Lesson 2: Employee Payroll Tax Data

Scenario

In this lesson, the SHARP trainer, Hall, will show the newly hired Payroll Processor, Kelly, how to maintain an employee's tax data in SHARP.



Hall



Kelly

Lesson Objectives

After completing this lesson, you will be able to:

- Understand payroll taxes
- Know which taxes can be updated through Employee Self-Service
- Understand what taxes are processed through Worklist
- Update employee payroll tax data on the Employee Tax Data page
- Learn Employee Tax Distribution

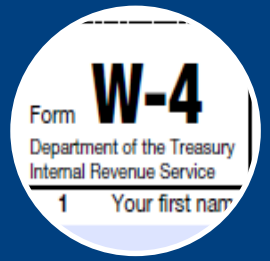
Lesson 2: Employee Payroll Tax Data

Lesson Topics

In this lesson you will learn about the following topics. Click **Home** (at the lower left corner) at any time to return to this menu. Click each topic name to navigate to that topic.



Topic1: Employee Tax Data Overview



Topic 2: The Annual W-4 Tax Exemption Renewal Process



Topic 3: Entering Employee Tax Data



Topic 4: Payroll Tax Distribution

Employee Tax Data Overview - 1

When an employee is first hired by the State of Kansas, two or more tax forms may be required from the employee to establish the employee's federal and state withholding information such as marital status, number of allowances, exempt status, etc.



The employee's tax data in SHARP is established based upon the information provided by the employee's tax forms. SHARP uses the tax data to calculate the employee's paychecks and taxes.

Employee Tax Data Overview - 2

The W-4 tax form is required to establish an employee's federal tax withholding, such as marital status, multiple jobs, spouse works and exempt status. The W-4 form can be found on the IRS website at http://www.irs.gov/.

Each employee who is claiming a withholding exemption in the current calendar year must submit a new form to continue the tax exemption status by the December deadline for the next calendar year. Agencies will be informed of the annual deadline through an informational circular.

When calculating taxes for the paycheck, SHARP uses the Effective Dated row on the employee's tax data record that is closest to, but not greater than the paycheck date for the pay period being calculated. Adjustments for prior periods will use the tax data effective as of the check date of the off-cycle payroll in which the adjustment is processed.

Employee Tax Data Overview - 3

Employees can request a W-2 (Wage and Tax Statement) reissue and update their own **W-4** (**federal**) withholding information, such as marital status, multiple jobs, spouse works, exempt status, extra withholding amounts and deductions through the Employee Self-Service Center located at http://www.admin.ks.gov/offices/personnel-services/ssc

If an employee makes more than one update through Self-Service on the same day, only the first update will actually update SHARP. The agency Payroll Workflow Administrator will receive an email notice of each change made by the employee and should verify the final email notice and make the appropriate update to SHARP.

TIP: Employees can also update their own **K-4** (**state**) withholding information through the Employee Self-Service Center.



Employee Tax Data Overview - 4

Agencies are no longer required for maintaining copies of Form W-4 for their employees. However, if a W-4/K-4 form is submitted in paper version and entered by the agency staff, it must be retained in the employees' personnel file in accordance with the record retention guidelines.

To assist agencies to identify W-4/K-4 changes made electronically by employees, a new query (Employee Tax Updates) has been developed and added to the Payroll WorkCenter Queries in SHARP.

To establish a new employee's state withholding and unemployment information, generally K-4 is required for employees who reside and work in Kansas. Form K-4 can be found on the Kansas Department of Revenue web site at www.ksrevenue.org. Employees can also update their own **K-4** (**state**) withholding information through the Employee Self-Service Center.

Employee Tax Data Overview - 5

If the new employee resides or works out-of-state, agencies should contact Payroll Services to determine the appropriate forms that need to be completed.

Local tax information is not mandatory and is not maintained unless specifically entered for a locality that is set up in SHARP. Currently various localities are set up including the city of Kansas City, Missouri.

Employees can sign up to have the local tax withheld from their paychecks. Agencies should obtain and file a signed statement from the employee asking for the tax to be withheld.



You should contact Payroll Services for any questions regarding local taxes.

The Annual W-4 Tax Exemption Renewal Process - 1

Annually at the beginning of December, the SHARP system will send a notification to each employee who is claiming federal withholding exemption to submit a new W-4 form in order to continue the tax exemption status for the next calendar year. Notifications will be sent to the employee's email address listed under 'My System Profile' in Employee Self-Service. State of Kansas employees can sign into Employee Self-Service through the Employee Self-Service Center at http://www.admin.ks.gov/offices/personnel-services/ssc Notifications will be sent to the agency payroll supervisor email address for those who lack an individual email address, and agencies will need to distribute the notifications to their employees.

At the same time, the SHARP system will change the W-4 Processing Status on the Federal Tax Data page for these employees to "Notification Sent" and send a **Worklist item** to the agency staff who is designated as the Agency Payroll Workflow Administrator for those employees.

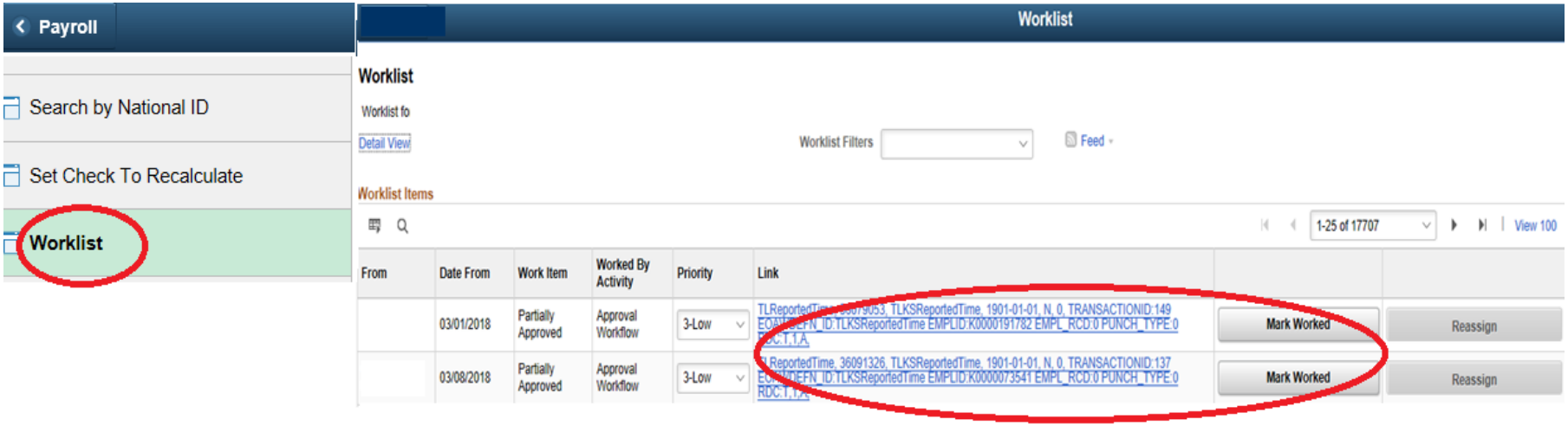
The Annual W-4 Tax Exemption Renewal Process - 2

New Form W-4 exemption information may be submitted by the employee either through the Employee Self-Service feature or on a paper form.

When the new form is received, the Agency Payroll Workflow Administrator must enter a new tax data row on the employee's Federal Tax Data page in SHARP, changing the W-4 Processing Status to "New W-4 Received" prior to the December deadline indicated on the informational circular.

