

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



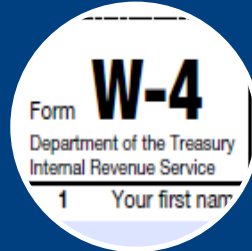
Lesson 2: Employee Payroll Tax Data

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.



Topic 1:
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





Lesson 2: Employee Payroll Tax Data

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.





Lesson 2: Employee Payroll Tax Data

□ Employee Tax Data Overview - 2

The W-4 tax form is required to establish an employee's federal tax withholding, such as marital status, number of allowances, 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.



Lesson 2: Employee Payroll Tax Data

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 number of allowances, marital status, exempt status, and additional withholding amounts, 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.





Lesson 2: Employee Payroll Tax Data

□ Employee Tax Data Overview - 4

Agencies are still responsible for maintaining copies of Form W-4 for their employees, so a copy of the e-mail notification should be maintained by the agency. If the IRS requests a copy of an employee's W-4, print a copy of the Federal Tax Data page for the employee, attach a copy of the e-mail notification, and also attach a statement that to the best of the employer's knowledge, the electronic Form W-4 was filed by the named employee.

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.



Lesson 2: Employee Payroll Tax Data

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.





Lesson 2: Employee Payroll Tax Data

❑ 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 'Update My 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>. In the case when employees lack an individual email address, notifications will be sent to the agency payroll supervisor's 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.



Lesson 2: Employee Payroll Tax Data

❑ 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 accessed at : ***Main Menu > Worklist > Worklist***

Or by clicking the Worklist link at the top of any active SHARP page.





Lesson 2: Employee Payroll Tax Data

□ The Annual W-4 Tax Exemption Renewal Process - 3

ORACLE

Home | Worklist | Add to Favorites | Sign out

Favorites | Main Menu > Worklist > Worklist

New Window | Help | Personalize Page | http

Worklist for DAARAAA: Peter C Walker

Detail View | Work List Filters: [] | Feed

From	Date From	Work Item	Worked By Activity	Priority	Link		
Jan C Doe	12/01/2010	Agy Payroll Supervisor	Update Employee Pay Data	[]	K0000000001, SOK	Mark Worked	Reassign
John L Faith	12/01/2010	Agy Payroll Supervisor	Update Employee Pay Data	[]	K0000000002, SOK	Mark Worked	Reassign

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.





Lesson 2: Employee Payroll Tax Data

❑ 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.

The full menu path is :

Payroll for North America > Employee Pay Data USA > Tax Information > Update Employee Tax Data



Lesson 2: Employee Payroll Tax Data

Enter Existing Value

Entering Federal Tax Information - 1








Update Employee Tax Data

Enter any information you have and click Search. Leave fields blank for a list of all values.

Find an Existing Value

Limit the number of results to (up to 300):

Use Saved Search: 

Empl ID:	<input type="text" value="begins with"/> 	<input type="text"/>
Company:	<input type="text" value="begins with"/> 	<input type="text"/> 
Name:	<input type="text" value="begins with"/> 	<input type="text"/>
Last Name:	<input type="text" value="begins with"/> 	<input type="text"/>
Second Last Name:	<input type="text" value="begins with"/> 	<input type="text"/>
Alternate Character Name:	<input type="text" value="begins with"/> 	<input type="text"/>

Include History Correct History

[Basic Search](#)



[Save Search Criteria](#)

[Delete Saved Search](#)

Step 1: Type the **employee ID** in the Empl ID field, then click **Search**.



Lesson 2: Employee Payroll Tax Data

❑ Entering Federal Tax Information - 3

Federal Withholding Elements	
*Special Withholding Tax Status:	<div style="border: 1px solid black; padding: 2px;"> <div style="border-bottom: 1px solid black; padding: 2px;">None ▼</div> <div style="padding: 2px;">Maintain taxable gross</div> <div style="padding: 2px;">No taxable gross, no tax taken</div> <div style="padding: 2px; background-color: #e0e0e0;">None</div> <div style="padding: 2px;">Nonresident alien</div> </div>
*Tax Marital Status:	<div style="border: 1px solid black; padding: 2px;"> <div style="padding: 2px;"> us if married but withholding at single rate. </div> </div>
Withholding Allowances:	<input type="text" value="0"/>
Additional Amount:	<input type="text" value="\$0.00"/>
Additional Percentage:	<input type="text" value="0.000"/>
*Earned Income Credit Status:	<div style="border: 1px solid black; padding: 2px;"> <div style="border-bottom: 1px solid black; padding: 2px;">Not applicable ▼</div> </div>
	<input checked="" type="checkbox"/> Exempt from FUT

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”.



