

Local Tax Rate - Limit Update

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What is the LOCAL TAX UPDATE?

The LOCAL TAX UPDATE , allows users to configure and modify their local tax codes with a simple interface that can attribute multiple 'local tax codes' to a limited number of payroll codes.

NOTE: The user does not have to worry about deductions or calculation amounts to reduce wages when utilizing the LOCAL TAX UPDATE feature. Deductions and calculation amounts are already being calculated by state income tax withholdings and that deduction information is being passed to the local tax calculation.

How to ACCESS LOCAL TAX UPDATE?

- From 'Full Payroll Menu' select 'Periodic Processing' in 'Periodic Activities' column then select 'Local Tax Rate / Limit Update'

Full Payroll Menu						
Payroll Processing	Reports	History	Periodic Activities	Setup	Setup Groups	Posting Setup
Payroll Employees	Payroll Report	Posted Payroll	Periodic Processing..	Payroll Setup	Additional Setups..	Employee Posting Groups
Payroll Processing	US Tax Reports..	Payroll Ledger Entries	Employer Tax Rate / Limit Update	Payroll Codes	HR Setup..	Earnings
Batch Payroll Processing	Payroll Financial Reports..	Payroll Statistics	Local Tax Rate / Limit Update	Pay Cycles..	Report Setup..	Withholdings / Deductions
Payroll Applicants	Payroll Employee Info..	Posted Batch List	Payroll Adjustments	Payroll Calc. Formulas	Process Procedures..	Employer Taxes
Payroll Journal	HR Reports..	PTO Ledger Entries	Custom Deduction / Employer Cont.	Earnings Rates	Payroll Division Templates..	Employer Contributions
PTO Management..	Field Select Reports..	Hours Detail Entries	EDI Document List	Payroll Tax Setup	Applicant Setup..	Reimbursements
Enter Hours / Quantity..	Time / PTO Reports..	Approved PTO Hours	Auto-Email Report	Customer Payroll Tax Setup	Position and Union Setup..	Payment Advances

- The 'Local Tax Rate' screen will pop up

LOCAL TAX UPDATE

Options

Show more

Action

Add

Type

Local Tax

State Abbreviation

Payroll Code

...

Payroll Code Description

Local Tax Code

Local Tax Description

W2 Locality Code

Year

2019

Local Tax Percentage

Show more

Schedule...

OK

Cancel

How to ADD a LOCAL TAX UPDATE

Step 1. Complete OPTIONS tab

- SELECT 'Add' from drop down menu. 'Add' will create a new local tax code.
- Enter the 'State Abbreviation' for the local tax code.
- SELECT the Payroll Code that applies to Local Taxes from the drop down menu.

The screenshot shows the 'LOCAL TAX UPDATE' form. The 'Options' section contains the following fields:

- Action: Add
- Type: Local Tax
- State Abbreviation: CA
- Payroll Code: (dropdown menu open)
- Payroll Code Description: (empty)
- Local Tax Code: (empty)
- Local Tax Description: (empty)
- W2 Locality Code: (empty)
- Year: (empty)

The dropdown menu for 'Payroll Code' is open, showing a list of codes and descriptions:

Code ↑	Description
STATE	State Income Tax W/H
FICA-ER - MED	FICA - Medicare (Employer)
FICA-ER - SS	FICA - Social Security (Employer)
FUTA	Federal Unemployment
→ LOCAL TAX	Local Tax
+ New	

The 'LOCAL TAX' option is highlighted with a blue background and a red arrow pointing to it. A 'Select from full list' link is visible at the bottom right of the dropdown menu.

At the bottom of the form, there are buttons for 'Schedule...', 'OK', and 'Cancel'. The 'Local Tax Percentage' section is also visible, with a 'Show more' link.

- In 'Local Tax Code' field, input the Local Tax Code as you would like it to appear. The code can be no more than 20 characters.
- Enter a description in 'Local Tax Description' field.

- Enter a W2 Locality Code in 'W2 LOCALITY CODE' Field. This code should identify the locality on the employee W2
- Enter tax year in 'YEAR' field

LOCAL TAX UPDATE

Options Show more

Action

Add

Type

Local Tax

State Abbreviation

CA

Payroll Code

LOCAL TAX

...

Payroll Code Description

Local Tax

Local Tax Code

LA_COUNTY1

Local Tax Description

LA County Tax

W2 Locality Code

LA

Year

2019

Local Tax Percentage Show more

Schedule...

OK

Cancel

Step 2. Complete LOCAL TAX PERCENTAGE tab

- Select 'Locality' or 'School District' in 'LOCAL TAX TYPE' field

- Enter the tax percentage in 'Tax Percent' field
- If there is an upper or lower earnings limit on local taxes, you can enter the amount in the applicable field.

NOTE: A majority of states with local taxes do not have earnings limits on local taxes, therefore you can leave these fields at zero which the calculation will see as 'no limit'.

