

HOW TO CREATE A TAX CATEGORY

Question

PLEASE REFER TO THE STEPS BELOW:

Answer

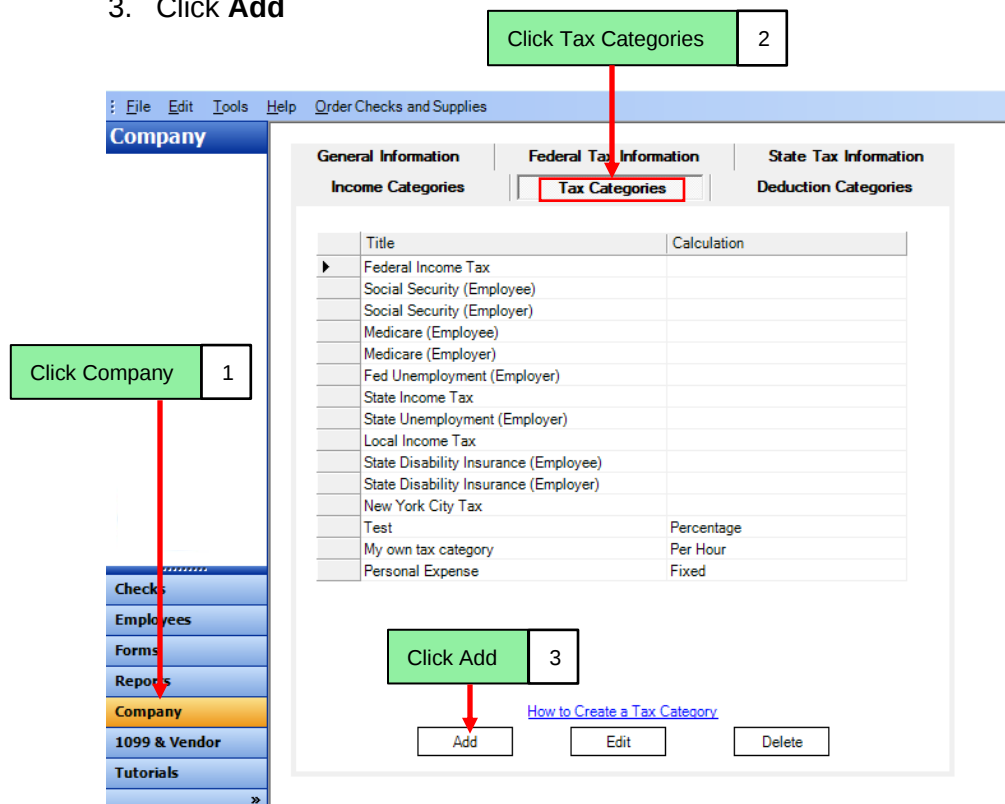
Payroll Mate gives users the ability to create a custom tax category if the tax category does not already exist in the software.

To create a tax category:

Make sure you have the correct company open.

The following is a step-by-step guide to adding a tax category:

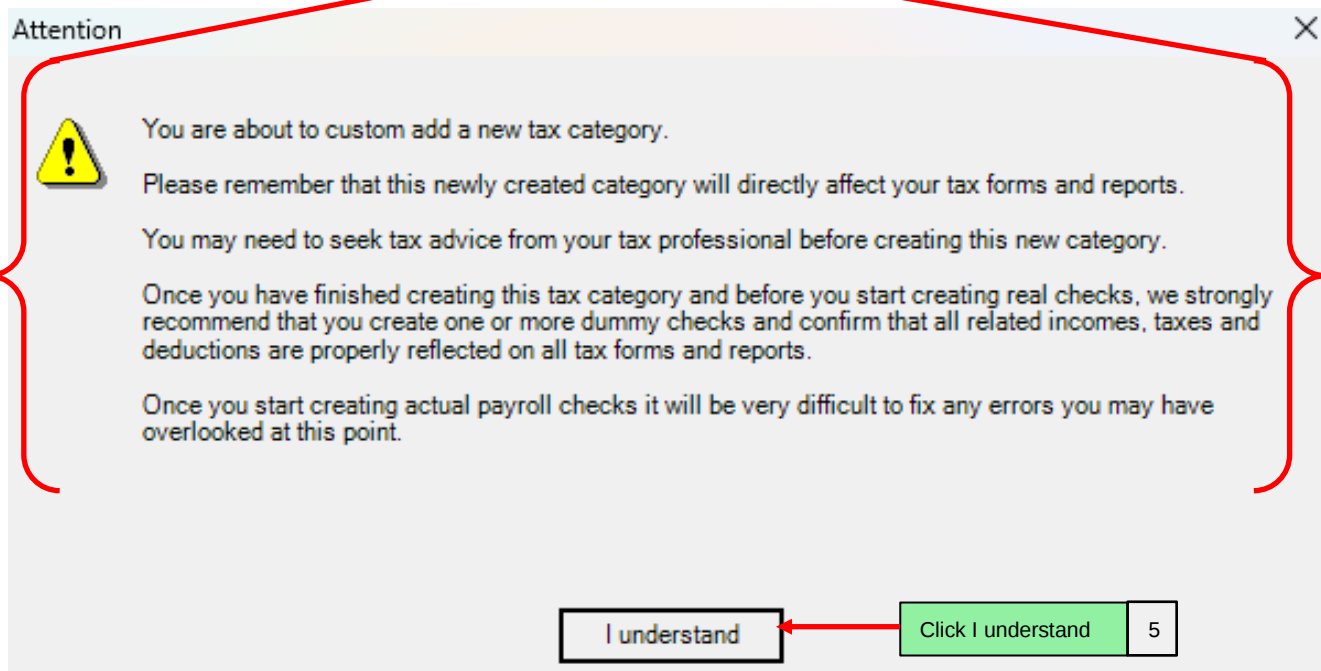
1. Click **Company**
2. Click **Tax Categories**
3. Click **Add**



