

Taxes – Manage Employees

A tax code is a code or abbreviation used in payroll in order to calculate taxes on an employee’s earnings. All US tax codes already exist within this system; however, the user must select which taxes they will need in order to process their payroll.



Users may add appropriate tax codes to individual employees in the system. For any live-in local taxes, these may be added during the New Hire process.

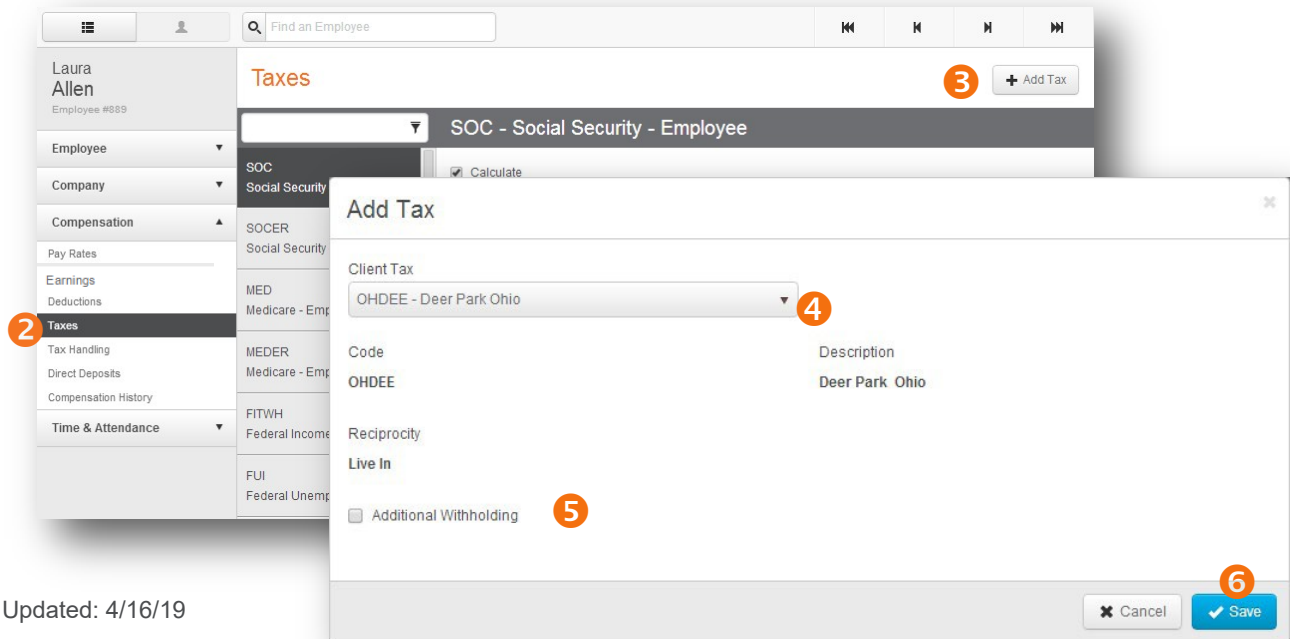
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Step 1: Adding a Tax to an Employee

Follow the steps below to add a tax to an individual employee:

- 1 In the **Manage Employees** area, select the appropriate employee and click their name.
 - 2 Using the left navigation, open **Compensation**. Then click on **Taxes**.
 - 3 Click .
 - 4 Select the appropriate tax from the dropdown menu.
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- Note: Tax code must first be added at the company level.
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- 5 The system will display the selected tax code and its default details.
To change withholding amounts, click the checkbox next to “Additional Withholding”.
 - 6 Click .



