

Setup Payroll Categories and Tax Tables

Before payroll can be processed using the program, there are a few setup steps. This Help document describes setting up Payroll Categories, Tax Categories, and Withholding Tables.

All of the setup tasks described in this document are found by clicking on the 'Payroll Management' link on the Navigation/Home window, OR by typing PM into the Index field.

On the 'Employees and Payroll Management' window that opens, click the button on the toolbar labeled 'Payroll Setup' to choose from the setup tasks.

Continue to the next page.

Index-> **PM - Payroll Management**

Management Windows

- ACCOUNTING Management Window (AC)**
Chart of Accounts, Financials, Trial Balance, Transactions, Journal Entries
- COST CODES Management Window (CC)**
Cost Codes, Master Pricing, General Matls and Labor Check Lists
- JOBS Management Window (JO)**
Jobs and Job Lists
- VENDORS and PAYABLES Management Window (AP)**
Vendors, Lists, Payables Transactions, 1099's, Waivers, Insurance Audits
- CUSTOMERS / PAYORS and RECEIVABLES Mgt Window (AR)**
Payors or Customers, Lists, Receivables Transactions, Invoices, Statements
- BANKING Management Window (BA)**
Bank Account Balances, Reconciliations, Bank Ledgers, Deposits, Checks
- PAYROLL Management Window (PM)**
Employees, Lists, Payroll Processing, W2s, 941, Unemp., Other PR Reports
- CONTACTS, Labels, Letters, Etc. Management Window (CN)**

Employee Lists | Payroll Setup | Current Payroll | Checks | Payroll Forms and Reports | Filter Records | Remove

Employees and Payroll Management

Find Employee Code-> **FRAN**
Find Name-> **Francis**

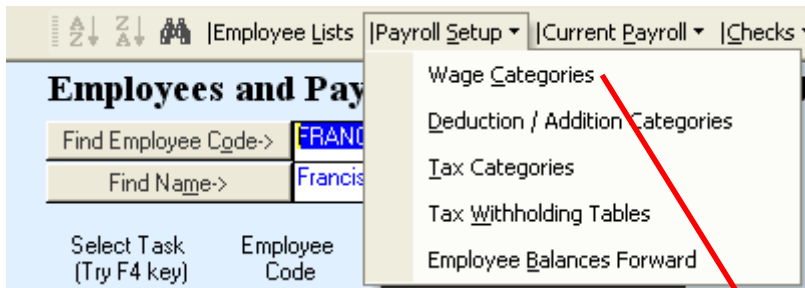
Select Task (Try F4 key) Employee Code

- Select Task ▾ FRANCISJ Francis Jones A (666) 666-6666 01-Jan-02
- Select Task ▾ KINGTAMARA Tamara King I (222) 222-2222 10-Aug-06
- Select Task ▾ SMITHAPR April Smith A (111) 111-1111 (444) 444-4444 01-Jan-02