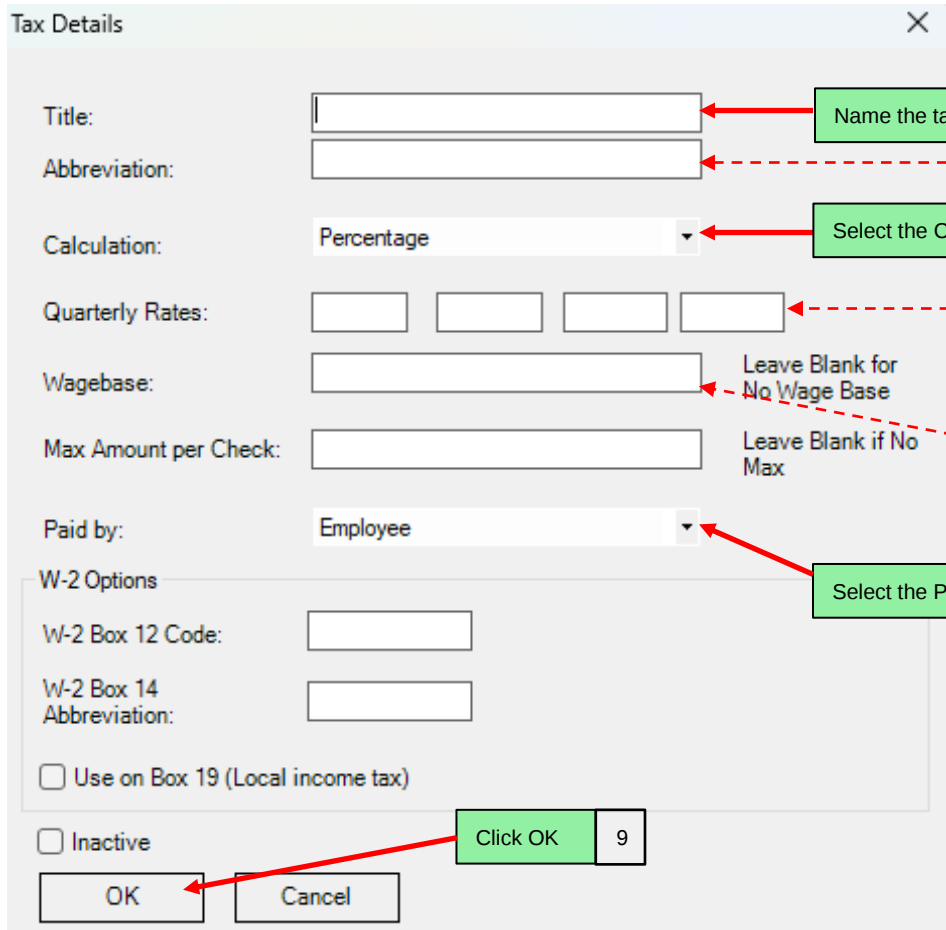
The screenshot shows the Payroll Mate software interface. On the left is a navigation menu with options: Checks, Employees, Forms, Reports, **Company** (highlighted), 1099 & Vendor, and Tutorials. A red arrow points from the 'Company' menu item to a green box labeled 'Click Company' with the number '1'. The main window has a menu bar (File, Edit, Tools, Help, Order Checks and Supplies) and three tabs: General Information, Federal Tax Information, and State Tax Information. Under the Federal Tax Information tab, there are sub-tabs: Income Categories, **Tax Categories** (highlighted with a red box), and Deduction Categories. A red arrow points from the 'Tax Categories' sub-tab to a green box labeled 'Click Tax Categories' with the number '2'. The 'Tax Categories' sub-tab displays a table with columns 'Title' and 'Calculation'. The table lists various tax categories like Federal Income Tax, Social Security, Medicare, etc. At the bottom of the table, there are three buttons: 'Add', 'Edit', and 'Delete'. A red arrow points from the 'Add' button to a green box labeled 'Click Add' with the number '3'. Below the 'Add' button is a link that says 'How to Create a Tax Category'.

