



Newsletter

VOLUME 8, No. 1

APRIL 2008

Telfarm Participation Awards

75 Years of Participation

*Levelvue Pork Shop,
David Ballard, Eaton County*

50 Years of Participation:

*John Cunningham, Jackson County
Blight Farms, Inc., Calhoun County*

25 Years of Participation:

*James Navidonski, Genessee County
Bruce Draper, Hillsdale County
Norman McKendry, Ionia County
Mark McDonald, Isabella County
Robert Miedema, Ottawa County*

Telfarm annually recognizes cooperators of long-term participation in the farm financial records program. Each farm will receive a plaque for this milestone. Congratulations and thank you to these farm families for their continued participation with Telfarm and MSU Extension.



2007 DEPRECIATION / TAX SCHEDULE CHANGES:

Don't forget to send in any changes you or your accountant may have made in your tax information for 2007. For example, did you change Section 179 Direct Expensing amounts or add a piece of machinery?

DON'T FORGET!!!

Michigan Minimum Wage increases to \$7.40 on July 1, 2008. Wages for a workweek should equal at least the minimum wage multiplied by hours worked. Michigan farmers paying piece rates should track pieces AND hours worked. To set the PenSoft program to warn you if pay falls below minimum wage, go to *Company > Modify > Settings*. Change individual worker's pay rate as necessary.

Before You E-mail...

When sending an e-mail to Telfarm, be sure to send it to telfarm@msu.edu, instead of directly to a staff member. The Telfarm account is checked often, ensuring a quick response, whereas a staff member may be out of the office, causing a delay in a response.

2008 Software Versions

<i>Telfarm for Windows Acct/CkW</i>	<i>1.6.0 or higher</i>
<i>PenSoft Payroll Plus</i>	<i>3.08.2.04 or higher</i>
<i>Telfarm PAL (Pay-Acct Link)</i>	<i>2.3.0 or higher</i>

Microsoft® Vista Tips

Microsoft® Windows Vista® has been out for some time now, on new computers, or as an upgrade to older computers. It is Microsoft's latest PC operating system, and comes in a variety of confusing versions. Most end users will find that one of the "Home" versions or the Business version will adequately serve them. Any new computer purchased now will come with Vista preloaded.

It requires rather powerful hardware to run all of the new features, and we can see no reason to upgrade an older computer to Vista, if you are happy with your current system. If you currently have Windows® Xp, it will still be a stable, viable operating system for many years.

Other than a new look, most of the changes are "under the hood", not very visible to users. Increased security is one of the primary goals, and you will be confronted with a lot of new "nagging" messages and requests to respond to.

We now have a sizable installed base of clients using Vista. The few small problems that we have encountered have been successfully solved. **The only major change is in the clean installation process of our software.** If you are installing for the first time on a Vista computer, you should be sure to use the "2008 Telfarm Master" CD. There is an additional question, to which you should answer Yes, then read the instructions before continuing. As always, check our website to obtain the latest patches and apply them.



For Pensoft's system requirements, please visit <http://www.pensoft.com/ShowKDB.asp?Doc=561>
Microsoft® and Windows Vista™ are trademarks or registered trademarks of Microsoft Corporation.

Payroll Statement of Earnings and Deductions

State and Federal law requires an employer to provide a detailed statement of earnings with each paycheck for each employee. It must include the employee's name, address, hours worked, pay basis, pay period dates, current and cumulative earnings and withholdings, deductions and purpose, hours and piece rate units.

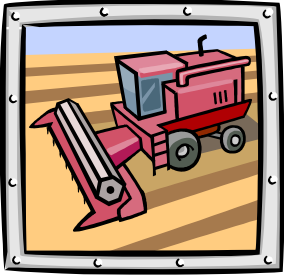
If you hire migrant and seasonal employees, the paycheck documentation (stub or summary) must also include the employer's name, address and FEIN as well as the employee's SS#. In PenSoft Payroll.Net, this information may be selected as an option on the "plain paper summary report" which can be used as a statement of earnings for individual employees. Alternatively your check supplier might be able to add this information to your check stubs when they print your check stock.