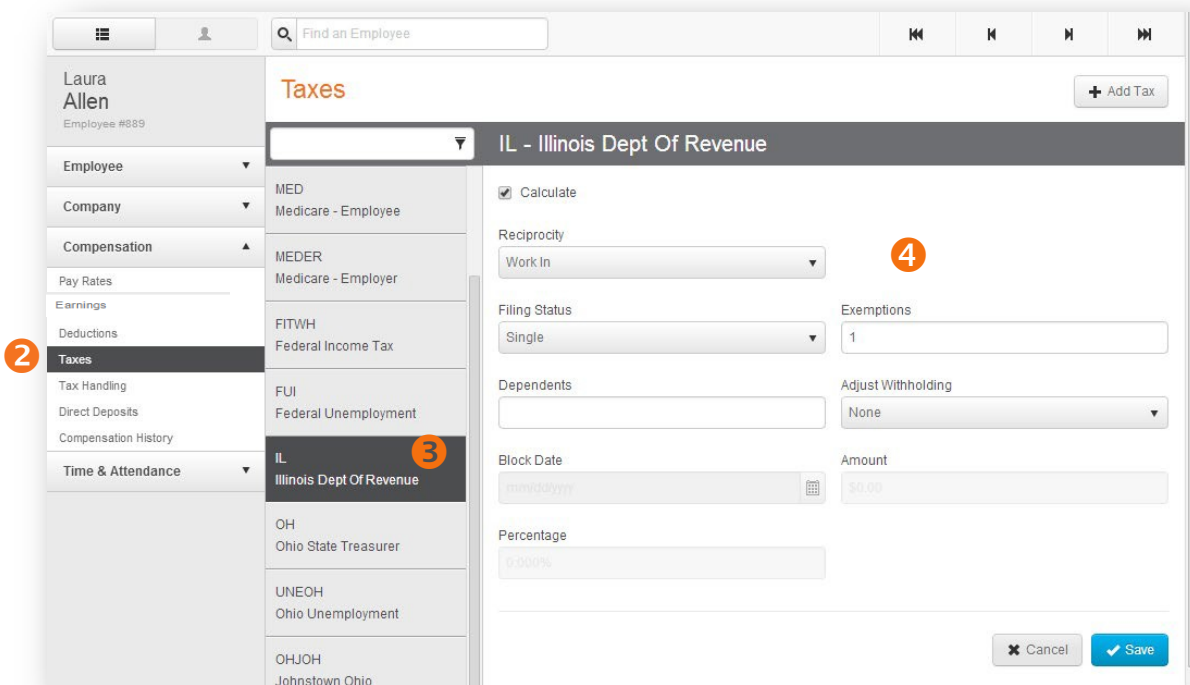
Step 2: Viewing and Editing a Tax already assigned to an Employee

Follow the steps below to edit a tax for an individual employee:

- 1 In the **Manage Employees** area, select the appropriate employee and click their name.
- 2 Using the left navigation, open **Compensation**. Then click on **Taxes**.
- 3 The **Tax Codes** tab and a list of all taxes attached to this employee will display. Highlight the appropriate tax to view the details of that item.
- 4 The system will display the selected tax code and its default details.

Make any necessary changes for this individual, and click .

Note: Users often wish to edit whether a tax is currently calculating for an employee. This can be updated by checking or unchecking the **Calculate** checkbox.



Step 3: Setting up additional Tax Handling requirements

Follow the steps below to edit a tax for an individual employee:

- 1 In the **Manage Employees** area, select the appropriate employee and click their name.
- 2 Using the left navigation, open **Compensation**. Then click on **Tax Handling**.
- 3 If the tax allows, you may make changes to the following:

Tax Withholding Frequency

Options	Indicates
Use paygroup frequency	This is the default. Only change this dropdown if this employee should be taxed differently than the other employees within the same paygroup.
Annual	Tax should be withheld once a year.
Bi-Weekly	Tax should be withheld twice a week.
Daily	Tax should be withheld every day.
Monthly	Tax should be withheld once a month.
Quarterly	Tax should be withheld once a quarter.
Semi-annual	Tax should be withheld twice a year.
Semi-monthly	Tax should be withheld twice a month.
Weekly	Tax should be withheld once a week.

