



## Article # 1310

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### Technical Note: How to Use the Payroll Local Tax Table Maintenance Function

**Difficulty Level:** Intermediate Level AccountMate User

**Version(s) Affected:** AccountMate 12 for SQL and Express  
AccountMate 11 for SQL and Express  
AccountMate 10 for SQL, Express, and LAN  
AccountMate 9 for SQL, Express, and LAN

**Module(s) Affected:** PR

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#### DESCRIPTION

The requirements placed upon employers by various governmental organizations cause payroll to be one of the most complex accounting functions. Federal requirements are fairly straight forward; however, the large number of counties, parishes, and municipalities that also have requirements complicates payroll.

The AccountMate Payroll (PR) module provides functionality to handle a wide variety of payroll taxation requirements. Automatic payroll processing handles federal taxation and state withholding, employer SUTA, and SDI; however, the many unique combinations of local withholding and reporting requirements require user input so that PR can accommodate each company's specific needs. For example, an employee may reside in one state and works in another state, so his/her wages are subject to taxation in both states. In certain circumstances the employee may also be subject to both county and city payroll taxes.

This Technical Note provides information about how to use the AccountMate **Local Tax Tables** Maintenance function to automate various local tax calculation and reporting requirements.

#### SOLUTION

##### Local Tax Tables Maintenance

To set up the local tax rates that apply to employees in a certain state, use the **Local Tax Tables** function that is accessible from the **Tax Tables** Maintenance menu.

**Note:** *If taxation applies to all employees, you may set up the calculation values in the **PR Module Setup > State > Additional Tax Code Setup** area provided that there are unused fields in this area.*

## Set Up Local Tax Codes

Perform the following procedures for setting up the local tax codes:

1. Access the **Local Tax Code Maintenance** function to set up tax codes for all required localities.
2. Choose a state code from the list box next to the **Tax State** field.
3. Enter in the **Local Code** field up to three (3) alphanumeric characters that will best help you to recognize the taxation type.
4. Choose from among these available local tax code types:
  - **Basic** – this local tax code type is appropriate for localities that require a single tax rate each for residents and non-residents. This type disregards individual taxable earnings bracket, withholding allowances, and exemptions.
  - **Semi-Complex** - this local tax code type is appropriate for those localities that require a single tax rate for resident and nonresident employees; however, it considers in the tax calculation tax exempt amounts depending on individual taxable earnings bracket.
  - **Complex** - this local tax code type is appropriate for those localities that provide different withholding tax rates for resident and non-resident employees. The graduated withholding tax method can be implemented to resident employees based on the employees' marital status and pay period. Only a single tax rate can be applied to nonresident employees.

This local tax code type also considers in the local tax calculation the withholding allowances for single or married resident employees and tax-exempt amounts for nonresident employees. The nonresident employees' tax-exempt amounts can be configured based on the employees' pay period.

**Note:** The New York state has pre-defined **Semi-Complex** and **Complex** types of local tax tables. The City of Yonkers has the pre-defined **NYC** local tax code that uses the complex tax table type. New York City has the pre-defined **NYC** local tax code, which is a semi-complex type.

- a. If you chose the **Basic** type, perform these procedures (*refer to Figure 1-1*):
  - 1) Review in the **Default Liability Account** field the default Local Withholding Payable GL Account ID, which comes from the **PR Module Setup > GL Accounts (State)** tab. If you want to overwrite the default, mark the **Overwrite Default** checkbox and enter in the **Withholding Liability** field the GL Account ID that you want AccountMate to use in posting the applied payroll transactions assigned with the chosen local tax code.
  - 2) Enter in the **Local Name** and **Locality** fields pertinent information about the local tax code.

- 3) Enter in the **Resident Tax Rate** and **Non-resident Tax Rate** fields the tax rates that AccountMate will apply to employee taxable earnings as residents or non-residents of the state that has jurisdiction over the locality.

The screenshot shows the 'Local Tax Code Maintenance' window for a 'Basic' type tax code. The 'Local Code' is CA1 and the 'Tax State' is CA (California). The 'Type' is set to 'Basic'. The 'Default Liability Account' is 220240-000-00, which is linked to 'City Withholding Taxes Payable'. The 'Local Name' and 'Locality' are both set to 'California'. The 'Resident Tax Rate' is 0.2000% and the 'Non-resident Tax Rate' is 0.5000%.