LOCAL TAX UPDATE

Local Tax Percentage

Show less

Local Tax Type

Locality

Tax Percent

6.20

Earnings Lower Limit

0.00

Earnings Upper Limit

0.00

Employee Withholding

☒

Employer Tax

☐

State WH Allowances Apply

☐

Calculated on State Tax

☐

Resident County Tax

☐

Schedule...

OK

Cancel

- You must now select for 'Employee Withholding' or 'Employer Tax'. This check box corresponds with the payroll code you entered in the OPTIONS tab. If the payroll code you entered in the 'Payroll Code' field in OPTIONS tab, is classified with the TYPE 'Withholding' then check 'Employee Withholding'. If it is classified with the TYPE 'Employer Tax' then check the 'Employer Tax' box.

The screenshot shows a 'LOCAL TAX UPDATE' dialog box. It has a title bar with a maximize button. Below the title bar is a section titled 'Local Tax Percentage' with a 'Show less' link. The form contains several fields and toggle switches:

Field	Value
Local Tax Type	Locality
Tax Percent	6.20
Earnings Lower Limit	0.00
Earnings Upper Limit	0.00
Employee Withholding	☐
Employer Tax	☒
State WH Allowances Apply	☐
Calculated on State Tax	☐
Resident County Tax	☐

At the bottom of the dialog are three buttons: 'Schedule...', 'OK', and 'Cancel'. The 'Employer Tax' row is highlighted with a red rectangle.

- If state withholding allowances apply to local taxes in your area, then SELECT the 'State WH Allowances Apply' check box.

NOTE: In a majority of states with local taxes, state deductions do apply to local taxes.

- If local tax rates are calculated based on state tax rates, check the box 'Calculated on State Tax'
- If the local tax is a Resident County Tax, check the appropriate box.
- Select 'OK' in bottom right corner of screen.
- A pop up window will ask if you wish to continue. Select 'YES'
- A final window will confirm the successful update. SELECT 'OK'

How to APPLY a LOCAL TAX UPDATE

- Open employee card
- Scroll to 'Local Tax Information' tab

Local Tax Information

Local Tax - Work L...	...	Local Bracket Tax	...
Local Tax - Residen...	...	Exempt from Local ...	☒
Resident Credit Per...	0.00	Local Deduction/Ex...	0
Local Tax - School ...	...		

- Click on 'Local Tax – Work Locality' ASSIST EDIT button '...' to open 'Local Tax Codes' window.

NOTE: Certain states base local tax calculations on address of employment and others on address of residence. Use 'Local Tax – Work Locality' when basing local taxes on the employee's employer address and 'Local Tax – Resident Locality' when basing local taxes on employee residence address.

Local Tax Information

Local Tax - Work L...	...	Local Bracket Tax	...
Local Tax - Residen...	...	Exempt from Local ...	☒
Resident Credit Per...	0.00	Local Deduction/Ex...	0
Local Tax - School ...	...		

- 'Local Tax Codes' window will open. Select your 'Local Tax Update' code.

Search Open in Excel

LOCAL TAX CODES

State	Local Tax Code ↑	Description
→ CA	LA_COUNTY1	LA County Tax

OK Cancel

- Select 'OK' button in bottom right corner
- Local Tax Code will appear in field 'Local Tax' field and apply to employee.

Local Tax Information

Local Tax - Work L...	LA County Tax	...	Local Bracket Tax	...
Local Tax - Residen...		...	Exempt from Local ...	☒
Resident Credit Per...		0.00	Local Deduction/Ex...	0
Local Tax - School ...		...		

How to MODIFY a Local Tax Update

To MODIFY a Local Tax Update code, you will follow similar steps to the ones used to ADD a Local Tax Update code.

- Open the 'Local Tax Update' screen
- In OPTIONS tab within the 'Action' field, select 'Modify' from drop down menu

LOCAL TAX UPDATE

Options [Show more](#)

Action	Modify
Type	Add Modify Delete
State Abbreviation	
Payroll Code	v ...
Payroll Code Description	
Local Tax Code	
Local Tax Description	
W2 Locality Code	
Year	2019

Local Tax Percentage [Show less](#)

- Enter the 'State Abbreviation' for the local tax code.
- SELECT the Payroll Code that applies to Local Taxes from the drop down menu.

- In 'Local Tax Code' field, input the Local Tax Code as you would like it to appear. The code can be no more than 20 characters.

LOCAL TAX UPDATE

Options Show more

Action Modify ▾

Type Local Tax ▾

State Abbreviation CA

Payroll Code LOCAL TAX ▾ ...

Payroll Code Description Local Tax

Local Tax Code LA_COUNTY1

Local Tax Description

W2 Locality Code

Year 2019

Local Tax Percentage Show less

Schedule... OK Cancel

- After you enter the 'Local Tax Code', all remaining fields in the OPTIONS tab and the LOCAL TAX PERCENTAGE tab can be modified. Any modifications will apply to the Local Tax Code once you have clicked the 'OK' button and confirmed your changes.

NOTE: Modifications for Local Tax Codes are typically applied to the YEAR field and the TAX PERCENT field.