

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1999

Paychex, Inc. 401(k)
Incentive Retirement Plan

(Full title of the Plan)

Paychex, Inc.
911 Panorama Trail South
Rochester, NY 14625

(Name and address of issuer of the securities held pursuant
to the Plan and the address of its principal executive office)

Index to Financial Statements, Schedules and Exhibits

Financial Statements	Page No.
Report of Independent Auditors	3
Statement of Net Assets Available for Benefits December 31, 1999 and 1998	4
Statement of Changes in Net Assets Available for Benefits For the year ended December 31, 1999 and 1998	5
Notes to Financial Statements	6-8
Schedules	
Schedule I - Form 5500 Schedule H, Line 4i, Schedule of Assets Held for Investment Purposes - December 31, 1999	9
Exhibit	
23 - Consent of Independent Auditors	10

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934,
the Plan Committee has caused this Annual Report to be signed by the
undersigned thereunto duly authorized.

Dated: May 26, 2000

PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN
(Name of Plan)

/s/ Francis G. Provino

Francis G. Provino
401(k) COMMITTEE MEMBER

Report of Independent Auditors

The Plan Committee
Paychex, Inc. 401(k)
Incentive Retirement Plan
Rochester, New York

We have audited the accompanying statements of net assets available for
benefits of Paychex, Inc. 401(k) Incentive Retirement Plan (the Plan) as of
December 31, 1999 and 1998, and the related statements of changes in net assets

available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 1999 and 1998, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets held for investment purposes as of December 31, 1999 are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

May 15, 2000
Buffalo, New York

/s/ Ernst & Young LLP

PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
(In Thousands)

<TABLE>
<CAPTION>

	December 31,	
	1999	1998
<S>	<C>	<C>
Investments at fair value:		
Paychex, Inc. Common Stock	\$ 180,377	\$ 160,277
INVESCO Total Return Fund	10,999	11,030
INVESCO Blue Chip Growth Fund	29,487	18,035
IRT Stable Value Fund	15,303	14,269
IRT 500 Index Fund	8,956	3,593
G A M International Fund	2,791	2,953
Participant Loans Receivable	6,017	5,061
Cash	8,324	4,983
Net assets available for benefits	<u>\$ 262,254</u>	<u>\$ 220,201</u>

</TABLE>

See accompanying notes to financial statements.

PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(In Thousands)

<TABLE>
<CAPTIONS>

	For the year ended December 31,	
	1999	1998
<S>	<C>	<C>
Additions:		
Dividends and interest income	\$ 4,610	\$ 2,968
Net realized and unrealized appreciation in fair value of investments (footnote C)	34,297	61,965
Total investment income	<u>38,907</u>	<u>64,933</u>

Contributions:		
Participants	13,748	13,041
Employer	3,852	3,432
	<hr/>	<hr/>
Total contributions	17,600	16,473
	<hr/>	<hr/>
Total additions	56,507	81,406
Deductions:		
Benefits paid to participants	(14,454)	(7,591)
	<hr/>	<hr/>
Change in net assets	42,053	73,815
Net assets available for benefits at beginning of year	220,201	146,386
	<hr/>	<hr/>
Net assets available for benefits	\$ 262,254	\$ 220,201
	<hr/>	<hr/>

</TABLE>

See accompanying notes to financial statements.

PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE A. DESCRIPTION OF THE PLAN

The following description of the Paychex, Inc. (the "Company") 401(k) Incentive Retirement Plan (the "Plan") is provided for general information purposes only. More complete information regarding the Plan's provisions may be found in the plan document.

General - Established July 1, 1984, the Plan is a defined contribution plan, qualified under Section 401(a) of the Internal Revenue Code (the "Code"), which includes provisions under Section 401(k) allowing an eligible participant to direct the employer to contribute a portion of the participant's compensation to the Plan on a pre-tax basis through payroll deductions. The Plan is subject to the provisions of the Employer Retirement Income Security Act of 1974 (ERISA).

Plan Administration - The Plan is administered by the Paychex, Inc. 401(k) Incentive Retirement Plan Committee (the "Plan Committee") which is appointed by the Board of Directors of the Company. The Plan's trustee, INVESCO Trust Company (INVESCO), is responsible for the custody and management of the Plan's assets.

Eligible Employees - Effective November 1, 1999, all new employees of the Company and its subsidiaries are eligible to participate in the salary deferral portion of the plan immediately. Employees must be employed for one year in which a minimum of 1,000 hours have been worked to be eligible to receive a Company matching contribution. Prior to November 1, 1999, new employees were not eligible to participate until they had completed one year of service, and a minimum of 1,000 hours.

Contributions - Employees may contribute up to 15% of their compensation through payroll deductions in increments of 1%, subject to the limit established by the Code. Discretionary employer contributions are equal to 50% of the participant's elective contribution, but not to exceed 3% of the participant's compensation. The Company may elect to make an additional discretionary contribution to the Plan, but has not done so for the years ended December 31, 1999 and 1998.