Local Tax Processing

Options	Indicates
% Labor Dist Allo-NR	All taxes assigned at the organization level will be calculated when the employee is allocated to the applicable department (on the Labor Allocation page under Company). The system will also calculate any local taxes that are assigned on the Taxes page. No reciprocation will occur between work-in and live-in taxes.
% Labor Dist Allocation	All taxes assigned (to departments assigned on the Labor Allocation page under Company) will be calculated when the employee works in the applicable department. The system will also calculate the additional reciprocal amounts that are due, if local taxes are entered for the employee’s assigned taxes.
% Labor Dist-No Org	Only taxes assigned at the employee level will be calculated. No taxes assigned to departments in which the employee is allocated (to departments assigned on the Labor Allocation page under Company) will be calculated.
Manual Labor Dist-No Org	Only taxes assigned at the employee level will be calculated. No taxes assigned to departments in which the employee may work will be calculated.

Manual Labor Dist-NR	All taxes assigned at the organization level will be calculated when the employee works in the applicable department. The system will also calculate any local taxes that are assigned on the Taxes menu. No reciprocation will occur between work-in and live-in taxes.
Manual Labor Distribution	This is the default. All taxes assigned (at the organization level) will be calculated when the employee works in the applicable department. The system will also calculate the additional reciprocal amounts that are due, if local taxes are entered for the employee's assigned taxes.

Tax Exempt Reason

Note: This field is for informational purposes only, and does not affect the payroll calculation.

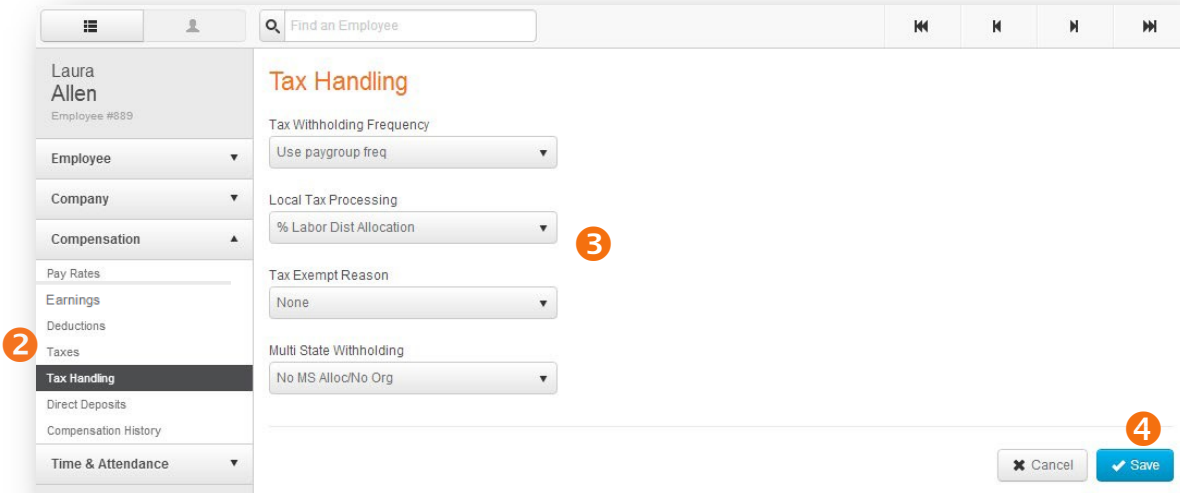
Options	Indicates
None	This is the default.
Clergy	Clergy of Religious organizations can register with the IRS to be self-employed for Social Security and Medicare purposes.
Co-op	Students hired to Co-op are exempt from FUTA taxes and some state unemployment.
Minor	Minor child of a sole proprietor or partnership.
MQGE	Medicare Qualified Government Employee – mandatorily covered for Medicare. They are not covered for Social Security.
Nonimmigrant Alien	A person who is not a US citizen, but is working in the US on a visa. Taxation is based on the visa status.
Other Exempt Service/Pay	Category for employees exempt from FUTA that are not covered by the other categories.
Sole Prop. – Child	A sole proprietor is someone who owns an unincorporated business by himself or herself. A child of a sole proprietor 18 years or younger is exempt from Social Security and Medicare taxes. The employer will not pay Federal unemployment taxes until age 21.
Sole Prop. – Parent	The Parents on the payroll of the sole proprietor exempt the employer from paying Federal and State unemployment.
Sole Prop. – Spouse	The Spouse on the payroll of the sole proprietor exempt the employer from paying Federal and State unemployment.
Statutory Employee	Generally are independent contractors under the IRS's common law rules. However, they are considered employees for Social Security and Medicare. Many times these employees are salespeople or someone who works for commissions.