Worklist can be found Fluid Location: **SHARP Homepage** click the drop down arrow, select **Payroll** Homepage, select the **Payroll Processing** tile**> Worklist** page (left side bottom navigation)

The Annual W-4 Tax Exemption Renewal Process - 3



On the Worklist, clicking the employee ID link will take you to the employee's Federal Tax Data page where you would add a new effective dated row, change the W-4 processing status to "New W-4 Received", and click Save. Once done, return to the Worklist and click the Mark Worked button to mark the item as worked.

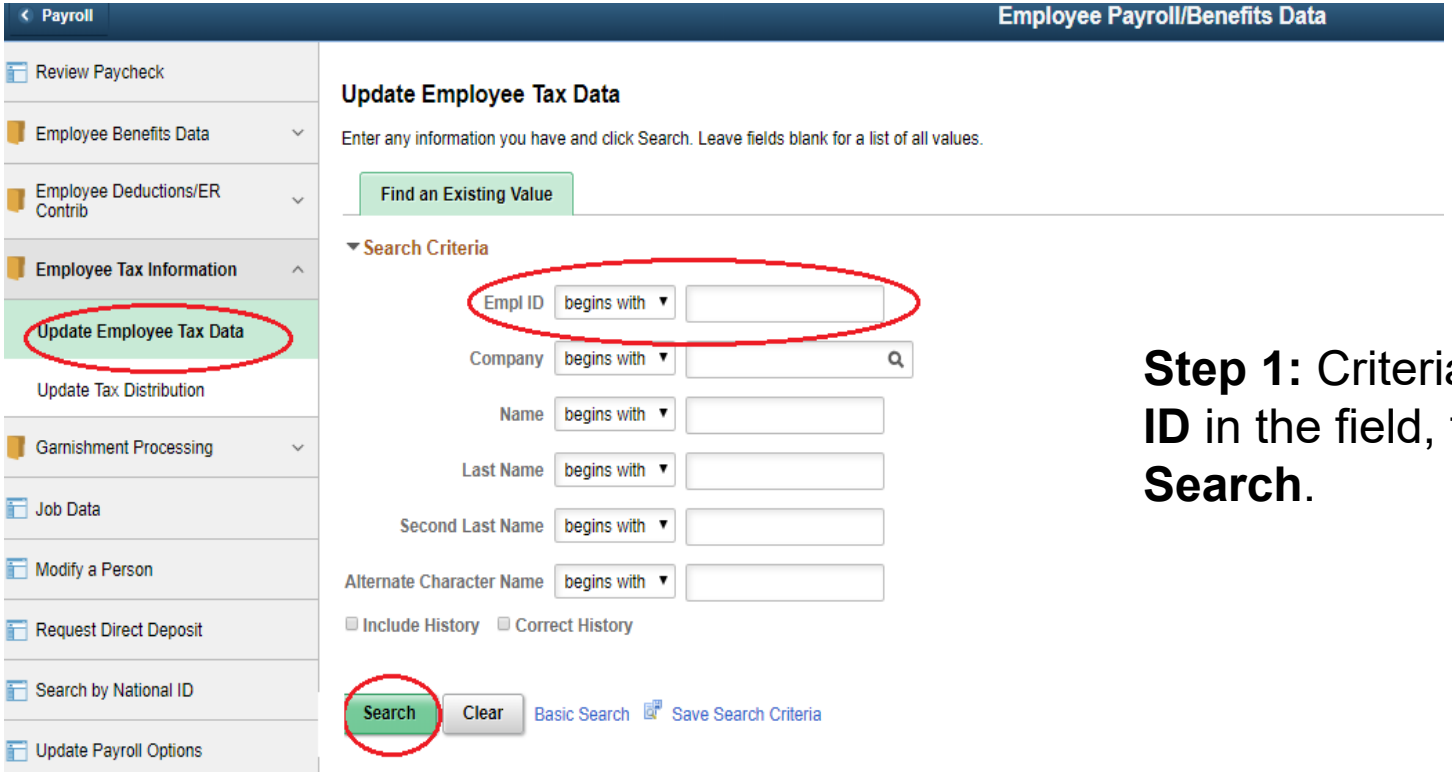
Entering Employee Tax Data

All federal, state, and local taxes are entered on the Employee Tax Data Page, Except for FICA, which is maintained on the Payroll tab on Job Data.

Click the drop down arrow on **SHARP Homepage** select **Payroll** Homepage, select **Employee Payroll/Benefits Data** tile**>** **Employee Tax Information > Update Employee Tax Data**

Lesson 2: Employee Payroll Tax Data

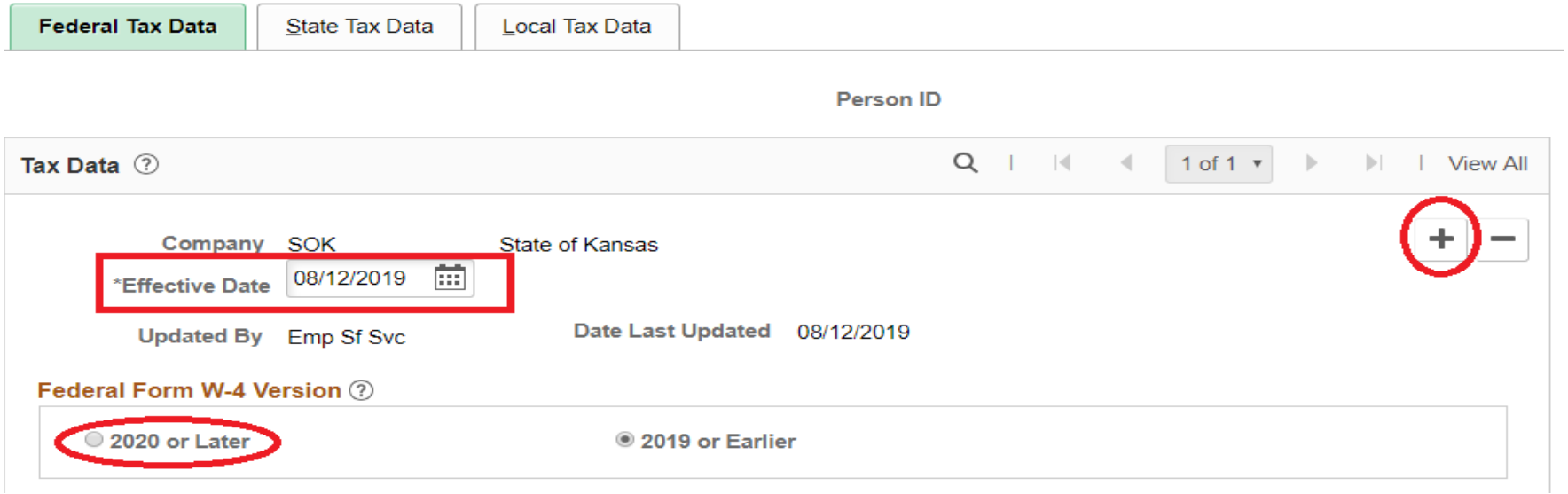
Entering Federal Tax Information - 1



Step 1: Criteria enter **Empl ID** in the field, then click **Search**.