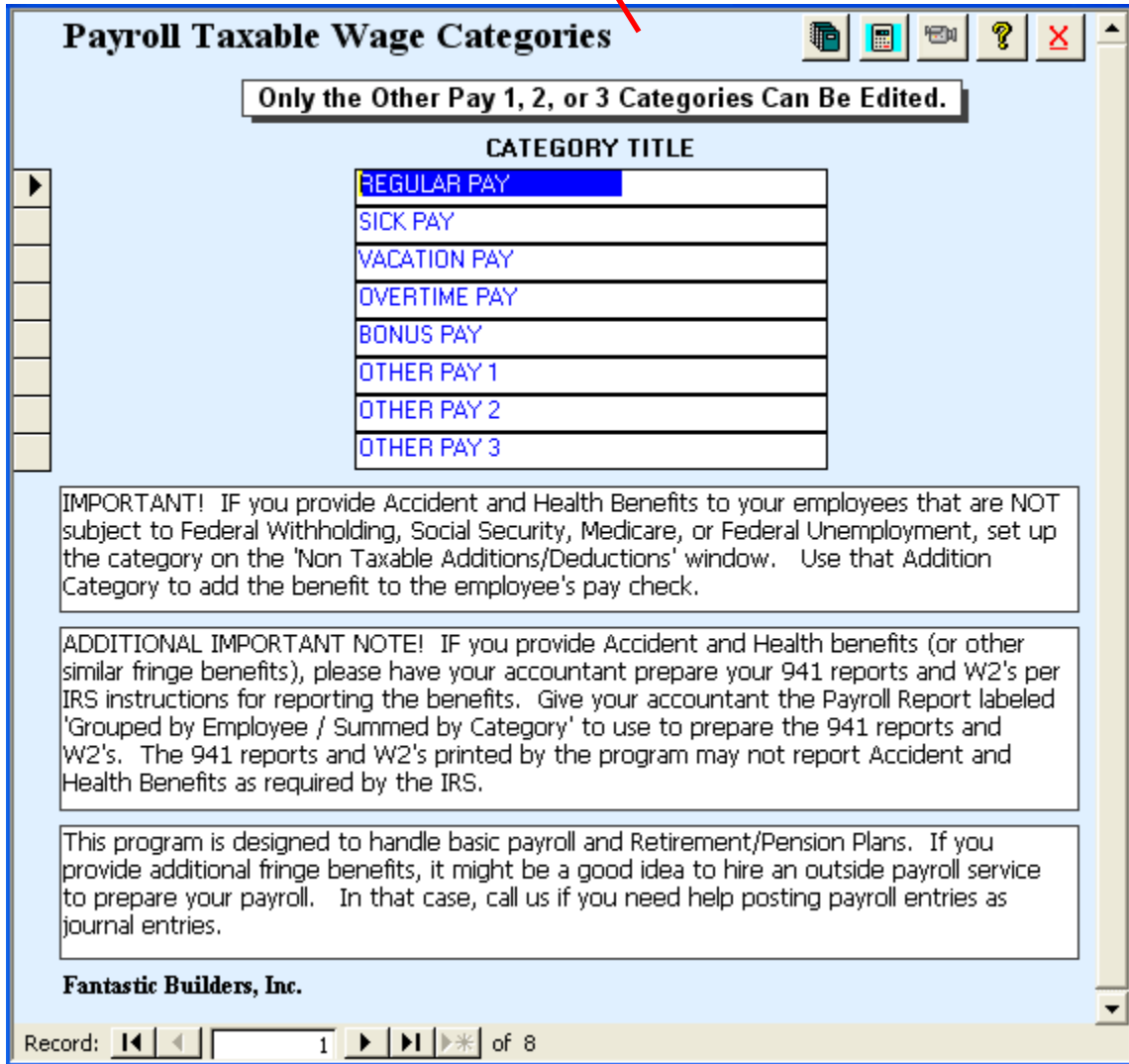
Home Phone Mobile Phone Hired Terminated

Wage Categories
Deduction / Addition Categories
Tax Categories
Tax Withholding Tables
Employee Balances Forward

Payroll Setup - Wage Categories



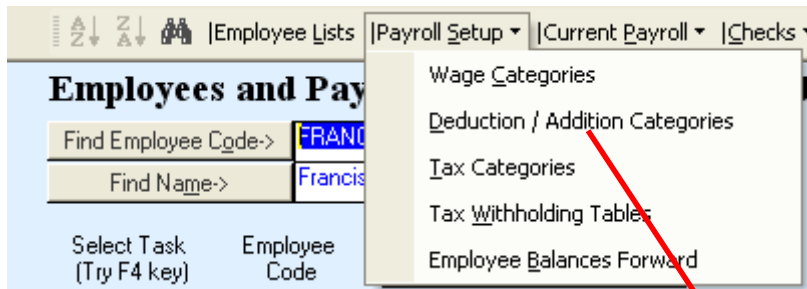
See information below screenshot.



There are 8 Payroll Taxable Wage Categories available to identify the type of Gross Wages paid to an employee. The first 5 in the list shown above cannot be deleted or edited. The last 3 (OTHER PAY 1, OTHER PAY 2, and OTHER PAY 3) can be changed to titles that your company may need.

These Wage Categories will appear in drop down lists when an employee's Gross Wages are posted. If OVERTIME PAY is used, the program will adjust the pay to time and a half (which can be changed). If BONUS PAY is used, the program will calculate Federal Withholding taxes based on a bonus rate. (At the time of this writing, the rate is 20%.)

Payroll Setup - Deduction/Addition Categories



See information below screenshot.

Add/Edit Payroll Additions or Deductions Categories

Use a Sort Number greater than or equal to 20 and use a different Sort Number for each Category.

