Sage 300 Construction and Real Estate (formerly Sage Timberline Office)

Payroll Tax (United States) 2016

Release Notes

This is a publication of Sage Software, Inc.

Copyright © 2015 Sage Software, Inc. All rights reserved.

Sage, the Sage logos, and the Sage product and service names mentioned herein are registered trademarks or trademarks of Sage Software, Inc. or its affiliated entities. All other trademarks are the property of their respective owners.

Your use of this document and the Sage product(s) described herein is governed by the terms and conditions of the Sage End User License Agreement ("EULA") or other agreement that is provided with or included in the Sage product. Nothing in this document supplements, modifies or amends those terms and conditions. Except as expressly stated in those terms and conditions, the information in this document is provided by Sage "AS IS" and Sage disclaims all express, implied or statutory warranties of any kind, including but not limited to the warranties of merchantability, fitness for a particular purpose or of non-infringement. No implied license is granted to you under any Sage intellectual property or trade secret right. Sage reserves the right to revise, supplement or remove information in this document at any time without notice to you or others.

Last updated: December 29, 2015

Contents

Payroll Tax (United States) 1

Downloading and installing updated taxes 1

Download and install from within Payroll 1

Download from the Sage Customer Portal 1

Updating taxes 2

New installations 2

Tax updates 2

Verification 2

Payroll Tax Update 16.02 3

State tax changes 3

Payroll Tax Update 16.01 4

Federal tax changes 4

State tax changes 4

Local tax change 5

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.

Downloading and installing updated taxes

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

CAUTION: Do not install the tax update until all payroll checks for 2015 have been processed.

Download and install from within Payroll

To use Download Taxes on a network, you must first log onto your network as the system administrator.

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 Customer Portal

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

1. Access the Sage Support website by clicking the following link: https://support.na.sage.com
2. Click **Login** in the upper-right area of the page, enter your username and password, and then click [**Log on**].
3. Click the **Knowledgebase** tab.
4. Type **21576** in the text box and click [**Search**].
5. In the **Search Results** list, open the article titled "Download the Payroll Tax Updates."
6. Within the article under **Attachments**, click the link starting with **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

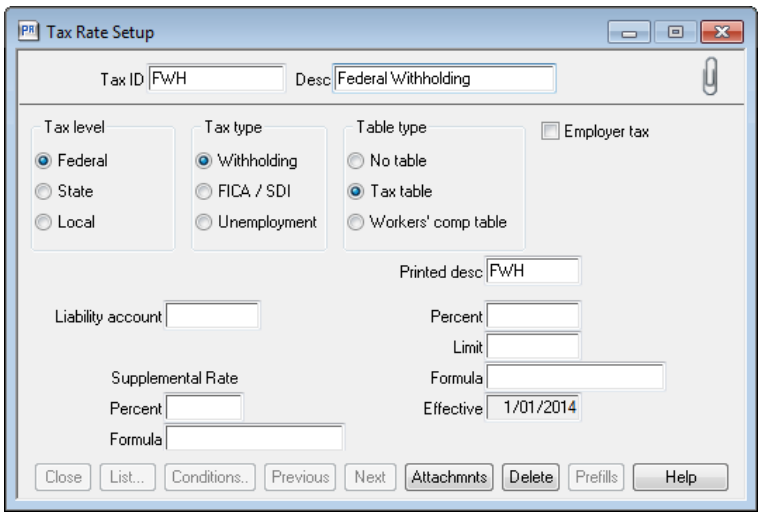
If you downloaded the taxes but you did not select the **Update tax file when download is complete** check box, replace the old taxes with any new ones:

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**.



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.

Payroll Tax Update 16.02

Update 16.02 includes several state tax changes.

State tax changes

- Alaska State Unemployment Insurance (AKSUI)
  Effective date: January 1, 2016
  The taxable wage base increased to $39,700.00.
  The employee unemployment insurance tax rate decreased to 0.50%.
- Hawaii Temporary Disability Insurance (HITDI and HITDI_E)
  Effective date: January 1, 2016
  The maximum weekly deduction increased to $4.91.
- Kentucky State Withholding (KYSWH)
  Effective date: January 1, 2016
  The standard deduction increased to $2,460.00.
- Maine State Withholding (MESWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.
  A phase out of the standard deduction starts when income reaches $70,000 for single taxpayers and $140,000 for married taxpayers.
- Maryland State Withholding (MDSWH)
  Effective date: January 1, 2016
  The non-resident tax rate increased to 1.75%.
  The tax rate for Anne Arundel county decreased to 2.5%.
  The tax rate for Carroll county decreased to 3.03%.
  The tax rate for Worcester county increased to 1.75%.
- Minnesota State Withholding (MNSWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.
- New Mexico State Withholding (NMSWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.

- North Carolina State Withholding (NCSWH)
  Effective date: January 1, 2016
  The tax rate increased to 5.85% for all filing statuses.
- Oklahoma State Withholding (OKSWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.
- Oregon State Withholding (ORSWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.
- Rhode Island State Withholding (RISWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.
- Rhode Island State Disability Insurance (RISDI)
  Effective date: January 1, 2016
  The taxable wage limit increased to $66,300.00.
  The employee contribution rate remains at 1.2%.

Payroll Tax Update 16.01

Update 16.01 includes a federal tax change, several state tax changes, and a local tax change.

Federal tax changes

- Federal Withholding (FWH)
  Effective date: January 1, 2016
  The exemption allowance increased to $4,050.00.
  The tax tables changed for all filing statuses.

State tax changes

- California State Disability Insurance (CASDI)
  Effective date: January 1, 2016
  The withholding rate remains at 0.9%.
  The maximum amount to withhold increased to $960.68.
  The taxable wage limit increased to $106,742.
- California State Withholding (CASWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.
- Connecticut State Withholding (CTSWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.
- Illinois State Withholding (ILSWH)
  Effective date: January 1, 2016
  The exemption allowance increased to $2,175.00.
  The tax rate remains at 3.75%.

- Massachusetts State Withholding (MASWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.
- New Jersey Family Leave Insurance (NJFLI)
  Effective date: January 1, 2016
  The taxable wage limit increased to $32,600.00.
  The tax rate decreased to 0.08%.
- New Jersey State Disability Insurance (NJSDI)
  Effective date: January 1, 2016
  The taxable wage limit increased to $32,600.00.
  The tax rate decreased to 0.20%
- New Jersey State Unemployment Insurance (NJSUI)
  Effective date: January 1, 2016
  The taxable wage limit increased to $32,600.00.
- New York State Withholding (NYSWH)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.

Local tax change

- Yonkers Resident Withholding (YONKR)
  Effective date: January 1, 2016
  The tax tables changed for all filing statuses.