



QuickBooks® for Contractors Newsletter

U. S. Department of Labor Revises Certified Payroll Reporting Requirements for Form WH-347

Effective January 18, 2009 Prime/General contractors and subcontractors who perform work on federally funded construction projects are no longer required to display the home address and social security numbers of employees on the certified payroll report form WH-347 that they submit; instead you are now required to display the employees full name and the last 4-digits of his/her social security number as follows XXX-XX-1234. This revision was established to better protect worker privacy and identity theft.

Given the new reporting requirements it would not be in violation of 29 CFR 5.5 (a)(3)(i) for a prime/general contractor to require a subcontractor to provide employee addresses and social security numbers for the prime/general contractors own records, without including this information in weekly submissions.

The U.S. Department of Labor – Wage and Hour Division in conjunction with the Office of Management and Budget (OMB) released a new Federal WH-347 to be used effective January 18, 2009 through December 31, 2011.

All projects funded by President Obama's Economic Stimulus Package will require the payment of prevailing wages and the submission of certified payroll reports; even weatherization projects which are federally funded which have historically been exempt from prevailing wage laws and certified payroll reports.

The Davis-Bacon Act of 1931 established into law the requirement for paying "prevailing wages"; a specific rate of pay plus fringe benefits for each trade/work classification that has been set by the Department of Labor – Wage and Hour Division, on federal or federally-assisted construction projects exceeding a value of \$2,000.00. Construction includes the alteration and/or repair, including painting, decorating, plumbing, electrical, etc., of public buildings or public works – including roads and bridges.

The Copeland Act (Anti-Kickback Act) makes it a crime for any employer to require any employee working on a Federal or Federally-Assisted project to "kickback" any part of his or her wages. It also requires every prime/general and subcontractor to submit weekly certified payroll reports beginning with the first week that a contractor performs work on a project and for every week thereafter, until the work is completed. When there is a temporary break in work, a "No Work Performed" payroll must be submitted.

The weekly WH-347 certified payroll form is a 2 part form, is not a complex form and does not ask for any information that you as a business owner do not already need to keep for wage payment, tax purposes, and information about the project. You'll need to know:

- Information about your business (your company name and address and are you the prime/general contractor or a subcontractor)
- The project name, its location, and any identifying project numbers (the project location).
- Each employee's name and the last 4-digits of their social security number (who is working for you).
- Each employee's Trade or Work Classification (what they do).
- The number of hours worked each day during the week on individual projects by each employee (where they worked during the week and how many hours they worked).
- The employees prevailing rate of pay for the trade/work classification (how much you pay them for the work they perform).
- Gross amount earned for each employee (how much did you pay each employee that week for each job and for all jobs they worked on).
- How much and what was deducted for taxes, etc. from their paycheck.
- The net amount paid to each employee (how much was their paycheck that they actually took home).

Then a company official must sign the second page, or Statement of Compliance. This signature is the "certification" because the person signing the report is guaranteeing that the information being reported is accurate and correct.

The most common certified payroll report form used is the U.S. Department of Labor Form WH-347 and Form WH-348 Statement of Compliance, which is used and followed by 25 of the 50 states. Of the other 25 States, 14 will have a single state agency that will monitor State Prevailing Wage Laws and 11 states have multiple State Agencies that will monitor Agency Specific Prevailing Wage Laws and require electronic filing of certified payroll reports.

The problem that most contractors' experience, especially contractors using popular accounting software such as QuickBooks, is that while QuickBooks has the ability to track most of the information required; it does not have the ability to track all of the required information and generate the forms in their specific format. This is often the barrier that keeps some contractors from bidding on these types of projects.

Some QuickBooks users and accounting professionals feel that Intuit should include the ability to produce certified payroll reports and statements of compliance in the Premier Contractor Edition, and are very upset that this ability is not already built in. This would be a good idea and a legitimate request IF there was only a single certified payroll format that was used in all states and administered by a single prevailing wage agency, regardless of if the project was funded with federal or state dollars, and if every contractor who purchased the Premier Contractor Edition was required to submit these forms. However, this is not the case and is probably the reason that Intuit does not include this type of functionality.

QuickBooks users, and the accounting professionals who support clients using QuickBooks, should, however, be aware that there are QuickBooks integrated applications available that will utilize existing QuickBooks data to generate not only the certified payroll report and statement of compliance; but other reports as well, all of which are ready for "signature" and submission.

There are four QuickBooks integrated applications that produce certified payroll reports, statement of compliance, "No Work" performed payrolls, EEOC/Workforce/Manning Reports and Union/bona-fide plan fringe benefit reports, two of these add-on programs can be found by visiting the Intuit

Marketplace at <http://marketplace.intuit.com/v2/i-construction-contractors/f-payroll/software-solutions.aspx>

Each of these programs utilizes QuickBooks data differently; some require you enter the same data in both programs, and that's no good; while others will have you enter just the information that QuickBooks on its own cannot track while reading the rest of the information directly from you QuickBooks company file so that copying or entering the same data multiple times is not required. Each program will have a different pricing structure (remember cheaper isn't always better) and will offer different capabilities, such as meeting electronic filing requirements, the ability to generate custom Union/bona-fide plan fringe benefit reports, and the ability to generate Federal, State, and Local EEOC/workforce/Manning Reports.

Make sure that you investigate each program thoroughly, take advantage of free trials (if available), and make sure that you understand how you obtain updates when form revisions or reporting mandates change, is there a fee involved, do you need to purchase additional licenses for each user, are their annual fees involved to keep your software up-to-date, can the system handle multiple trade/work classification for each employee, can the system handle multiple pay rates (straight time, overtime, double time, triple time) for each work classification, can the program generate state forms and automate electronic filing in addition to the federal form? Make sure before you buy.

Accounting for payroll is often complex and is always critical to the success of your business. The additional requirement of producing certified payroll reports makes accurate record-keeping essential. If you use QuickBooks, purchasing a QuickBooks integrated application will save you time, improve accuracy, eliminate duplicate data entry, eliminates transposition errors, and quite possibly save you from having to hire someone whose only job is to produce these reports manually. All of these things affect your cash flow and the overall success of your company.



© 2000-2009 Sunburst Software Solutions, Inc. All rights reserved. This work is licensed under the Creative Commons Attribution-No Derivative Works 3.0 United States License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nd/3.0/us/> or send a letter to Creative Commons, 171 Second Street, Suite 300, San Francisco, California, 94105, USA. No part of newsletter may be reproduced in any form or by any means without prior agreement and written consent from Sunburst Software Solutions, Inc. QuickBooks® for Contractors Newsletter is a Free Service of Sunburst Software Solutions, Inc. QuickBooks® is a registered trademark of Intuit Inc. in the United States and other countries.