Add New Category

| | *SORT # | CATEGORY TITLE | GL NUM | **VENDOR |
|---------------|---------|--------------------------------|--------|------------|
| ▶ Auto Delete | 20 | Insurance | 8130 + | WELLSFAR + |
| Auto Delete | 21 | Retire/Pension Employee Contri | 2339 + | CONWAYF + |
| Auto Delete | 22 | Retire/Pension Employer Match | 8140 + | Z + |
| Auto Delete | 23 | Retire/Pension Employer Contri | 2339 + | CONWAYF + |
| Auto Delete | 24 | Advances | 1210 + | Z + |
| Auto Delete | 25 | Mileage Reimbursement | 8420 + | Z + |
| Auto Delete | 26 | Child Support | 2345 + | SCOTTCHA + |
| * Auto Delete | 0 | New | 0 + | Z + |

*The Sort Number will determine the order the Category is Printed on reports and payroll checks.

**If a Vendor other than Z is selected, CHS will send associated Deductions from a Pay Check to Accounts Payable as a bill to be paid to the Vendor selected. (A Vendor cannot be selected if the Control Accts Receivable number is selected.)

The purpose of the window shown above is to set up Deduction and Addition categories for amounts that are NOT Taxable Wages or Taxes, but ARE either deducted or added to an employee's pay check. When these Categories are used to deduct or add an amount to an employee's pay check, taxes are NOT calculated based on these amounts. EXCEPTION: An amount withheld for a Retire/Pension Plan from an employee WILL reduce the Gross Wages that Federal Withholding tax calculations will be based on.

Use the button labeled 'Add New Category' to add as many Addition/Deduction Categories as needed. All categories EXCEPT for the Retire/Pension categories may be edited or deleted. (However, categories that have been used in the records may not be deleted.) It is important to REMEMBER that changing the Category Title will change that title on all records that have used the original title.

SORT # - The Sort Number determines the order that the Categories will be printed on reports and pay checks. It must be a number that is greater than or equal to 20, and the Sort Numbers cannot be duplicated.

CATEGORY TITLE - Type in a descriptive title for the Addition or Deduction.

GL NUM - Select a default GL number from your Chart of Accounts for the program to use to post the Addition/Deduction entries to your accounting books. This GL number will default into the entry when the Category is used while preparing payroll. However, it may be overwritten if it is necessary to post the amount to a different GL Number for the employee. **Accounts Receivable Note:** The control Accounts Receivable number can be used so that an amount added or deducted from an employee's pay check can be automatically

Deduction / Addition Categories - continued

applied to an Accounts Receivable invoice for the employee. (See more information about this on the Help Document for processing payroll.)

VENDOR - IF the Category will be for a Deduction from a Pay Check which is due to an outside Vendor, select a Vendor. The program will automatically post any deductions that have an associated vendor as a bill due to the Vendor in Accounts Payable. The 2 Retire/Pension “contri” categories **MUST** have a Vendor selected for the program to process them properly.

NOTE: Up to six of these categories can be selected as automatic deductions and additions for an employee on the Add/Edit Employees window (as explained in the Employee Setup help document).

Payroll Setup - Tax Categories

Employee Lists | Payroll Setup | Current Payroll | Checks

Employees and Pay

Find Employee Code-> FRANC
Find Name-> Francis

Select Task (Try F4 key) Employee Code

Wage Categories
Deduction / Addition Categories
Tax Categories
Tax Withholding Tables
Employee Balances Forward

Edit Payroll Tax Categories

To change category information, select the category by clicking in the gray box to the left of the line. Fields that can be changed will become enabled. If fields remain gray, they cannot be changed.