Multi State Withholding

Note: This field will only show if your company has been setup with Multi State Allocation by your Paycor representative.

Options	Indicates
MSA Athlete/Entertainer	If this option is selected, the employee will have taxes withheld for the state taxes setup on the Client's Organization chart, if the employee worked in a department associated with a state tax. This will also indicate that the employee is an athlete or entertainer, so a special tax chart may be applied to the employee's state tax withholding if the state the employee worked in has a special tax for athletes and entertainers.
Multi State Allocation	If this option is selected, the employee will have taxes withheld for the state taxes setup (if applicable according to the rules of the states involved) on the Client's Organization chart, if the employee worked in a department associated a state tax.
No MS Alloc/No Org	This is the default. If this option is selected, the employee will not have any taxes withheld for the state taxes setup on the Client's Organization chart.

4 Click .



Step 4: Add SOC/Seasonal Codes (Indiana & Louisiana Only)

Standard Occupational Classification (SOC) Codes

The Indiana (IN) Department of Workforce Development (DWD) requires that additional information be included with the wage reporting for state unemployment insurance (SUI). This additional information is the “Standard Occupational Classification (SOC) codes” and these must be reported for each employee included in your Indiana wage reporting. These codes are created by the U.S. Department of Labor, Bureau of Labor Statistics in order to classify occupations.


If you’d like more information about this requirement, please see the following FAQs website: https://www.in.gov/dwd/ess_faq.htm. The first question “What information do I need to submit in my wage report?” should be very beneficial to you.

A comprehensive list of the SOC codes is available at the Bureau of Labor Statistics website: https://www.bls.gov/soc/2018/major_groups.htm and Employers can use the job title to find the corresponding SOC.

Seasonal Staff Codes

Seasonal staff codes are also assigned to employers by the UNEIN agency and used as an additional signifier to describe an employee’s job.

You’re considered a seasonal employer if they have provided you with documentation stating you are approved and have been assigned a specific 2-digit code. You’ll need to enter this 2-digit seasonal code into Perform for each seasonal employee.

- 1 In the **Manage Employees** area, select the appropriate employee and click their name.
- 2 Using the left navigation, open **Compensation**. Then click on **Taxes**.
- 3 Click .
- 4 Select the appropriate tax from the drop-down list. The system will display the selected tax code and its default details.

Note: The tax code must first be added at the company level in order to appear in the list (Configure Company > Payroll > Taxes).

- 5 Select the appropriate **Standard Occupational Classification (SOC) Code** for the employee from the drop-down list.
- 6 For Indiana only, and if a seasonal employee, enter the two-digit **seasonal staff code** provided to you by the tax agency. The employee **must** have an employee type of seasonal on the Position page **before** entering the seasonal staff code.

Note: If you have our import hub service, you can download the Employee Tax template, enter the information into the template, and then upload the saved template into Perform. This will import all of your codes and configure all of your employees in the system at one time (Company > Import Employee Data > Employee Tax import template).

- 7 Click .

