



Sage 300 Construction and Real Estate

(formerly Sage Timberline Office)

Payroll Tax (United States) 2020
Release Notes

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Payroll Tax (United States)

This document describes changes to payroll taxes in the United States. Please read this document carefully before you use the software.

Note: In order to use the Payroll tax updates for 2020, you should be using Sage 300 Construction and Real Estate version 18.4 or later due to changes to the federal W-4 form.

Important! The sample check forms that come with Sage 300 Construction and Real Estate may not be fully compliant with all federal, state, and local laws and other requirements, which can differ from one jurisdiction to another. It is your responsibility to familiarize yourself with all applicable laws and requirements, and to modify your check forms as needed to ensure compliance.

Downloading and installing updated taxes

You can download the tax update from within Payroll or from the Sage Knowledgebase.

Caution! Do not install the tax update until all payroll checks for 2019 have been processed.

Download and install from within Payroll

- 1 If you use security, log onto your system as a user with permissions to the Download Taxes task (PR: Tools > Download Taxes).
- 2 Start the Payroll application.
- 3 Select **Tools > Download Taxes** to download the latest version of the tax files.

Note: If you are using a firewall, you must allow access to <http://downloads.timberline.com/route.asp> to enable Payroll to download the tax update.

- 4 Verify your Client Number.
- 5 Select the **Update tax file when download is complete** check box if you want to update the taxes automatically after the files are downloaded. If you do not select this check box, you must update the taxes, as described on [page 2](#).
- 6 View the printed journal for any error messages.
- 7 If you have multiple tax files, open the data folder and repeat these steps for each company.

Download from the Sage Knowledgebase

You can instead download the tax update from the Knowledgebase article titled "Download the Payroll Tax Updates" (Article ID 21576). You must have a service plan to access download articles from the Sage Knowledgebase.

- 1 Access the Sage Support website by clicking the following link: <https://support.na.sage.com>
- 2 Click **Log on** in the upper-right area of the page, enter your username and password, and then click **[Log on]**.
- 3 Type **21576** in the text box and click **[Search]**.
- 4 In the search results, open the article titled "How to download the Payroll Tax Updates."
- 5 Within the article under **Related resources**, click the link starting with "Download" that includes "PTUS" and then click **[Run]**.

Updating taxes

If you chose not to install taxes when you downloaded the tax update, you will need to perform additional steps.

New installations

If you did not select the **Update tax file when download is complete** check box when you downloaded the taxes, the system displays following error message when you select **Tools > Update Taxes**:

"The PR Tax file was not found. The file will be created."

Click **[OK]** to continue.

Tax updates

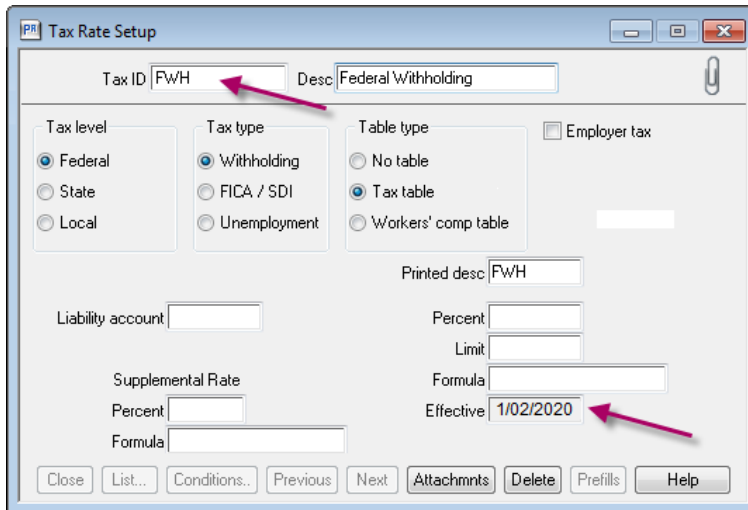
If you downloaded the taxes but you did not select the **Update tax file when download is complete** check box, replace the old taxes with any new ones:

- 1 Start the Payroll application.
- 2 Select **Tools > Update Taxes** to replace tax records in the **Tax.prx** file with tax records from the **New.prx** file (if the tax record in the **New.prx** file has a later effective date).
- 3 If you have multiple tax files, open the data folder and repeat step 2 for each company. See the "To Update Payroll tax rates" topic in Payroll Help for details.

