Federal/State Tax Tables

PROGRAM NAME: PRTXTEST
MENU OPTION TITLE: Federal/State Tax Tables
MAIN MODULE: PAYROLL
HELP KEY ACTIVE: YES

PROGRAM OVERVIEW

This program sets up the Federal and State income tax information coming from CURRENT Federal and State circulars. Locate and enter in the annual tax tables including entries for zero earnings. ALL TAX BRACKETS MUST BE ENTERED INCLUDING ZERO BRACKETS!

This is the fourth file set up to operate IBS Payroll.

PROGRAM OPERATION

Tax Type: You can choose <F>ederal or <S>tate tax types.

State Code: This will be skipped if you chose <F>. If you chose <S>, you will be required to fill in a state that has been created under {PRSTTAX}. The state name will automatically display if it is a valid state. You cannot create states in this program.

Marital Status: Choose the status if it applies. There are some states that have tax brackets for both.

Minimum Earnings: This would be the annual amount listed as the minimum for this bracket.

Withholding Amount: The annual amount that is deducted for this bracket.

% over Minimum : The percentage of tax owed after the minimum amount, calculated against the amount of wages over the minimum. For example, we have a state with a minimum of $10,000, with a tax of $750 and a percentage of 2% on wages over the minimum. If we have an employee that has an annual gross at $16,000, then the tax liability would be:

> $10,000 tax of $750.00
> $16,000 - $10,000 = $6,000
> $6,000 X 2% = $120.00
>   Tax liability = $750.00 + $120.00 = $870.00

This would be the annualized tax liability that would be divided by the number of pay periods in the pay cycle, which would then determine the pay period tax liability!