| CATEGORY TITLE | RATE | LIMIT | EXP G/L ACCT | LIAB G/L ACCT | LIAB VENDOR |
|---------------------|----------|---------------|--------------|---------------|-------------|
| FEDERAL WH | -100.00% | 99,999,999.00 | 0 | 2320 | BANKOFAM |
| STATE WH | -100.00% | 99,999,999.00 | 0 | 2330 | STATCOMP |
| SOCIAL SEC WH | -6.20% | 106,800.00 | 0 | 2300 | BANKOFAM |
| MEDICARE WH | -1.45% | 99,999,999.00 | 0 | 2310 | BANKOFAM |
| SOCIAL SEC EXP | -6.20% | 106,800.00 | 8110 | 2301 | BANKOFAM |
| MEDICARE EXP | -1.45% | 99,999,999.00 | 8110 | 2311 | BANKOFAM |
| STATE DISABILITY WH | 0.00% | 99,999,999.00 | 0 | 2330 | STATCOMP |
| LOCAL WH | 0.00% | 99,999,999.00 | 0 | 2340 | STATCOMP |
| FED UNEMP EXP | -0.80% | 7,000.00 | 8110 | 2345 | IRS940 |
| STATE UNEMP EXP | -1.50% | 9,000.00 | 8110 | 2345 | TXWORKCm |

Note: If you do not want CHS to calculate and post unemployment taxes, leave the rates and limits at zero. It is still required to select the Exp G/L, Liab G/L, and Vendor for those categories even though they will not be used by CHS.

IMPORTANT! Please read information at the end of this section about Federal and State Unemployment.

This program will calculate and post payroll taxes based on information entered on the window shown above. Use this window to assign General Ledger account numbers and default Tax Deposit Vendors to the various Payroll Tax categories. The GL account numbers assigned to the categories will be used by the program to post Payroll Tax expenses and liabilities to the accounting books. The Liability Vendors will be used by the program to post Payroll Taxes as a bill due to the Vendor in Accounts Payable. This window is also used to update Social Security, Medicare, and Unemployment Tax Rates and Limits.

LIAB VENDOR - ALL Tax Categories MUST have a Liability Vendor assigned to them, whether or not those tax categories will be used. If the tax category won't be used, it won't matter which Vendor is assigned because the program won't be posting any payables entries for taxes to the vendor, BUT please assign one.

For FEDERAL WH, SOCIAL SEC WH and EXP, and MEDICARE WH and EXP (5 categories), select the Accounts Payable Vendor to which your 941 Tax Deposit is paid. NOTE: Even if your Payroll Tax deposit is paid electronically, set up a Vendor to post the Federal Taxes to. For all other categories, select the AP Vendor to which you pay the associated taxes. When payroll checks are posted, the program will post the payroll tax liability amounts as a bill due to the appropriate vendor.

NOTE: As you click on different lines, different fields will become enabled, based upon which fields need to be filled in for the category. An Explanation of the Tax Categories and which fields need to be filled in for each one is on the following pages.

Tax Categories - continued

Tax Categories and the fields that should be filled in for each one are explained below. If you need to set up a General Ledger account number, OR a Vendor, use the “+” buttons to the right of the fields. (See Help documents on those setup windows.)

FEDERAL WH

Liab GL-> Select the Liability GL number that Federal Income Taxes withheld from Employees will be posted to. (Default Chart of Accounts->2320 - PR Tax Payable-Fed WH.)

STATE WH

Liab GL-> Select the Liability GL number that State Income Taxes withheld from Employees will be posted to. (Default Chart of Accounts-> 2330 - PR Tax Payable-State WH.)

NOTE: Even if your state does not withhold State Income Taxes, select a Liability GL number so the program does not think that one is missing. Since nothing will be posted to the account, you may decide to use some sort of Suspense account number here.

SOCIAL SEC WH

Liab GL-> Select the Liability GL number that Social Security Taxes withheld from Employees will be posted to. (Default Chart of Accounts->2300 - PR Tax Payable-Soc Sec WH.)

Rate and Limit->Enter the current year rates and Wage limits for Social Security. Check the IRS “Circular E” EVERY YEAR for any changes to Limits and Rates.

MEDICARE WH

Liab GL-> Select the Liability GL number that Medicare Taxes withheld from Employees will be posted to. (Default Chart of Accounts->2310 - PR Tax Payable-Medicare WH.)

Rate and Limit->Enter the current year rates and Wage limits for Medicare. Check the IRS “Circular E” EVERY YEAR for any changes to Limits and Rates.

SOCIAL SEC EXP

Exp GL-> Select the default EXPENSE GL number to post the employer’s matching Social Security Expense to. **NOTE:** You may want to have the Payroll tax expenses for different types of employees posted to different GL expense accounts. Therefore, this GL Number can be overwritten on the window for setting up an employee’s master information.

