Adding and Updating Local and Other Tax Tables

Local taxes are sometimes imposed by city, county, or district governments. For example, a special city, county, or district tax may apply to all individuals who live or work within that area. Although the tax may be called something other than income tax (such as occupational tax), the withholding process is virtually the same as that of federal and state income taxes.

If your local tax authority requires that you withhold local taxes on your employees' wages, you must enter the local or other tax tables in the Payroll module.

Other taxes are sometimes required by the federal government or state governments. Examples of other taxes are federal unemployment tax (FUTA) and state unemployment tax (SUTA). Since the percentage for FUTA and SUTA may vary, ACS does not set it. You should consult an accountant or tax adviser to determine if these, or any other, taxes apply to your church or organization. Some tax tables use fixed amounts or percentages, while others rely on calculation formulas.

When editing the Form W-2 for local taxes in boxes 18 and 19, you can include three local taxes, but only two display on the printed W-2. If there are more local taxes, you must print a separate W-2 to account for multiple local taxes. The W-2 form instructions (on the back of the W-2) tell you how to handle this type of situation.

When printing W-2s, ACS determines local taxes by the checks posted to the code(s) attached to the employee record. If local taxes do not print on the W-2, make sure the current local tax code is assigned to the employee's record on the **Taxes** tab in Add/Edit Employees.

At the end of each year, ACS Technologies provides a tax table update for the Payroll module that updates the federal and state tax tables. Loading the tax update does not affect the local tax table codes. You must manually enter changes to local taxes.

What makes up the Edit Tax Tables area?

The information at the top half of the Tax Tables window makes up the Withholding Formula. It contains exemption amounts, standard deduction amounts, the minimum and maximum standard deduction amounts allowed, and information that affects the formula. The Withholding Formula is used to calculate Taxable Wages.

The information at the bottom half of the window includes the Annual Withholding Rates derived from the state tax booklet and Federal tables. It contains wage ranges, the amount to be withheld for that range, and the percent of tax to add to that should they go over a certain amount in that range. The Annual Withholding Rates are used to calculate the Annual Tax. The system divides this annual tax by the number of pay periods entered on the employee's taxes tab when you run payroll.

You can add local or other payroll tax tables that apply to your organization at any time. If you want to take deductions from an employee's wages based on the new tax table, you must add the tax table code to an employee's record after adding the new table.

1. Under **Advanced Tools**, click on the **Admin Utilities** tab.
2. In the drop-down list, select **Edit Tax Tables**, then click **Go**.
3. Select **Local/Other**, then click **Add**.
4. Enter the tax table information in the appropriate fields.
5. To enter a two tiered local tax, in the bottom section, click **Add**. Then, enter the information based on your local tax and 2-tier information.
6. Click **OK**.

When you receive notification from a local tax authority of a tax table change, you need to update the tax tables to reflect those changes. Make sure to update the tax tables at the proper time to affect the employees' pay checks correctly. If you have any questions about when the tax changes go into effect, contact the tax authority from whom you received notification.

1. Under **Advanced Tools**, click on the **Admin Utilities** tab.
2. In the drop-down list, select **Edit Tax Tables**, then click **Go** .
3. Select **Local/Other**.
4. Select the tax table you want to update, then enter the tax table information in the appropriate fields.
5. Click **OK**.

Additional Field Information

<u>**Required Fields**</u>

- **TB#** — Displays the selected tax table number.
- **Table Name** — Displays the selected tax table name.
- **Tax Auth** — Displays the tax authority of the selected tax table.

<u>**Optional Fields**</u>
All amounts are provided by the tax authority, federal, state, or local.

- **Wage Limit** — Displays the maximum taxable federal wage amount. Federal taxes are not withheld once the employee's gross federal taxable wages reach this amount.
- **Exempt Amount** — Displays the allowance amount per exemption claimed.
- **Alt Amount** — Displays an allowance based on one of the following: an alternate allowance per exemption based on the Alt Trigger value, an additional allowance if Alt Trigger and Ex Percent exist, or an allowance amount for additional exemptions on Form W-4 if both Alt Trigger and Ex Percent do not exist.
- **Alt Trigger** — Displays an exemption number or an amount to which the alternate amount and/or exemption percent applies.
- **Ex Percent** — Displays an extra allowance percentage given in excess of the alternate trigger amount.
- **Sd Mclaim** — Displays the exemption number entered if standard deduction amount depends upon exemptions.
- **Sd Percent** — Displays the standard deduction percentage used. The standard deduction minimum amount (Sd Min) is used if greater.
- **Sd Min** — Displays the standard deduction minimum amount.
- **Sd Max** — Displays the standard deduction maximum amount.
- **EW Minslry** — Displays the annual salary threshold to which the EW Percent is used to calculate taxes for employees who apply.
- **EW Percent** — If an annual salary threshold (EW Minslry) exists, displays the percent used to calculate taxes for employees who apply.
- **Crd Dep** — Displays the additional credit amount that is multiplied by the total number of withholding exemptions.
- **Crd Min** — Displays the additional credit amount given per exemption.
- **Crd Max —** Displays the additional credit amount given per exemption past the Crd Trigger. This information is provided by the tax authority.
- **Crd Trigger** — Displays the number of exemptions in which the additional credit amount per exemption (Crd Max) is given for subsequent exemptions.
- **Federal Cap** — Displays the maximum federal income tax deduction allowed if state gives federal withholding deductions.
- **Low Income Exemption** — Displays the annual salary threshold to which no taxes are applied.

<u>**Amount Fields**</u>

- **Min** — Displays the beginning wage base for this tax bracket.
- **Max** — Displays the ending wage base for this tax bracket.
- **Taxes** — Displays the amount of taxes to withhold for this tax bracket.
- **Percent** — Displays the percentage of taxes to withhold for this tax bracket. If a value is entered in both Taxes and Percent, ACS withholds the Taxes amount plus the percent for the amount that exceeds the minimum wage amount.