Vesting - Each participant is fully vested as to their elective contributions and rollover contributions as well as any earnings or losses on them. Employees are fully vested with respect to Company matching contributions upon completion of three consecutive years of service, disability, death, or attainment of retirement age, 59 1/2.

Participant Accounts - The Trustee maintains an account for each participant, including participant directed allocations to each investment fund. Each participant's account is credited with the participant's contribution and allocations of any employer contribution and Plan earnings, less loans and withdrawals, based on the direction of the participant.

Investment Options - Upon enrollment in the Plan, a participant may direct contributions in the following investment options: (1) Paychex Stock Fund,

(2) INVESCO Blue Chip Growth Fund, (3) INVESCO Total Return Fund, (4) The INVESCO Retirement Trust Stable Value Fund, (5) The INVESCO Retirement Trust

500 Index Fund, and (6) The Global Asset Management International Fund.

Payment of Benefits - Upon termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a fixed reasonable period of time.

Forfeited Accounts - Forfeited nonvested accounts are used to reduce future employer contributions.

Participant Loans Receivable - The Plan allows participants to borrow up to 50% of the vested balance from their account. Payroll deductions are required to repay the loan within five years, except for loans used for the purchase of a principal residence, which are required to be repaid within ten years. The rate of interest is the prime lending rate plus 1% at the time the loan is disbursed.

Plan Termination - Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become fully vested in their account balances.

NOTE B. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared under the accrual method of accounting in accordance with generally accepted accounting principles.

Administrative Expenses - Administrative expenses of the Plan are paid by the Company.

Investment Valuation and Income Recognition - Investments are stated at their approximate fair value determined on the basis of a quoted market price, with the exception of the Stable Value Fund. The value of the Stable Value Fund is determined in the manner set forth above except that guaranteed income contracts, annuities, and other assets that provide for benefit payments or withdrawals on a contractual basis are at book value (cost plus accrued income). Participant loans receivable are valued at the principal amount which approximates fair value.

Purchases and Sales of Securities - Purchases and sales of securities are recorded on a trade date basis. Net realized gains or losses upon the sale of investments are based on their average cost.

Interest Income - Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payment of Benefits - Benefits are recorded when paid.

Contributions - Contributions from the Company are accrued for in accordance with the terms of the Plan. Participant contributions are recorded in the period the Company makes corresponding payroll deductions.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassification - Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE C. INVESTMENTS

During 1999, the Plan's investments (including gains and losses on investments bought and sold, as well as, held during the year) appreciated in fair value as follows:

<TABLE>
<CAPTION>

	1999	1998
	Net Realized and Unrealized Appreciation in Fair Value of Investments	Net Realized and Unrealized Appreciation in Fair Value of Investments
<S>	<C>	<C>
Paychex, Inc. Common Stock	\$28,205	\$56,785
INVESCO Total Return Fund	(841)	754
INVESCO Blue Chip Growth Fund	5,461	3,762
IRT 500 Index Fund	1,318	561
G A M International Fund	154	103

\$34,297

\$61,965

</TABLE>

NOTE D. TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated April 28, 1995, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan was amended subsequent to the IRS determination letter. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

SCHEDULE I - FORM 5500 SCHEDULE H, LINE 4I
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT YEAR END

PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN
EIN-16-1124166
PLAN-0-40436
DECEMBER 31, 1999
(In Thousands)

<TABLE>
<CAPTION>

Identity of Party Involved	Description of Investment including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
<S> INVESCO*	<C> 13,176 shares of Paychex, Inc. Stock Fund	\$ 77,961	\$ 188,701
INVESCO*	380 shares of the INVESCO Total Return Fund	\$ 10,427	\$ 10,999
INVESCO*	3,636 shares of the INVESCO Blue Chip Growth Fund	\$ 22,531	\$ 29,487
INVESCO*	15,303 shares of the IRT Stable Value Fund	\$ 15,303	\$ 15,303
INVESCO*	257 shares of the IRT 500 Index Fund	\$ 7,410	\$ 8,956
Global Asset Management, Inc.	87 shares of the G A M International Fund	\$ 2,433	\$ 2,791
Loan Fund	Participant Loans Receivable**	\$ -	\$ 6,017
		<u>\$ 136,065</u>	<u>\$ 262,254</u>

</TABLE>

* Represents party-in-interest
** Loans to participants have various maturity dates and bear interest at rates ranging from 7% to 10%.

EXHIBIT 23 - Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement below, of our report dated May 15, 2000, with respect to the financial statements and schedules of Paychex, Inc. 401(k) Incentive Retirement Plan included in this Annual Report (Form 11-K) for the year ended December 31, 1999

- a. Form S-8 - Paychex, Inc. 401(k) Incentive Retirement Plan - as filed with the Securities and Exchange Commission on October 2, 1992 (No.33-52838).
- b. Form S-8 - Paychex, Inc. 401(k) Incentive Retirement Plan - as filed

with the Securities and Exchange Commission on July 30, 1999
(No.333-84055).

May 22, 2000
Buffalo, New York

/s/ Ernst & Young LLP