4. **Carefully read the disclaimer** to make sure you understand it.
5. Once you have carefully read and understand the disclaimer, click **I understand**

Carefully read the disclaimer 4



6. **Name the tax** that is being created
7. **Select the Calculation** you need from the dropdown
8. **Select the Paid by** you need from the dropdown (choose Employee or Employer)
9. Click **OK**



Tax Details

Title: ← **Name the tax** 6

Abbreviation: ← Abbreviation populates automatically but you can make your own abbreviation if needed.

Calculation: ← **Select the Calculation** 7

Quarterly Rates: ← Depending on the Calculation that was chosen enter in the Rates or the Amount.

Wagebase: ← Leave Blank for No Wage Base

Max Amount per Check: ← Leave Blank if No Max

Paid by: ← **Select the Paid by** 8

W-2 Options

W-2 Box 12 Code:

W-2 Box 14 Abbreviation:

☐ Use on Box 19 (Local income tax)

☐ Inactive

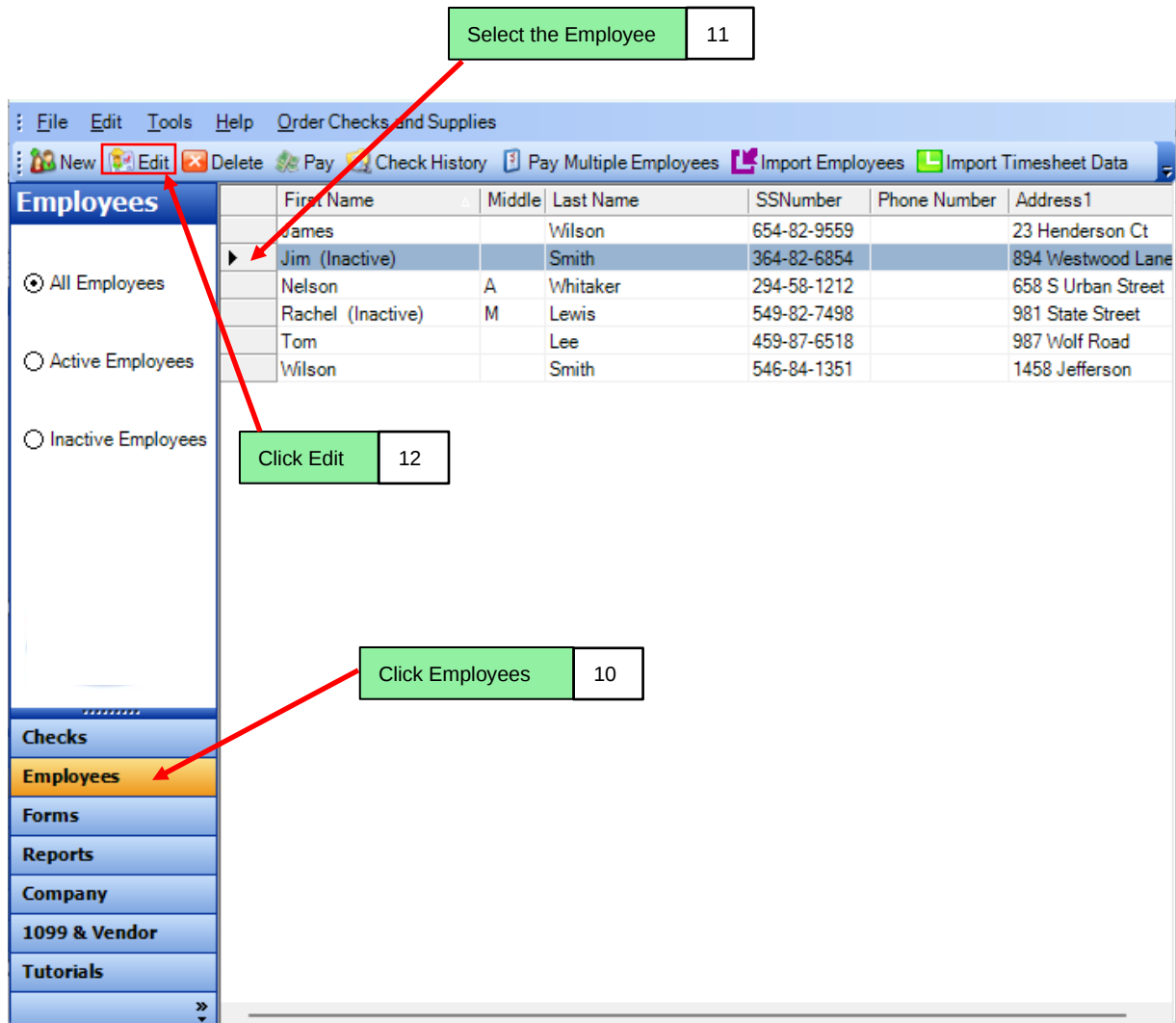
Click OK 9

← If there is a Wage base, enter it here.
(Wage base is the maximum dollar amount that is subject to the tax)

You have now created your custom tax category.