Verification

To verify that the latest tax rates were installed or updated:

- 1 Select **Setup > Taxes > Tax Rates**.
- 2 In the **Tax Rate Setup** window for **Tax ID**, type the tax ID of one of the taxes listed in this document under **Federal Tax Changes** or **State Tax Changes**, and then press **TAB**.



The screenshot shows the 'Tax Rate Setup' window. The 'Tax ID' field contains 'FWH' and the 'Desc' field contains 'Federal Withholding'. The 'Tax level' is set to 'Federal', 'Tax type' is 'Withholding', and 'Table type' is 'Tax table'. The 'Effective' date is '1/02/2020'. Red arrows point to the 'Tax ID' and 'Effective' fields. The window also includes fields for 'Printed desc', 'Liability account', 'Percent', 'Limit', 'Formula', and 'Supplemental Rate', along with a row of buttons: 'Close', 'List...', 'Conditions..', 'Previous', 'Next', 'Attachmnts', 'Delete', 'Prefills', and 'Help'.

- 3 Check the date displayed for **Effective** in the lower-right area of the window.
 - ▣ If this date matches the effective date listed for that tax rate in the next section of this document, the taxes updated correctly.
 - ▣ If the effective dates do not match, review the installation instructions in the previous section of this document and repeat any necessary steps.
-

Note about Paid Family Leave taxes

These updates include taxes for Paid Family Leave for Massachusetts, New Jersey, New York, and Washington. If these taxes affect your company or employees, see the referenced Knowledgebase articles for information about setting up the tax (including adding it to the applicable tax group). If you manually created any tax rates with these IDs, those existing rates may be overwritten when you apply the tax update.

Note about State Unemployment Insurance

These tax updates do not include changes to State Unemployment Insurance rates (SUI_E) because those rates vary by company. See [Knowledgebase article 20718](#) for information about specifying those rates.

Payroll Tax Update 20.05

Update 20.05 includes one state tax change.

State tax change

- Idaho State Withholding (IDSWH)
Effective date: July 1, 2020
The tax tables changed for all filing statuses.

Payroll Tax Update 20.04

Update 20.04 includes one state tax change.

State tax change

- Alaska State Unemployment Insurance (AKSUI)
Effective date: January 1, 2020
The taxable limit increased to \$41,500.00.
The tax rate stays 0.5%.

Payroll Tax Update 20.03

Update 20.03 includes two state tax changes.

State tax changes

- Arkansas State Withholding (ARSWH)
Effective date: March 1, 2020
The tax tables changed for all filing statuses.
- Maryland State Withholding (MDSWH)
Effective date: January 3, 2020
The standard deduction range changed to a minimum of \$1,550 and maximum of \$2,300.

Payroll Tax Update 20.02

Update 20.02 includes a federal tax change, many state tax changes, and some local tax changes.

Federal tax change

- Federal Withholding (FWH)
Effective date: January 2, 2020
New FWH_CR formula introduced to credit the amount entered for **Dependents** on an employee's new 2020 W-4 form.

Important! If any employees use the new 2020 W-4 form, you must also install Version 18.4 Update 3 or later so that the dependents amounts are used correctly in the withholding calculations.