Lesson 2: Employee Payroll Tax Data

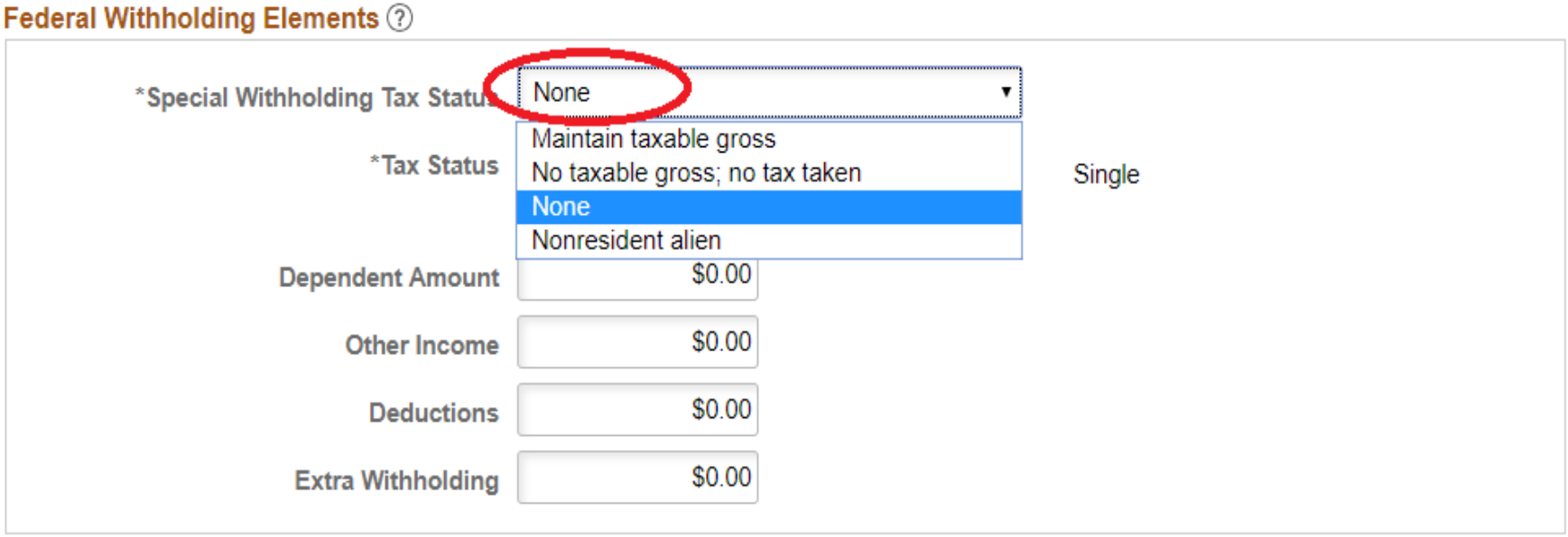
Entering Federal Tax Information - 2



Step 2: Click on the **Add Row** button, then enter the **Effective Date**.

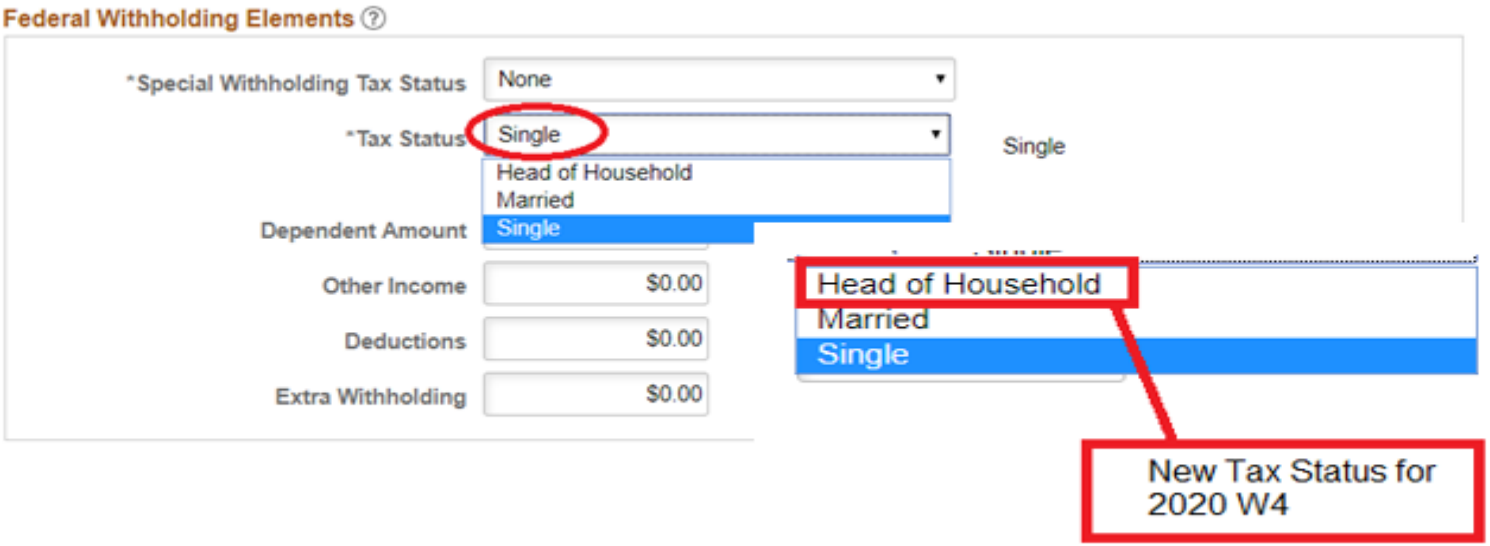
The new hire row, defaults to the hire date as an Effective Date, Special Tax Withholding Status of "None" and a Tax Marital Status of "Single". To update the default data, another row must be added with an Effective Date of at least the day after the hire date. To make changes on any tax data (Federal, State, or Local tax), a new Effective Date row must be entered on the Federal Tax Data page. This will automatically set the State Tax Data row(s) to the Special Tax Withholding Status of "None" on the new row. If the employee needs to have any other special tax status, you must re-enter that information. Effective January 1, 2020 the radio button for 2020 or Later needs to be selected.