**Figure 1-1. Local Tax Code–Basic Type**

- b. If you chose the **Semi-Complex** type, perform these procedures (refer to Figure 1-2):

The screenshot shows the 'Local Tax Code Maintenance' window for a 'Semi-Complex' type tax code. The 'Local Code' is CA2 and the 'Tax State' is CA (California). The 'Type' is set to 'Semi-Complex'. The 'Default Liability Account' is 220240-000-00, which is linked to 'City Withholding Taxes Payable'. The 'Local Name' and 'Locality' are both set to 'California'. The 'Resident Tax Rate' is 0.20% and the 'Nonresident Tax Rate' is 0.50%. The 'Pay Period' is set to 'Semimonthly'. Below this, there is a table for exemption amounts based on earnings.

Over	But Not Over	Exemption
0.00	5,000.00	No Tax Withheld
5,000.00	7,500.00	100.00
7,500.00	10,000.00	200.00
10,000.00	20,000.00	300.00
20,000.00	9,999,999.99	500.00

**Figure 1-2. Local Tax Code–Semi-Complex Type**

- 1) Perform steps a-1 and a-2 enumerated above.
- 2) Enter in the **Resident Tax Rate** and **Nonresident Tax Rate** fields the rates that AccountMate will apply to the net taxable earnings of employees subject to tax as a resident or nonresident.
- 3) Choose a pay period option and assign the taxable earning ranges by entering appropriate values in the **But Not Over** field. AccountMate uses these values to populate the **Over** field for the next earning range.
- 4) In the **Exemption** field enter for each taxable earning range a value that will be deducted from the gross taxable earning to arrive at the net taxable earnings upon which AccountMate will apply the resident or nonresident tax rate.

**Note:** If a **Semi-Complex** local tax code is created for the New York (NY) state, the local tax **Resident Tax Rate** is considered as a surcharge rate on NY's state tax. This means that the local tax amount is calculated by multiplying the resident's tax rate by the **State W/H** amount during payroll application. This local tax formula is applicable only to City of Yonkers. AccountMate has a pre-defined **NYC** local tax table for the New York → City of Yonkers residents. The tax table values can be amended anytime.

c. If you chose the **Complex** type, perform these procedures:

- 1) Perform steps a-1 and a-2 enumerated above.
- 2) Go to the **Withholding Allowance** tab (see Figure 1-3). Assign different withholding allowances that AccountMate will use to calculate the resident employees net taxable earnings. Enter in the **Single** or **Married** Withholding Allowance column the values that will be applied based on the employee pay period.
- 3) Go to the **Percentage Formula (Resident)** tab (refer to Figure 1-4). Enter in this tab graduated withholding taxes, where the tax rate increases for higher taxable earning ranges. Set the different taxable earning ranges and tax percentages that will be applied based on the resident employee's marital status and pay period.
- 4) Go to the **Percentage Formula** tab (refer to Figure 1-5). In this tab set the withholding tax rate, taxable earning ranges, and exemptions per pay period for nonresident employees. Enter an exemption amount for each taxable earning range that will be deducted from the gross taxable earnings to arrive at the net taxable earnings upon which AccountMate will apply the nonresident tax rate.

**Note:** AccountMate has a pre-defined **NYC** complex type local tax code for the New York state → New York City. You can amend the values in this tax table anytime.

5. Click **Update** in the Maintenance toolbar to save the settings.

Local Tax Code Maintenance

Local Code: CA3 Tax State: CA California

Type:  Basic  Semi-Complex  Complex

Default Liability Account: 220240-000-00 City Withholding Taxes Payable

Overwrite Default:

Withholding Liability: - -

Withholding Allowance | Percentage Formula (Resident) | Percentage Formula

Local Name: California  
Locality: California

Withholding Allowance		Married	
Single	Weekly		
10.00	Weekly	20.00	
20.00	Biweekly	40.00	
30.00	Semimonthly	60.00	
40.00	Monthly	80.00	
50.00	Daily	100.00	