Instructions for setting up and generating the summary reports and check stubs can be found in the PAL (Payroll to Accountant Link) Help screens under the topic "Special Requirements". These instructions are also available from the Telfarm web site. See the first topic in the first panel on the left side of the screen www.canr.msu.edu/telfarm Then click on the **PSstubplus** document (1 page) to print one set of instructions for both topics.

State Unemployment Reports

When producing the quarterly Michigan 1017 and 1020 reports from PenSoft Payroll.Net, you will need to type the amount you are sending. This is typically the amount due (Line 9).

Click the *Reports* button >Tax Reports > State Tax Reports > Select MI1017 and 1020 > Select the Quarter. When the MI 1017 report is displayed on the screen, select the *Setup* button at the bottom of that page. Type the amount you are enclosing in the Line 11 box provided. Now your MI 1017 report is ready to send. It's that simple.



Big Changes in 2008 Depreciation

On your Form 3s be sure to write N for new or U for used property purchased in 2008 (depreciation schedule). It can make a big difference when using the 2008 additional first year depreciation. First, let's check the new rules for direct expensing and then look at some details on this bonus depreciation.

Direct expensing limit increased to \$250,000 for 2008. Eligible property includes pickups over 6,000 pounds Gross Vehicle Weight Rating, farm machinery & equipment, single purpose livestock or greenhouse structures and drainage tile. The limit begins phasing out at \$800,000 of eligible property placed in service during the tax year.

After direct expensing deductions are taken, an additional, first year 50% or bonus depreciation is **REQUIRED** in 2008 for *new* property (not used) that is depreciated using the Modified Accelerated Cost Recovery System (MACRS) of 20 years or less. This includes most depreciable farm property. A passenger auto used 100% for business is limited to an extra \$8,000 of depreciation the first year as bonus depreciation rather than the 50%. The IRS rules allow an election out of the 50% bonus depreciation by property class (3 year, 5 year, 7 year, 10 year, 15 year or 20 year) so you could use the 50% bonus for a dairy barn (10 yr) and elect out of it for farm machinery and equipment (7 yr).

Most orchard and vineyard farmers cannot use the bonus depreciation because they elected out of the uniform capitalization rules and then must use the Alternate Depreciation System (ADS). This uses straight line and usually a longer life. They are still allowed to use direct expensing.

In Telfarm we assume you will elect out of the 50% bonus depreciation until you tell us that you want it for 2008. This is quite similar to the special depreciation from 2002 to 2004 except there is no 30% option.

A strategy to maximize depreciation in 2008 would be to use direct expensing for eligible used property, then use the 50% bonus depreciation on all the new property. Whatever is left then gets normal depreciation treatment. Order makes a difference on property. The direct expensing is taken first, then 50% bonus is taken, and finally normal depreciation on the rest.

Tips For Accurate Records

Clients using Handwritten Form 2 : Please use the Telfarm codes from your Form 2 packet or Form 2 Instruction book rather than general descriptions; this will help us record your transactions more accurately.

Clients using Handwritten Form 2L: Use the tax withholding table for the current year to be certain your calculations are accurate. The gross pay less all withholdings should equal net pay.

All Clients mailing or emailing transmits: Send records on a regular basis so problems can be addressed before they become crises; look over your Telfarm cash flow and labor reports regularly and alert us to any changes as soon as possible.

Clients transmitting by e-mail: Tell us the record numbers you are sending us so we can check for gaps or duplications. Also be sure to include your name because the e-mail address does not always tell us who you are.

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Telfarm Calendar

Monday, May 26

- Memorial Day— Telfarm office closed

Friday, July 4

- Independence Day— Telfarm office closed

Tuesday– Thursday, July 15– 17

- Ag Expo at Michigan State University

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- Or contact your local MSU Extension Agent -

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