Entering Federal Tax Information - 3



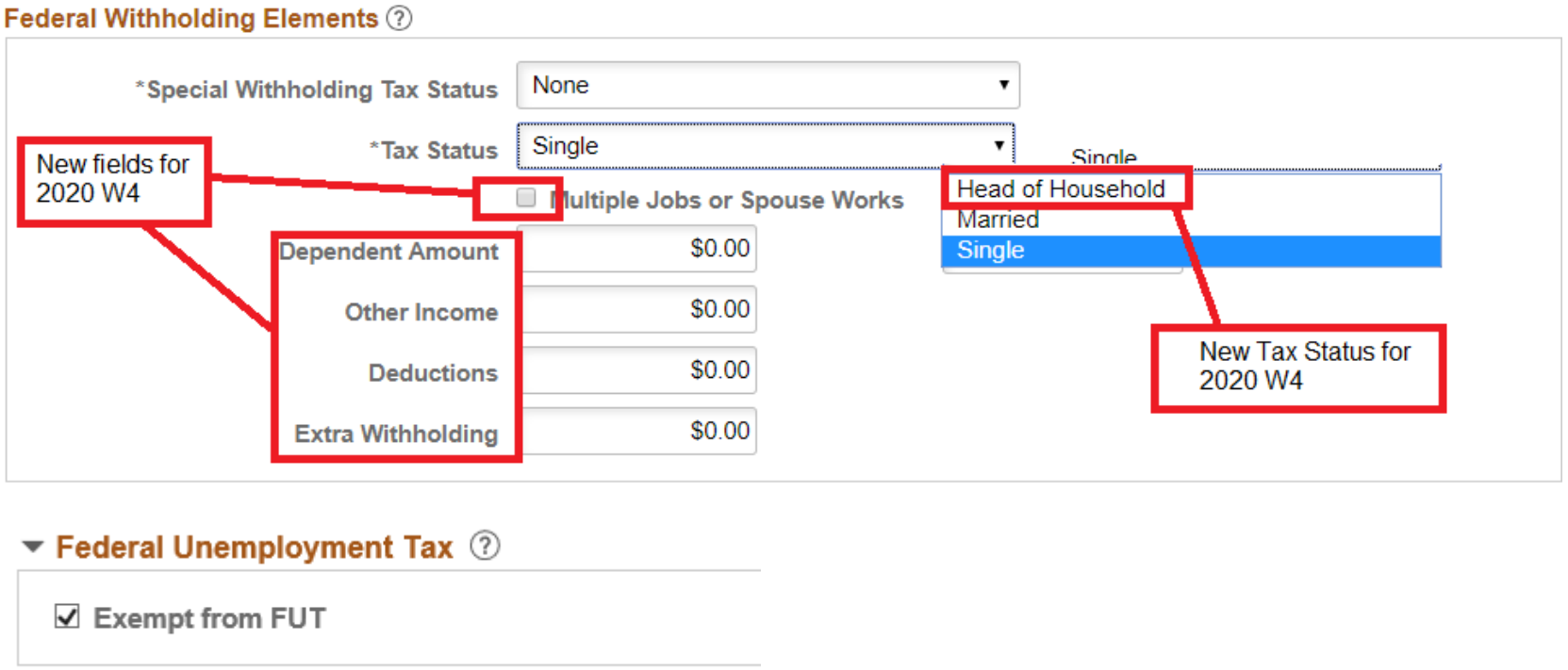
Step 3: Usually leave the Special Withholding Tax Status at default (**None**). If the employee claims Exempt on his/her W-4, select “Maintain Taxable Gross” (but do not withhold taxes). Never select “No taxable gross, no tax taken”. If the employee is a non-resident alien, you would select “Nonresident alien”.

Entering Federal Tax Information - 4



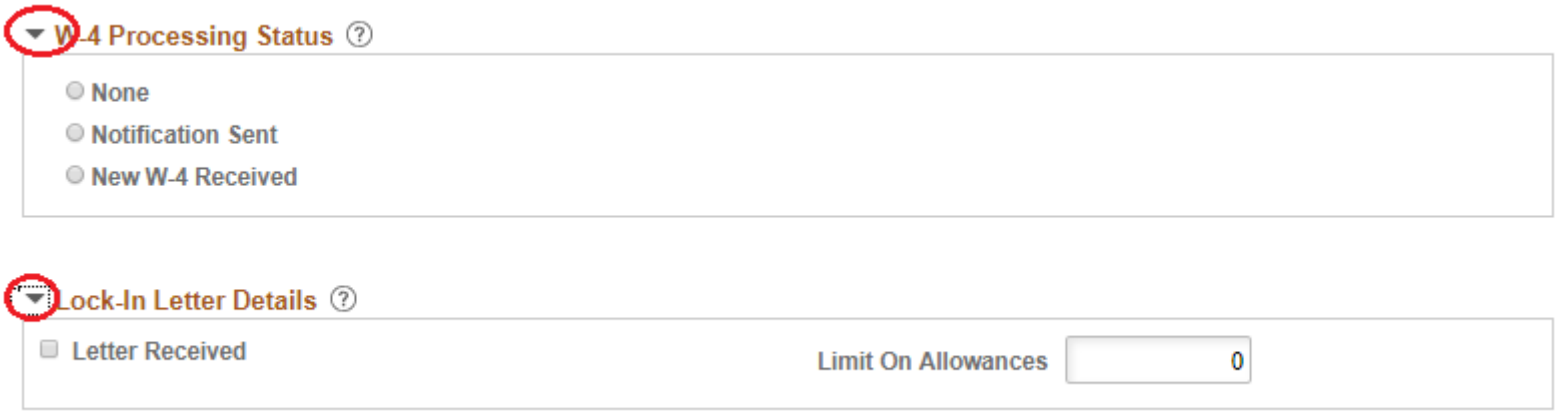
Step 4: Click the drop down arrow by the Tax Marital Status field, then select the appropriate status (Head of Household, Married or Single) based on the employee's W-4.

Entering Federal Tax Information - 5



Step 5: Complete the Dependent Amount and the Other Income amount as indicated on the employee's W-4.
The system defaults to "Exempt from FUT" and should not be changed.

Entering Federal Tax Information - 6

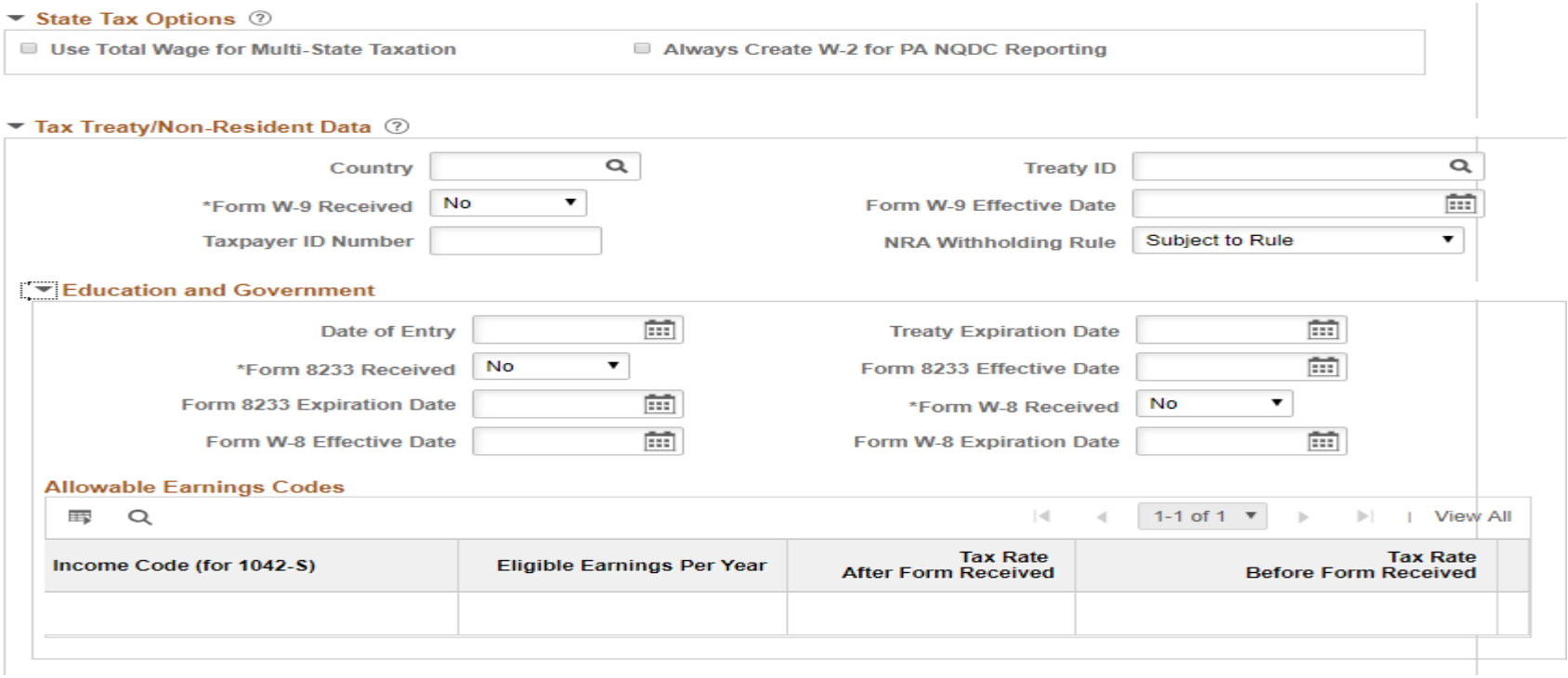


W-4 Processing Status: You would only need to complete the W-4 Processing Status section when you are updating the W-4 exemption renewal worklist status at year end.