Figure 1-3. Local Tax Code-Complex Withholding Allowance tab

Local Tax Code Maintenance

Local Code: CA3 Tax State: CA California

Type:  Basic  Semi-Complex  Complex

Default Liability Account: 220240-000-00 City Withholding Taxes Payable

Overwrite Default:

Withholding Liability: - -

Withholding Allowance | Percentage Formula (Resident) | Percentage Formula

Marital Status:  Single  Married

Pay Period:  Weekly  Semimonthly  Daily/Misc.  
 Biweekly  Monthly

Over	But Not Over	Base Amount		Of Excess Over
0.00	5,000.00	0.00	+ 1.00 %	0.00
5,000.00	7,500.00	50.00	+ 1.50 %	5,000.00
7,500.00	10,000.00	87.50	+ 2.00 %	7,500.00
10,000.00	20,000.00	137.50	+ 2.50 %	10,000.00
20,000.00	9,999,999.99	387.50	+ 3.00 %	20,000.00
9,999,999.99				9,999,999.99

Figure 1-4. Local Tax Code-Complex Percentage Formula (Resident) tab

The screenshot shows the 'Local Tax Code Maintenance' window with the 'Complex Percentage Formula' tab selected. The 'Local Code' is 'CA3' and the 'Tax State' is 'CA'. The 'Default Liability Account' is '220240-000-00' and the 'Withholding Liability' is '-'. The 'Tax Rate' is set to '0.50 %'. The 'Pay Period' is 'Semimonthly'. The table below shows the tax rates and exemptions for different income levels.

Over	But Not Over	Exemption
0.00	5,000.00	No Tax Withheld
5,000.00	7,500.00	100.00
7,500.00	10,000.00	200.00
10,000.00	20,000.00	400.00
20,000.00	9,999,999.99	500.00

**Figure 1-5. Local Tax Code – Complex Percentage Formula tab**

### Assign appropriate local tax codes to employees

You can assign local tax code(s) to employees using the **Employee Maintenance** function (see Figure 2). Go to the **W-4 Info** tab and assign the appropriate state and local tax codes to each employee to whom each tax applies. You may assign different values in the **State** area > **Tax State** and **SUTA State** fields. You may assign a third value in the **Local** area > **Tax State** field.

You can specify the number of state withholding allowances claimed by the employee in the **State** area > **Allowances** field. You can specify in another field, particularly in the **Local** area > **Allowances** field, the number of local withholding allowances claimed by the employee.

**Note:** The **Employee Maintenance** > **W-4 Info** tab > **Local** area > **Allowances** field is applicable to specific localities including but not limited to **NYC** (New York City), **MI** (Michigan), and **IN** (Indiana) which local tax code record has a provision to enter the local exemption amount.

The screenshot displays the 'Employee Maintenance' window for employee EBB1, Edward Balanger. The interface is divided into several sections for configuring tax and withholding information:

- Federal Section:**
  - Marital Status:  Single,  Married,  Head of Household
  - Allowances: 1, Add'l W/H: 0.00
  - Apply Federal Tax,  Override Withholding
  - Override by:  Amount (0.00),  Percentage (0.00)
  - Apply Tax Withheld On:  FICA,  Medicare,  FUTA,  EIC
  - W-2 Group: [Searchable field]
- State Section:**
  - Table:

State	Active
CA	<input checked="" type="checkbox"/>
  - Tax State: CA, Default Tax State:  (Buttons: Add, Delete)
  - SUTA State: CA
  - Marital Status:  Single,  Married,  Head of Household, Marital Type: [ ]
  - Allowances: 1, Add'l W/H: 0.00
  - Apply State Tax,  Resident,  Override Withholding
  - Override by:  Amount (0.00),  Percentage (0.00)
  - Apply Additional State Tax
  - Apply Tax Withheld On:  SUTA,  SDI
- Local Section:**
  - Tax State: CA, Local Code: CA1 (Buttons: Add, Delete)
  - Allowances: 1, Add'l W/H: 0.00
  - Apply Local Tax,  Resident
  - Local Code: [Searchable field]
  - Allowances: 1, Add'l W/H: 0.00
  - Apply Local Tax,  Resident

**Figure 2. Employee Maintenance**

AccountMate Payroll is designed to meet a wide variety of state and local taxation requirements. Understanding how the module handles each of these requirements may help ensure that state and local statutes are correctly followed.

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