Liab GL-> Select the default LIABILITY GL number to post the employer’s matching Social Security Payable to. (Default Chart of Accounts->2301 - PR Tax Payable-Soc Sec Emplry.)

Rate and Limit->Enter the current year rates and Wage limits for Social Security. Check the IRS “Circular E” EVERY YEAR for any changes to Limits and Rates.

MEDICARE EXP

Exp GL-> Select the default EXPENSE GL number to post the employer’s matching Medicare Expense to. **NOTE:** You may want to have the Payroll tax expenses for different types of employees posted to different GL expense accounts. Therefore, this GL Number can be overwritten on the screen for setting up an employee’s master information.

Tax Categories - continued

Liab GL-> Select the default LIABILITY GL number to post the employer's matching Medicare Payable to. (Default Chart of Accounts->2311 -PR Tax Payable-Medicare Emplry.)

Rate and Limit->Enter the current year rates and Wage limits for Medicare. Check the IRS "Circular E" EVERY YEAR for any changes to Limits and Rates.

STATE DISABILITY WH

Rate-> Enter the percent of Wages that your state deducts for State Disability Taxes (IF your states does this). Enter the amount as a decimal number! (Example: Enter 2% as .02)

Limit-> Enter the maximum amount of wages that State Disability Taxes will be withheld from. For example, if State Disability Taxes are withheld from wages paid up to \$9,000.00 during a calendar year, enter 9000.00)

Liab GL-> Enter the Liability GL number that State Disability Taxes withheld from Employees will be posted to. Suggestion-> PR Tax Payable-State Disability Taxes

NOTE: Even if your state does not withhold State Disability Taxes, select a Liability GL number so the program does not think that one is missing. Since nothing will be posted to the account, you might use some sort of Suspense account number here.

LOCAL WH

Rate-> Enter the percent of Wages that your state deducts for any Local WH Taxes (IF it does).

Limit-> Enter the maximum amount of wages that Local WH taxes will be withheld from.

Liab GL-> Required: Enter the Liability GL number that Local Withholding Taxes withheld from Employees will be posted to. Suggestion-> PR Tax Payable-Local WH Taxes

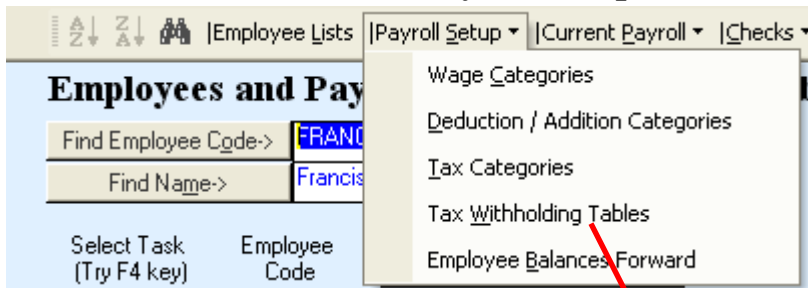
FEDERAL UNEMP EXP and STATE UNEMP EXP

Optional: Enter the rates and Limits based on the Federal and State unemployment tax requirements. See screen shot on previous pages for example.

NOTE! If you do not want the program to calculate and post a bunch of Federal and State unemployment entries for every employee each time payroll is run (which can clutter up your books), set the Rates and Limits to zero. There IS a report available that will gather, calculate, and total unemployment amounts at the end of each quarter or month. (See Payroll Help documents about Unemployment Tax Reports.) That report can be used to simply post the grand totals for Unemployment taxes to Accounts Payable manually, INSTEAD of having the program post amounts for every employee for every pay check.

Select an Exp G/L, Liab GL, and Liab Vendor for Federal and State Unemployment, whether or not you will use them.

Payroll Setup - Tax Withholding Tables



Clicking the 'Payroll Setup -> Tax Withholding Tables' button on the Payroll Mgt window will open a menu window for Tax Withholding Tables. The program administrators will update the **Federal Withholding** tables every year for you if your maintenance or license is current.

See following pages for Withholding Tables information.

It will be your ultimate responsibility to update State Withholding Tables as needed, but call us if you need help!

Withholding Tables - Based on Percentage Method of Withholding

Federal Withholding Tables are UPDATED by program developers. Updates are triggered when you open the window to 'Select Employees to Pay For Payroll'. When you enter a date on that window that doesn't match the current year for the tables, a window will open to click a button to update the tables to the current year.