Lock-in Letter Details: You would only need to complete this section when a letter has been received from the IRS specifying the number of allowances the employee is allowed to take.

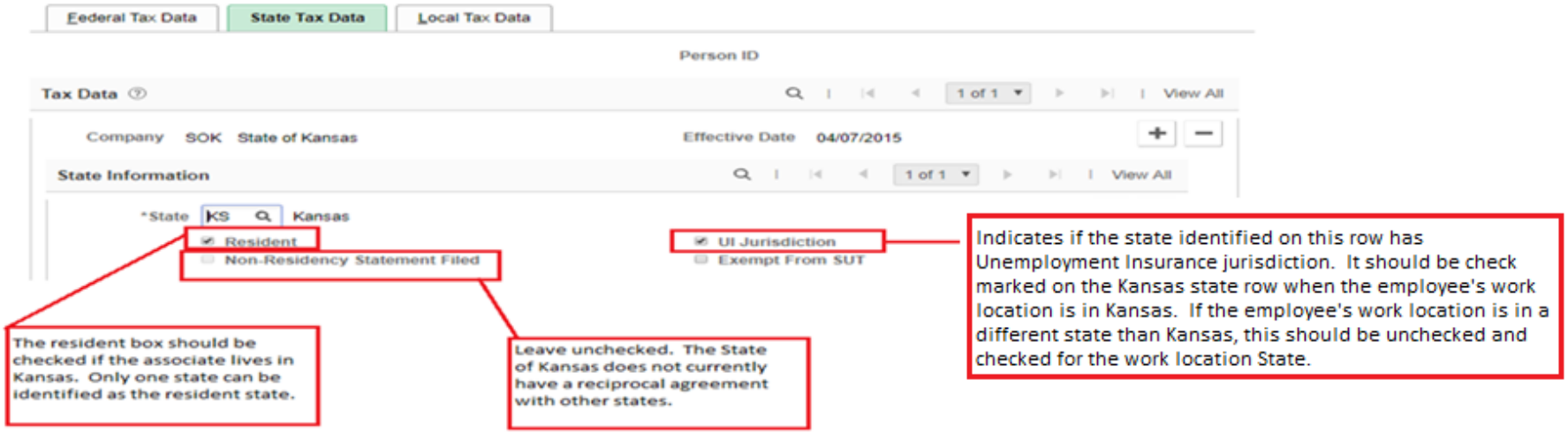
Lesson 2: Employee Payroll Tax Data

Entering Federal Tax Information - 7



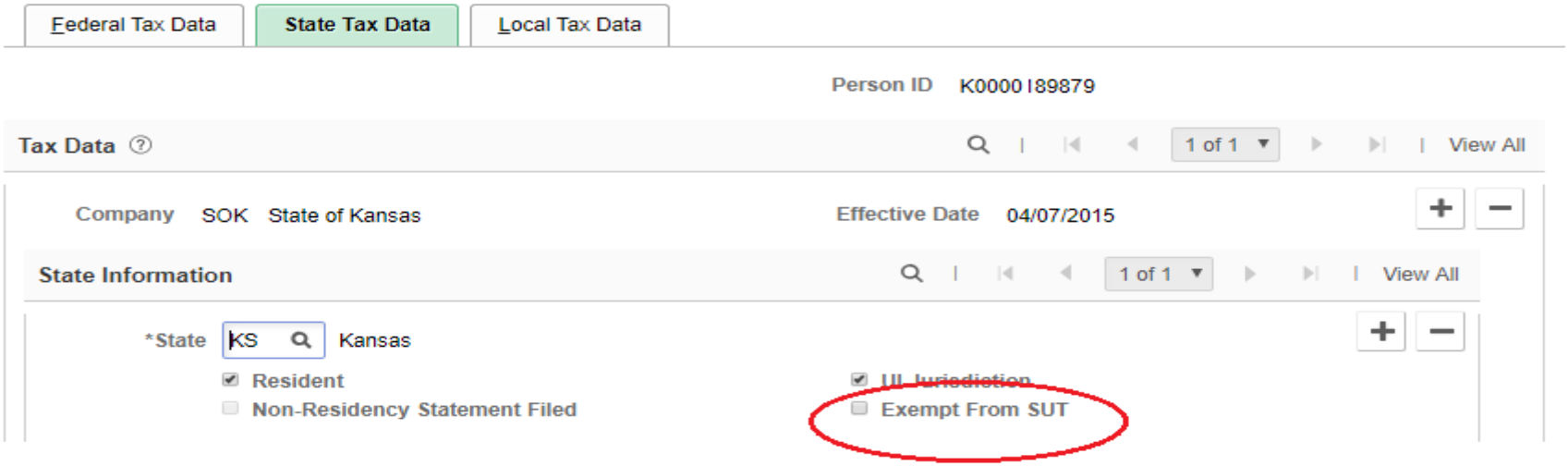
State Tax Options: This section is not used by the State.
Tax Treaty/NR Data: This section is used only by the Payroll Services to enter a non-resident alien's Forms W-9, W-8, and 8233 information.

Entering State Tax Information - 1



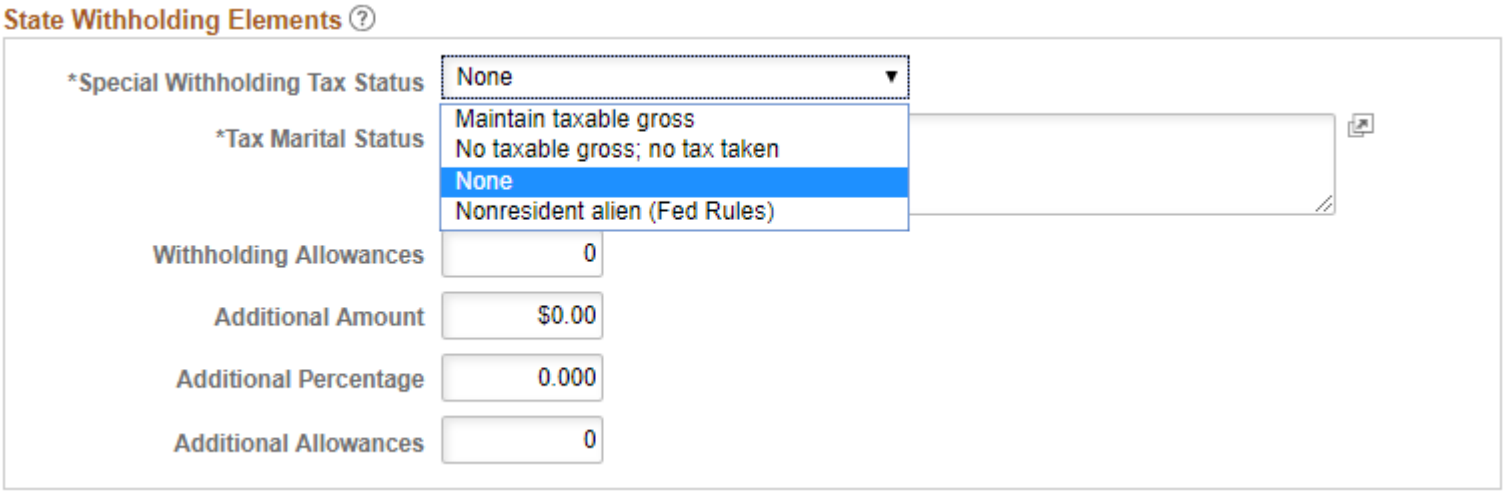
Step 7: If the employee resides and works in Kansas, the State should be **KS** and both **Resident** and **UI Jurisdiction** boxes should be checked. If the employee lives and works in different states, additional row will have to be added to appropriately reflect where the employee lives (that state's Resident box should be checked) and work state (UI Jurisdiction box should only be checked according to the states reciprocity).
Note: Maintain a row for State of Missouri employee residents for additional Missouri taxes according to the State of Missouri tax laws. If the employee has submitted a MO W4 claiming exempt then the Missouri row can be deleted.