State tax changes

- Colorado State Withholding (COSWH)
Effective date: January 2, 2020
The tax tables changed for all filing statuses.
Exemption allowances were removed.
- Illinois State Withholding (ILSWH)
Effective date: January 1, 2020
The exemption allowance increased to \$2,325.
The tax rate remains at 4.95%.
- Maine State Withholding (MESWH)
Effective date: January 2, 2020
The tax tables changed for all filing statuses.
The personal exemption increased to \$4,300.00
The deduction for the Single filing status increased to \$9,550 for those earning \$82,900 or less; the deduction phases out for those earning up to \$157,900.
The deduction for the Married filing status increased to \$21,950 for those earning \$165,800 or less; the deduction phases out for those earning up to \$315,800.
- Maryland State Withholding (MDSWH)
Effective date: January 2, 2020
The standard deduction and exemption amount stayed the same.
The non-resident tax rate increased to 2.25%.
The tax rate for Anne Arundel county increased to 2.81%.
The tax rate for Baltimore, Dorchester, Kent and Washington counties increased to 3.20%.
The tax rate for St. Mary's county increased to 3.17%.
The tax rate for Worcester county increased to 2.25%.
- Massachusetts State Withholding (MASWH)
Effective date: January 1, 2020
The tax tables changed for all filing statuses
The tax rate decreased to 5.0%.
- Minnesota State Withholding (MNSWH)
Effective date: January 2, 2020
The tax tables changed for all filing statuses.

- Mississippi State Withholding (MSSWH)
Effective date: January 2, 2020
 The tax tables changed for all filing statuses.
 The standard deduction changed to \$2,300 for the "Married - Both spouses employed" filing status.
- Missouri State Withholding (MOSWH)
Effective date: January 2, 2020
 The tax tables changed for all filing statuses.
 The standard deduction amounts changed for all filing statuses.
- Nebraska Withholding (NESWH)
Effective date: January 2, 2020
 For the Married filing status, the annual withholding allowance changed to \$1,960.
- New Jersey Family Leave Insurance (NJFLI)
Effective date: January 2, 2020
 The employee tax rate changed to 0.16%.
- New Mexico State Withholding (NMSWH)
Effective date: January 2, 2020
 The tax tables changed for all filing statuses.
 Exemption allowances were removed.
- North Dakota State Withholding (NDSWH)
Effective date: January 2, 2020
 The tax tables changed for all filing statuses.
 The tax calculation now uses a formula.
 For those using the older W-4 form, the exemption allowance increased to \$4,300.
 For those using the 2020 W-4 form, the exemption allowances were removed.
 See [Knowledgebase article 102541](#) for more information about this tax.

Important! If any employees in North Dakota use the new 2020 W-4 form, you must also install Version 18.4 Update 3 or later so that the withholding for NDSWH is calculated correctly.

- Oregon State Disability Insurance (ORSDI and ORSDI_E)
Effective date: January 2, 2020
 Added new tables for the M2 and S2 federal filing statuses.
- Oregon State Withholding (ORSWH)
Effective date: January 2, 2020
 The tax tables changed for all filing statuses.
- Rhode Island State Withholding (RISWH)
Effective date: January 2, 2020
 The tax tables changed for all filing statuses.
- South Carolina Withholding (SCSWH)
Effective date: January 2, 2020
 The tax tables changed for all filing statuses.
 The personal exemption increased to \$2,590.
 The standard deduction increased to \$3,820.

- Vermont State Withholding (VTSWH)
Effective date: January 2, 2020
The tax tables changed for all filing statuses.
The annual withholding allowance increased to \$4,350.

Local tax changes

- New York City Resident Withholding (NYCR)
Effective date: January 1, 2020
Added new tables for the H2, M2, and S2 federal filing statuses.
- Yonkers Non-Resident Withholding (YONKN)
Effective date: January 1, 2020
Added new tables for the H2, M2, and S2 federal filing statuses.
- Yonkers Resident Withholding (YONKR)
Effective date: January 2, 2020
Added new tables for the H2, M2, and S2 federal filing statuses.

Payroll Tax Update 20.01

Update 20.01 includes federal, state, and local tax changes.

Federal tax changes

- Federal Withholding (FWH)
Effective date: January 1, 2020
The tax tables changed for all filing statuses.
New filing statuses for higher rate tables introduced: H2, M2, and S2.
New FWH formulas introduced to base withholding on exemptions (using an employee's older W-4 form) or on amounts (using an employee's new 2020 W-4 form).
- Social Security (SOC and SOC_E)
Effective date: January 1, 2020
The maximum taxable earnings increased to \$137,700.
The tax rate remains 6.2%.