Federal Withholding Tables

Use the 'Single' or 'Married' buttons to review the current Federal Withholding tables, OR to test their calculations.

State Withholding Tables - Tables 1

OR

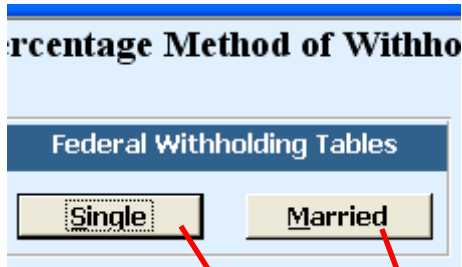
State Withholding Tables - Tables 2

Important! If your state has income tax withholding, be sure to select Yes to the question about that on the Company Master. (CM in the navigation Index)

For State Withholding, there are 2 types of tables. Use one or the other type based on which works best for your state, but do not use both. (For example, the Tables 2 work for California, and Tables 1 work for Georgia.) Call us for help with the tax tables. If neither of the tables work for your state, you will be given the option to manually enter the state withholding amount for each employee while preparing payroll checks.

Fantastic Builders, Inc.

Federal Tax Withholding Tables are maintained by the program administrators, and will be updated each year. HOWEVER, we have left a back door open so that you can change them if it's absolutely necessary. If it becomes necessary for you to change the tables for some reason, call us for a password to unlock the tables.



The Federal Withholding windows can be used to test the accuracy of the tables, if you like. On the right side of the windows, you can enter a number of Exemptions and Annual Gross pay to see the results of the tax tables calculations. Compare the results against tables in the Circular E. NOTE: There will usually be slight differences from the Circular E since the program is calculating the taxes precisely based on the actual Gross Pay. The Circular E tables are based on ranges of wages.

Single Federal Withholding

SINGLE - Federal Percentage Method of Withholding Tables

| Taxable Pay Level | Tax Amt on Pay Level | Tax % Over Pay Level |
|-------------------|----------------------|----------------------|
| \$2,650 | \$0.00 | 10.00% |
| \$10,000 | \$735.00 | 15.00% |
| \$32,240 | \$4,071.00 | 25.00% |
| \$73,250 | \$14,323.50 | 28.00% |
| \$156,650 | \$37,675.50 | 33.00% |
| \$338,400 | \$97,653.00 | 35.00% |

Annual Allowance Amount: \$3,300.00

Enter Password to Change Tables
(Call Program Administrators)

Num of Exemptions: 0

Annual Gross Pay: \$0.00

Exempt Pay: \$0.00

Taxable Pay: \$0.00

Fed WH Tax - Yearly: \$0.00

Fed WH Tax - Monthly: \$0.00

Fed WH Tax - Semi Mo: \$0.00

Fed WH Tax - BiWeekly: \$0.00

Fed WH Tax - Weekly: \$0.00

Married Federal Withholding

MARRIED - Federal Percentage Method of Withholding Tables

| Taxable Pay Level | Tax Amt on Pay Level | Tax % Over Pay Level |
|-------------------|----------------------|----------------------|
| \$8,000 | \$0.00 | 10.00% |
| \$22,900 | \$1,490.00 | 15.00% |
| \$68,040 | \$8,261.00 | 25.00% |
| \$126,900 | \$22,976.00 | 28.00% |
| \$195,450 | \$42,170.00 | 33.00% |
| \$343,550 | \$91,043.00 | 35.00% |

Annual Allowance Amount: \$3,300.00

Enter Password to Change Tables
(Call Office Taming Solutions)

Num of Exemptions: 0

Annual Gross Pay: \$0.00

Exempt Pay: \$0.00

Taxable Pay: \$0.00

Fed WH Tax - Annual: \$0.00

Fed WH Tax - Monthly: \$0.00

Fed WH Tax - Semi Mo: \$0.00






Fed WH Tax - BiWeekly: \$0.00

Fed WH Tax - Weekly: \$0.00

State Withholding Tables

PLEASE CALL US FOR ASSISTANCE IN SETTING UP TABLES FOR YOUR STATE. We can usually find your state's information and send screenshots with the information to fill in these tables. Since we are a small company, we do not keep up with all 50 state's taxes until it is requested by a customer. It is your responsibility to make sure that the tables are kept up to date according to your state's tax laws.