Lesson 2: Employee Payroll Tax Data

□ Entering Federal Tax Information - 4

Federal Withholding Elements

*Special Withholding Tax Status:

*Tax Marital Status: Single

Check here and select Single status if married but withholding at single rate.

Withholding Allowances:

Additional Amount:

Additional Percentage:

*Earned Income Credit Status:

Exempt from FUT

Step 4: Click the drop down arrow by the Tax Marital Status field, then select the appropriate status (either Married or Single) based on the employee's W-4. If the employee is married, but wishes to withhold at the higher single rate, you should select the Single status, then click on the (Check here and select Single...) check box.



Lesson 2: Employee Payroll Tax Data

□ Entering Federal Tax Information - 5

Federal Withholding Elements

*Special Withholding Tax Status:

*Tax Marital Status: Single
 Check here and select Single status if married but withholding at single rate.

Withholding Allowances:

Additional Amount:

Additional Percentage:

*Earned Income Credit Status:

Exempt from FUT

Step 5: Complete the Withholding Allowances and the Additional Amount as indicated on the employee's W-4. Additional Percentage and Earned Income Credit Status are not used. The system defaults to "Exempt from FUT" and should not be changed.



❑ Entering Federal Tax Information - 6

▼ W-4 Processing Status ?	
<input type="radio"/> None	
<input type="radio"/> Notification Sent	
<input type="radio"/> New W-4 Received	
▼ Lock-In Letter Details ?	
<input type="checkbox"/> Letter Received	Limit On Allowances <input type="text" value="0"/>

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

Enter Federal Tax Information - 7

▼ State Tax Options ?

Use Total Wage for Multi-State Taxation
 Always Create W-2 for PA NQDC Reporting

▼ Tax Treaty/Non-Resident Data ?

Country

*Form W-9 Received

Taxpayer ID Number

Treaty ID

Form W-9 Effective Date

NRA Withholding Rule

Education and Government

Date of Entry

*Form 8233 Received

Form 8233 Expiration Date

Form W-8 Effective Date

Treaty Expiration Date

Form 8233 Effective Date

*Form W-8 Received

Form W-8 Expiration Date

Allowable Earnings Codes
Personalize | Find | View All | First 1 of 1 Last

Income Code (for 1042-S)	Eligible Earnings Per Year	Tax Rate After Form Received	Tax Rate Before Form Received

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.



Lesson 2: Employee Payroll Tax Data

Entering State Tax Information - 1

Federal Tax Data | State Tax Data | Local Tax Data

D Smith Person ID: Koo...

Tax Data

Company: SOK State of Kansas Effective Date: 07/01

State Information

*State:

Resident Non-Residency Statement Filed

UI Jurisdiction Exempt From SUT

Leave off. the State of Kansas does not currently have reciprocal agreements with other states

Indicates if the employee is a resident of the state identified on the page. Only one state can be identified as the state of residence if the employee has multiple state rows.

Indicates if the state identified on this row has Unemployment Insurance jurisdiction. It should be clicked on for the Kansas state row when the employee is working in Kansas. If the employee's job location is other than Kansas, this check box should be clicked off for Kansas and on for that other state's tax row.

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 works (that state's UI Jurisdiction box should be checked). **Note:** Maintain a row for the State of Missouri only if the employee has requested taxes for the city of Kansas City, MO be withheld from his/her paycheck.





Lesson 2: Employee Payroll Tax Data

□ Entering State Tax Information - 2

Federal Tax Data State Tax Data Local Tax Data

D Smith Person ID: K0000000001

Tax Data Find | View All First 1 of 1 Last

Company: SOK State of Kansas Effective Date: 07/01/1977 + -

State Information Find | View All First 1 of 1 Last

*State: Kansas + -

Resident UI Jurisdiction

Non-Residency Statement Filed Exempt From SUT

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>.



Lesson 2: Employee Payroll Tax Data

□ Entering State Tax Information - 3

State Withholding Elements	
*Special Withholding Tax Status:	<input type="text" value="None"/> <ul style="list-style-type: none"> Maintain taxable gross No taxable gross; no tax taken <li style="background-color: #e0e0e0;">None Nonresident alien (Fed Rules)
*Tax Marital Status:	<input type="text" value=""/>
Withholding Allowances:	<input type="text" value="0"/>
Additional Amount:	<input type="text" value="\$0.00"/>
Additional Percentage:	<input type="text" value="0.000"/>
Additional Allowances:	<input type="text" value="0"/>
Lock-In Letter Details	
<input type="checkbox"/> Letter Received	Limit On Allowances: <input type="text" value="0"/>

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)”.