Entering State Tax Information - 2



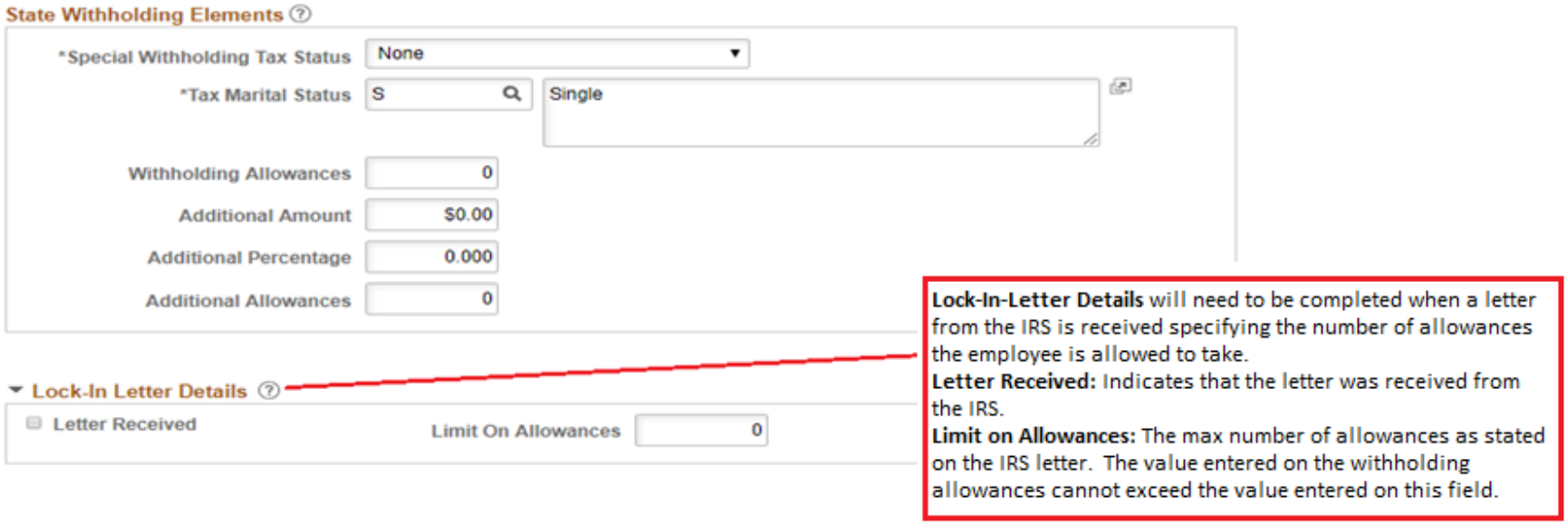
The Exempt from SUT check box should be clicked on only if the employee is exempt from state unemployment tax. You can view a detailed listing of exemptions and their related statutes at https://admin.ks.gov/docs/default-source/payroll/SHARP-9.2/TaxdataUCIExempt.pdf.

Entering State Tax Information - 3



Step 8: Usually leave the Special Withholding Tax Status at default (**None**). If the employee claims exempt on K-4, then select “Maintain Taxable Gross”. Never select “No taxable gross, not tax taken”. If the employee is a non-resident alien, select “Nonresident alien (Fed Rules)”.

Entering State Tax Information - 4

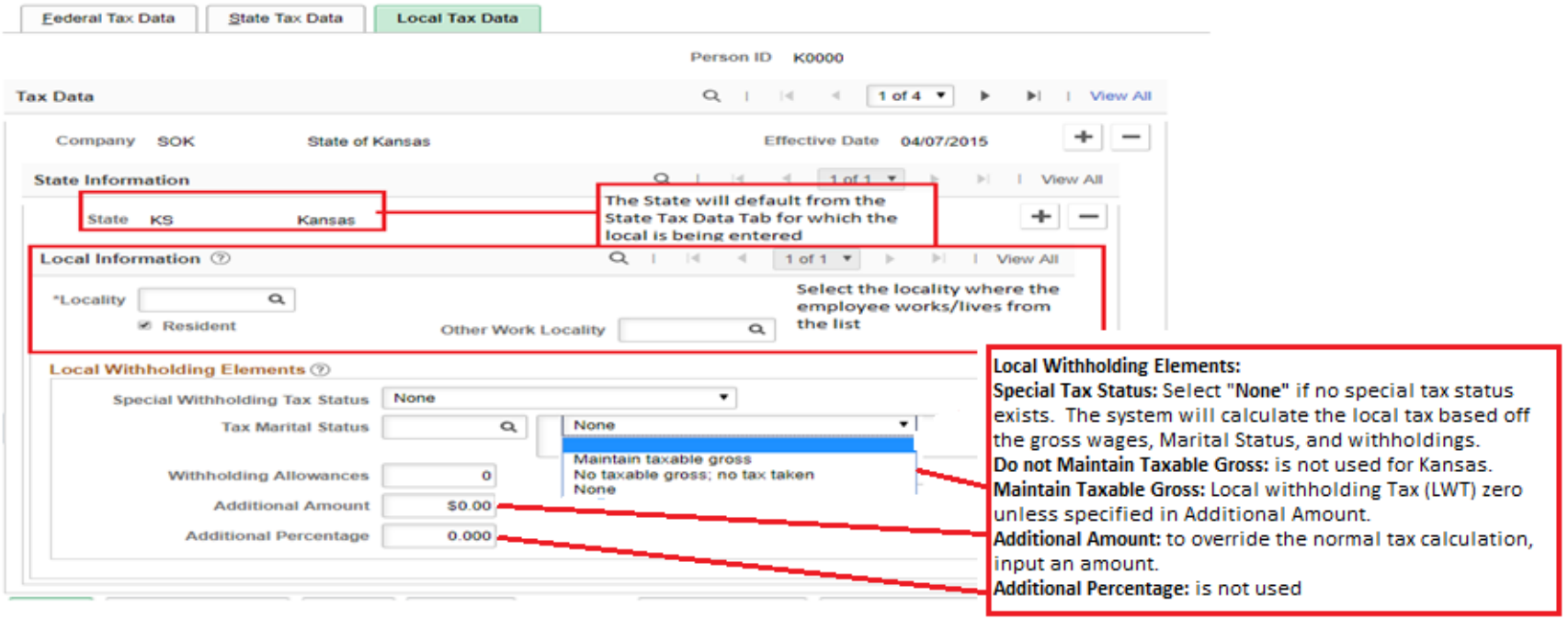


Step 9: Enter the Withholding Allowances and Additional Amount (if applicable) as indicated on the employee's K-4 form.