If your state requires withholding of State Income tax from employees' pay checks, AND it uses a Percentage Method of Withholding based on Gross Wages, you can set up the Wage and Tax break points for YOUR STATE on a set of State Tax Withholding windows appropriate for your state. The program will then use these to calculate State Withholding taxes when an employee is paid. There are 2 sets of tables for Single, Married, and Head of Household (Tables 1 or Tables 2). Review the 2 types of tables to determine which is best for your state. If neither type works for your state, it IS possible to manually enter an employee's state withholding amount at the time payroll is being processed.

Withholding Tables - Based on Percentage Method of Withholding     

Federal Withholding Tables are UPDATED by program developers. Updates are triggered when you open the window to 'Select Employees to Pay For Payroll'. When you enter a date on that window that doesn't match the current year for the tables, a window will open to click a button to update the tables to the current year.

Federal Withholding Tables

Use the 'Single' or 'Married' buttons to review the current Federal Withholding tables, OR to test their calculations.

State Withholding Tables - Tables 1

OR

State Withholding Tables - Tables 2

Important! If your state has income tax withholding, be sure to select Yes to the question about that on the Company Master. (CM in the navigation Index)

For State Withholding, there are 2 types of tables. Use one or the other type based on which works best for your state, but do not use both. (For example, the Tables 2 work for California, and Tables 1 work for Georgia.) Call us for help with the tax tables. If neither of the tables work for your state, you will be given the option to manually enter the state withholding amount for each employee while preparing payroll checks.

Fantastic Builders, Inc.

Tax Withholding Tables - continued

The screenshot below is just an example of one state's SINGLE State Percentage Withholding Tables. Your state's information will most likely NOT be the same. Study all of the windows available for setting up State Withholding Tables to determine which set is best for your state.

SINGLE - State Percentage Method of Withholding (Annual) - Table 1

| "More Than" Pay Level | Tax | Tax % | YEAR UPDATED | TEST TAX CALCUATIONS HERE |
|----------------------------|------------|----------------------|----------------|------------------------------|
| | | | 2009 4 Digits! | Num of Exemptions: 0 |
| \$0 | \$0.00 | Plus 0.0000% | Of Excess | Annual Gross Pay: \$0.00 |
| \$0 | \$0.00 | Plus 0.0000% | Of Excess | Exempt Pay-Allowance: \$0.00 |
| \$0 | \$0.00 | Plus 0.0000% | Of Excess | Deduction: \$0.00 |
| \$0 | \$0.00 | Plus 0.0000% | Of Excess | Taxable Pay: \$0.00 |
| \$0 | \$0.00 | Plus 0.0000% | Of Excess | WH Tax - Annual: \$0.00 |
| \$0 | \$0.00 | Plus 3.0000% | Of Excess | WH Tax - Monthly: \$0.00 |
| \$5,000 | \$150.00 | Plus 4.0000% | Of Excess | WH Tax - Semi Mo: \$0.00 |
| \$10,000 | \$350.00 | Plus 5.0000% | Of Excess | WH Tax - BiWeekly: \$0.00 |
| Annual Exemptions Allow. | \$3,200.00 | Change Tables | | WH Tax - Weekly: \$0.00 |
| Allow Amt For Addl Exempts | \$0.00 | | | |
| Standard Deduction | \$0.00 | | | |

Build tables so that the highest level is in the last row! If you have less than nine levels, fill in the first rows with zeroes as needed.

NOTE: If this tax table structure will not work for your state income tax withholding needs, state withholding amounts for each employee can be entered as payroll is processed. A regular state withholding amount can also be set up for each employee (which works best for salaried employees).

After a State Withholding Tax Tables window is opened, click the button labeled 'Change Tables' to unlock the fields. The Pay Levels and Taxes used should be the ones for the "Annual Payroll Period". (The program will take care of applying the taxes based on the employee's Pay Period.)

IMPORTANT: Build the tables so that the highest level is in the last row! If you have less than 9 levels, fill in the first rows with zeroes as needed. (See example above.) Also, be sure to Select Yes on the Company Master about state and local income taxes!

Be SURE to enter the annual Allowance amount that is to be used for exemptions, (if appropriate for your state).

Enter Percents as decimal numbers less than one! Example: For 4%, enter .04