Lesson 2: Employee Payroll Tax Data

□ Entering State Tax Information - 4

State Withholding Elements

*Special Withholding Tax Status: ▼

*Tax Marital Status: 

Withholding Allowances:

Additional Amount:

Additional Percentage:

Additional Allowances:

▼ Lock-In Letter Details

Letter Received Limit On Allowances:

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.

Letter Received: Indicates if a letter has been received from the IRS specifying the allowances an employee is allowed to take.

Limit on Allowances: The maximum number of allowances as stated on the IRS letter. The value entered in Withholding Allowances cannot exceed the value entered in this field.

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

State Information

State: Kansas

Local Information

*Locality:

Resident Other Work Locality:

Local Withholding Elements

Special Withholding Tax Status:

Tax Marital Status:

Withholding Allowances:

Additional Amount:

Additional Percentage:

The state (defaults from the State Tax Data page) for which the local tax data is being entered.

Select the locality the employee works/lives in from the list.

Local Withholding Elements:
Special Tax Status: Select "None" if no special tax status exists so the system will calculate the local withholding tax based on the employee's gross, marital status, and withholding allowances. Never select "Do Not Maintain Taxable Gross and Do Not Withhold Tax". Select "Maintain Taxable Gross; LWT zero unless specified in 'Additional Withholding' below" to override the normal tax calculation with the amount indicated in the "Additional Withholding Amount" block below. LWT stands for Local Withholding Tax. **Additional Percentage** is not used..

Local tax information is not mandatory and is not maintained unless the employee signed a form to request the local tax to be withheld. For questions on local withholding, contact Payroll Services.

Step 10: When you are done updating the employee's tax data, click the **Save** button.





Lesson 2: Employee Payroll Tax Data

□ 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.

The full menu path is :

Payroll for North America > Employee Pay Data USA > Tax Information > Update Tax Distribution



Lesson 2: Employee Payroll Tax Data

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

Update Tax Distribution

Enter any information you have and click Search. Leave fields blank for a list of all values.

Find an Existing Value

Limit the number of results to (up to 300):

Empl ID:

Empl Record:

Name:

Last Name:

Second Last Name:

Alternate Character Name:

Middle Name:

Include History Correct History

[Basic Search](#)



[Save Search Criteria](#)

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



Lesson 2: Employee Payroll Tax Data

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


Update Tax Distribution

[D Smith](#)

EMP

ID: K0000000001 Empl Record: 0



Tax Distribution Find | View All | First 1 of 1 Last


*Effective Date: 

Country: USA

Insert Pre-filled Tax Location

States/Localities Customize | Find | View All | First 1 of 1 Last

*State	Locality	Locality Name	Percent of Distribution	
<input type="text" value="KS"/> 	<input type="text"/> 		<input type="text" value="100.000"/>	+ -

 Save
  Return to Search
  Notify
  Refresh
  Update/Display
  Include History
  Correct History

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



Lesson 2: Employee Payroll Tax Data

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

Update Tax Distribution

[D Smith](#)

EMP

ID: K0000000001 Empl Record: 0

Tax Distribution Find | View All | First 1 of 1 Last

*Effective Date: 07/01/1977 + -

Country: USA

Insert Pre-filled Tax Location

States/Localities Customize | Find | View All | First 1 of 1 Last

*State	Locality	Locality Name	Percent of Distribution	
KS			100.000	+ -

Save
Return to Search
Notify
Refresh
Update/Display
Include History
Correct History

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**.



Lesson 2: Employee Payroll Tax Data

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

Update Tax Distribution

[D Smith](#)

EMP

ID: K0000000001 Empl Record: 0

Tax Distribution Find | View All First 1 of 1 Last

*Effective Date:

Country: USA

Insert Pre-filled Tax Location

States/Localities Customize | Find | View All First 1 of 1 Last

*State	Locality	Locality Name	Percent of Distribution
<input type="text" value="KS"/>	<input type="text"/>		100.000 <input type="button" value="+"/>

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 2: Employee Payroll Tax Data

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 additional federal tax withholding amount has two effective dated rows :

\$50.00 effective 9/21

\$100.00 effective 10/05

What additional amount 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 and number of exemptions claimed will default to “S-0” for the hire date. For new hires not claiming “S-0”, 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, the Special Tax Withholding Status of "None", Tax Marital Status of "Single" with "0" (zero) withholding allowances will default to the employee's tax data, which may need to be 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 2: Employee Payroll Tax Data

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.