Additional Percentage and Additional Allowances are not used by the State of Kansas.

Lesson 2: Employee Payroll Tax Data

Entering Local Tax Information



Local tax information is not mandatory and is not maintained unless the employee signed a form to request the local tax to be withheld. Ex: Missouri resident has requested to have Kansas City, MO to be withheld from their checks. There must be a State of Missouri row in the State Tax Data tab.
For questions on local withholding, contact Payroll Services.
Step 10: When you are done updating the employee's tax data, click the **Save** button.

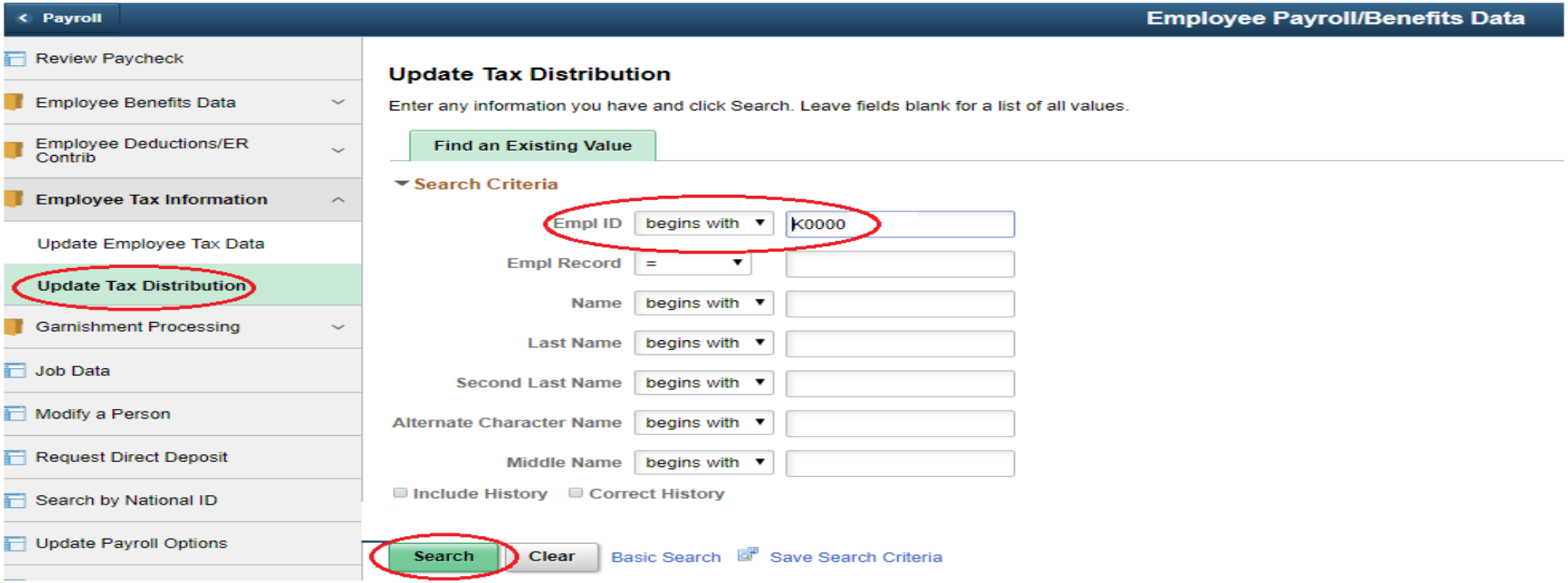
View/Update an EE's Tax Distribution Record - 1

You can view or update an employee's tax distribution record at the Tax Distribution page.

Fluid Location: **SHARP Homepage** click the drop down arrow select the **Payroll** Homepage select **Employee Payroll/Benefit Data** tile**>Employee Tax Information Data> Update Tax Distribution**