Add Tax ✕

Client Tax
 4

Code UNEIN	Description Indiana Unemployment
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Standard Occupational Classification (SOC) Code *
 5

Seasonal Staff Code 6

✕ Cancel
✔ Save 7

Import Data

Import Templates

Download a template with instructions to get your data organized for import. Not sure which template to use? [Our reference page can help](#)

Employee Tax Download

Import File

Drag and Drop
or Browse

TXT, CSV, or XLSX

Import template for SOC and seasonal staff codes in Perform Import Hub (Ask your specialist if you are interested in this add-on service)

2020 W-4 and FITWH Changes

Form W-4 for 2020 contains several key changes from prior years:

- The form no longer uses withholding allowances;
- Taxpayers enter dollar amounts to make adjustment to withholding.
- There is an additional checkbox if a taxpayer elects to withhold at a higher rate.

The form contains these steps for employees to complete:

- 1) Enter personal information.
- 2) Account for multiple jobs.
- 3) Claim dependents.
- 4) Make adjustments for other income or itemized deductions (optional).
- 5) Sign and date.

Employers are not required to have all existing employees complete a new Form W-4. The new form is only required for those employees hired after January 1, 2020 or for employees who make changes to federal withholding after that date.

Available resources:

The new form is available here: <https://www.irs.gov/pub/irs-pdf/fw4.pdf>. The IRS recommends employees use the Tax Withholding Estimator found on IRS.gov: <https://www.irs.gov/individuals/tax-withholding-estimator>

Effective Date 2019 and prior:

The page allows users to enter exemptions. Exemptions appear as an option to populate provided the effective date is not greater than 1/1/2020

Update Withholding

Effective Date *
11/21/2019

Filing Status
Single

Adjust Withholding
None

Extra withholding (per pay period)
\$0.00

Exemptions
0

Override Date
mm/dd/yyyy

Percent
0.000%

Non-Resident Alien Additional

Under penalties of perjury, I declare that I have explained this certificate and, to the best of my knowledge and belief, its is true, correct, and complete.

Cancel Save

Effective date 2020 or greater

If the effective date is year 2020 or greater, these new fields are displayed, which correspond to the table below the image:

The screenshot shows the 'Update Withholding' form with the following fields highlighted by numbered callouts:

- 1:** Filing Status dropdown menu.
- 2:** Only two jobs with similar pay checkbox.
- 3:** Number of qualified dependents input field.
- 4:** Number of other dependents input field.
- 5:** Adjustment of other, non-job income (annually) input field.
- 6:** Adjustment for deductions (annually) input field.
- 7:** Adjust Withholding dropdown menu.
- 8:** Override Date input field.
- 9:** Extra withholding (per pay period) input field.
- 10:** Percent input field.
- 11:** Non-Resident Alien Additional checkbox.

Federal W-4 form Mapped to Perform fields:

Seq	Paycor name	W4 name and form location
1	Filing Status (dropdown) Single, Married, Head of Household new option for Federal in 2020)	Step 1 (c)
2	Only 2 jobs with similar pay (checkbox)	Step 2 (c) this option is accurate for jobs with similar pay otherwise more tax than necessary may be withheld.
3	Number of qualified dependents	Step 3 qualifying children under age 17
4	Number of other dependents	Step 3 number of other dependents
5	Adjustment of other non-job income	Step 4(a) Other income
6	Adjustment of deductions	Step 4(b) Other deductions
7	Adjust Withholding (Add to withholding or Override Withholding)	Step 4 (c) Extra withholding (Add to withholding – see note)
8	Override Date	Step 4 (c) Extra withholding (Add to withholding – see note)
9	Extra Withholding (per pay period)	Step 4 (c) Extra withholding (Add to withholding – see note)
10	Percent	Step 4 (c) Extra withholding (Add to withholding – see note)
11	Non-Resident Alien Additional	Nonresident aliens require additional withholding.

Note:

- When option 7 is “Add to Withholding,” fields 8-10 are related to step 4(c) Extra Withholding
- When option 7 is “Override Withholding,” fields 8-10 is the amount the EE wants withheld in place of calculating an amount.