State tax changes

- California State Withholding (CASWH)
Effective date: January 1, 2020
The tax tables changed for all filing statuses.
The allowances, standard deductions, and exceptions increased.
- California State Disability Insurance (CASDI)
Effective date: January 1, 2020
The withholding rate remains 1%.
The taxable wage limit increased to \$122,909.
- Hawaii Temporary Disability Insurance (HITDI and HITDI_E)
Effective date: January 1, 2020
The maximum weekly deduction increased to \$5.60.

- Iowa State Withholding (IASWH)
Effective date: January 1, 2020
The tax tables changed for all filing statuses.
The allowances increased.
- Kentucky State Withholding (KYSWH)
Effective date: January 1, 2020
The standard deduction increased to \$2,650.
- Massachusetts Paid Family Leave (MAPFL and MAPFL_E)
Effective date: January 1, 2020
The taxable wage limit increased to \$137,700.
See [Knowledgebase article 96650](#) for more information about this tax.
- Michigan State Withholding (MISWH)
Effective date: January 1, 2020
The personal exemption increased to \$4,750.
The tax tables changed for all filing statuses.
- New Jersey Family Leave Insurance (NJFLI)
Effective date: January 1, 2020
The taxable wage limit increased to \$134,900.
The tax rate changed to 0.016%.
- New Jersey State Disability Insurance (NJSDI)
Effective date: January 1, 2020
The taxable wage limit increased to \$134,900.
The tax rate changed to 0.26%
- New Jersey State Unemployment Insurance (NJSUI)
Effective date: January 1, 2020
The taxable wage limit increased to \$35,300.
- New York State Withholding (NYSWH)
Effective date: January 1, 2020
The tax tables changed for all filing statuses.
- New York State Paid Family Leave (NYPFL)
Effective date: January 1, 2020
The taxable wage limit increased to \$72,860.84.
The employee contribution rate increased to 0.27%.
See [Knowledgebase article 84576](#) for more information about this tax.
- North Carolina State Withholding (NCSWH)
Effective date: January 1, 2020
The standard deduction increased for all filing statuses.
The tax rate did not change.
- Ohio State Withholding (OHSWH)
Effective date: January 1, 2020
The tax tables changed for all filing statuses.
- Oregon State Disability Insurance (ORSDI and ORSDI_E)
Effective date: January 1, 2020
The rate for both the employee and employer portion decreased to 1.1 cents per hour.

- Rhode Island State Disability Insurance (RISDI)
Effective date: January 1, 2020
 The taxable wage limit increased to \$72,300.
 The employee contribution rate increased to 1.3%.
- Washington Paid Family & Medical Leave (WAPFL & WAPFL_E)
Effective date: January 1, 2020
 The taxable wage limit increased to \$137,700.
 The contribution rate for both the employee and employer portion did not change.
 See [Knowledgebase article 93927](#) for more information about this tax.

Note:

For federal withholding, there are now three new filing statuses (S2, M2, and H2) that use higher federal rate tables. Because you can select the **Use federal** check box in the **Employee Setup - State** window for many states, this update includes state withholding tables for these new filing statuses. At the present time, the new tables match their associated current tables; (for example, the state table for the S2 status is the same as the table for the S status). This may change in future tax updates if needed. In addition to the state withholding taxes already listed for tax update 20.01, additional withholding tables were added for the following state taxes:

- | | | | | |
|----------|----------|----------|----------|----------|
| ■ ALSWH* | ■ ARSWH* | ■ COSWH* | ■ DCSWH | ■ DESWH |
| ■ GASWH | ■ HISWH | ■ IDSWH* | ■ KSSWH | ■ MDSWH* |
| ■ MESWH* | ■ MNSWH* | ■ MOSWH* | ■ MSSWH* | ■ MTSWH |
| ■ NDSWH* | ■ NESWH* | ■ NMSWH* | ■ OKSWH | ■ ORSWH* |
| ■ PRSWH | ■ RISWH* | ■ SCSWH* | ■ UTSWH | ■ VASWH |
| ■ VTSWH* | ■ WISWH | ■ WWSWH | | |

* These taxes were also updated in PTUS 20.02, 20.03, 20.04, or 20.05.

Local tax change

- Yonkers Resident Withholding (YONKR)
Effective date: January 1, 2020
 The tax tables changed for all filing statuses.