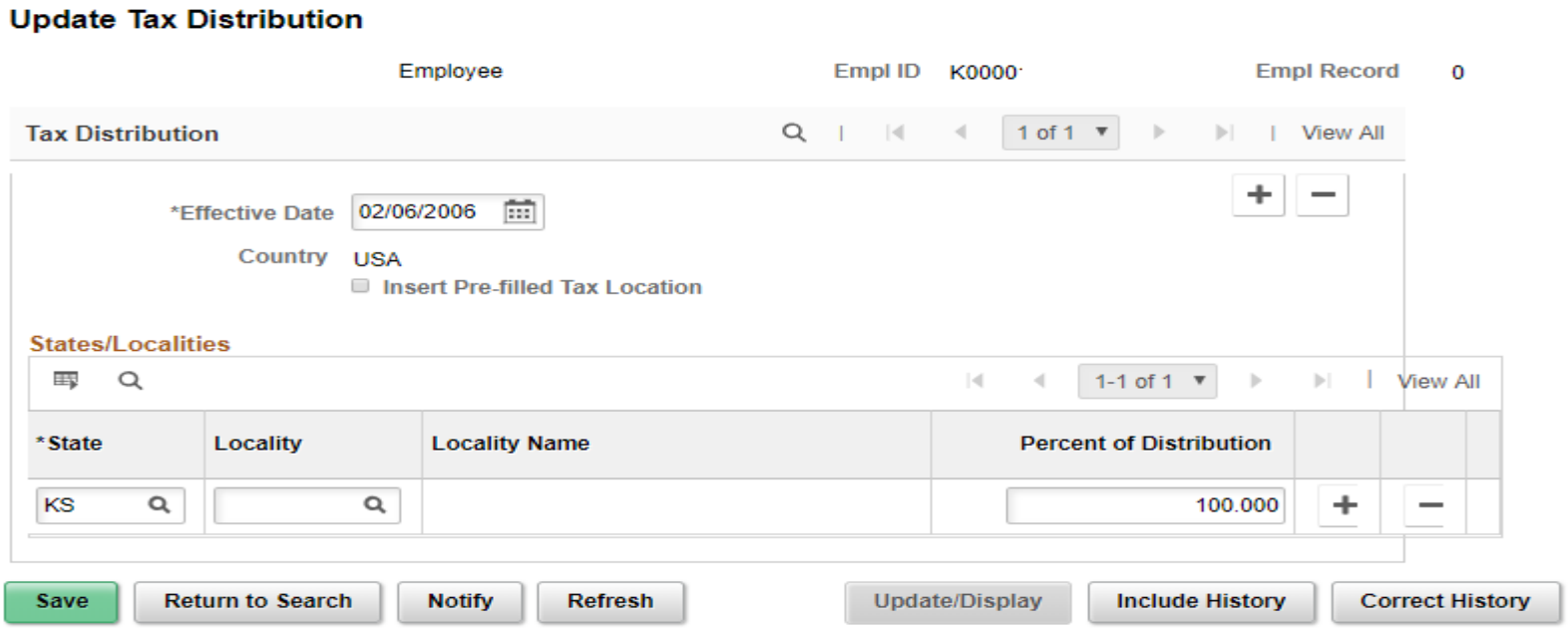
Lesson 2: Employee Payroll Tax Data

View/Update an EE's Tax Distribution Record - 2



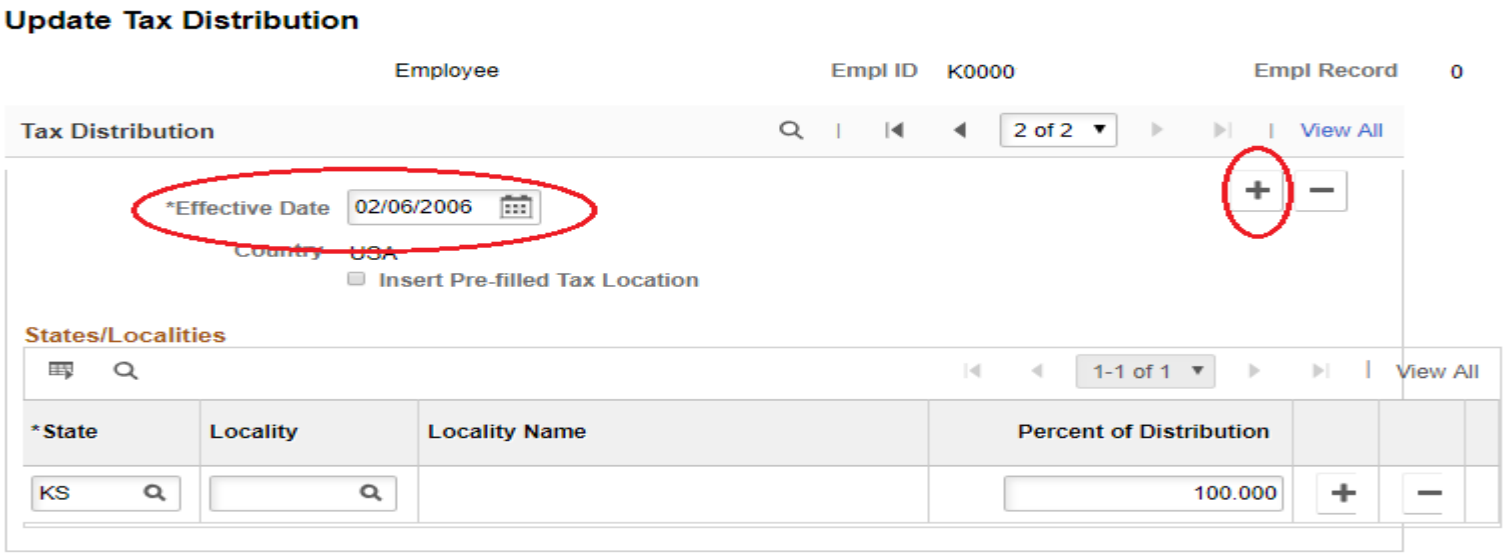
Step 1: Type in the **Empl ID** and click the **Search** button.

View/Update an EE's Tax Distribution Record - 3



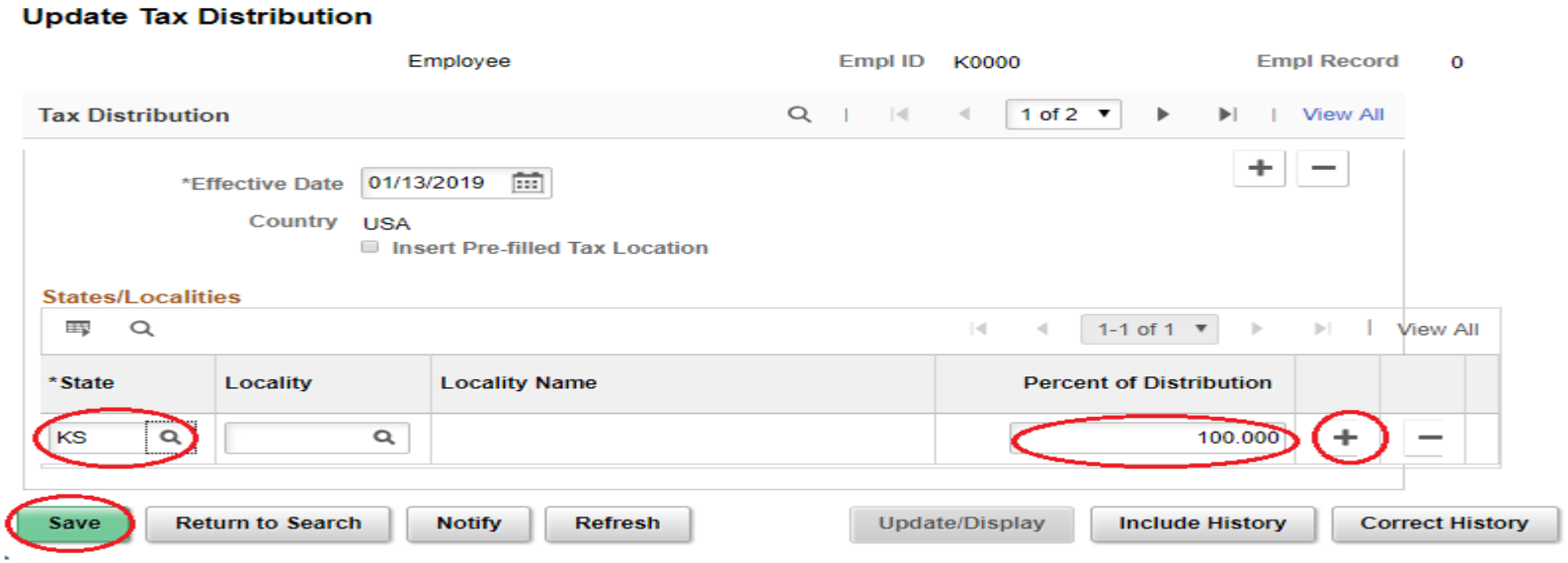
Step 2: Normally you would only need to verify a tax distribution record has been created for the employee and no entry is necessary.

View/Update an EE's Tax Distribution Record - 4



Step 3: In the case where the employee works for multiple states/localities, additional records can be added by clicking the **Add Row** button, and enter a new **Effective Date**.

View/Update an EE's Tax Distribution Record - 5



Step 3 (cont.): Select the first State and Locality(if different from the default values), then enter the Percent of Distribution for that state/locality.

For each additional state/locality, click the Add Row button by the Percent Distribution field, then enter the state/locality, and percent of distribution for that state. The total distribution for all localities must be 100%.

Lesson Checkpoint

Now is your opportunity to ensure that you are learning the lesson material. After you read the question, make your selection, then compare your response to the correct answer provided at the bottom of the page.

Lesson Checkpoint



When pay confirmation is run for the pay period 9/21 to 10/4, paid 10/17, an employee's extra withholding federal tax withholding amount has two effective dated rows :

$50.00 effective 9/21
$100.00 effective 10/05

What extra withholding will be withheld from the employee's check dated 10/17?

A) $100.00
B) $50.00
C) None of the above

The correct answer is A. When calculating taxes for the paycheck, SHARP uses the Effective Dated row on the employee's tax data record that is closest to, but not greater than the paycheck date for the pay period being calculated.



Lesson Checkpoint



True or False? For new hires, the marital status will default to Single for the hire date. For new hires not claiming “Single", a row must be added dated at least one day later and the new information entered before pay confirmation of the first paycheck

A) True
B) False

The correct answer is A.

Lesson 2: Employee Payroll Tax Data

Lesson Summary



At least two tax forms, W-4 and K-4, are required from new hires to establish the employee's federal and state withholding information.



Each employee who is claiming a withholding exemption must submit a new form to continue the federal tax exemption status by the December deadline for the next calendar year.



On a new hire row for tax data defaults the Special Tax Withholding Status of "None", Tax Marital Status of "Single" and $0.00 amounts for remaining fields. This data may need to updated as specified on the employee's W-4 and K-4 forms.

In this lesson, I walked you through employee federal, state, local tax data, and tax distribution. On the left are some key concepts discussed in this lesson.



Lesson Completion

Congratulations! You have finished this lesson.

If you have another lesson to take, return to the 9.2 Training Resources page to select the next lesson you want to take.