After creating the custom tax category, you may now apply it to your employee(s).

10. Click **Employees**
11. **Select the Employee** you need to add the newly created custom tax category to.
12. Click **Edit**

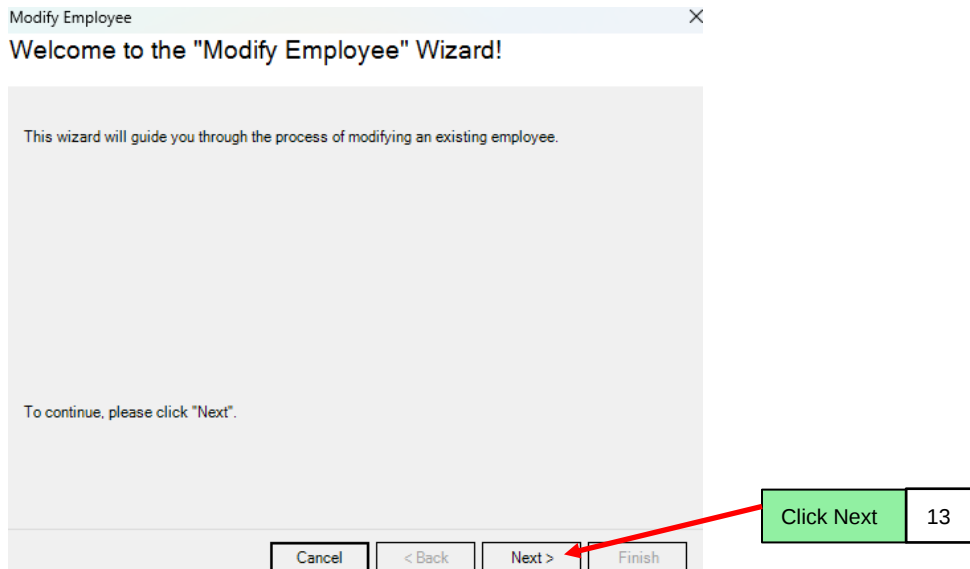


The screenshot shows the Payroll Mate software interface. The 'Employees' menu item is highlighted in the left sidebar. The 'Edit' button in the top toolbar is highlighted with a red box. A red arrow points from the 'Edit' button to the 'Employees' menu item. Another red arrow points from the 'Employees' menu item to the 'Jim (Inactive)' employee row in the table. A third red arrow points from the 'Edit' button to the 'Edit' button in the table row for 'Jim (Inactive)'. The table lists employees with columns for First Name, Middle, Last Name, SSNumber, Phone Number, and Address 1.

	First Name	Middle	Last Name	SSNumber	Phone Number	Address 1
	James		Wilson	654-82-9559		23 Henderson Ct
▶	Jim (Inactive)		Smith	364-82-6854		894 Westwood Lane
	Nelson	A	Whitaker	294-58-1212		658 S Urban Street
	Rachel (Inactive)	M	Lewis	549-82-7498		981 State Street
	Tom		Lee	459-87-6518		987 Wolf Road
	Wilson		Smith	546-84-1351		1458 Jefferson

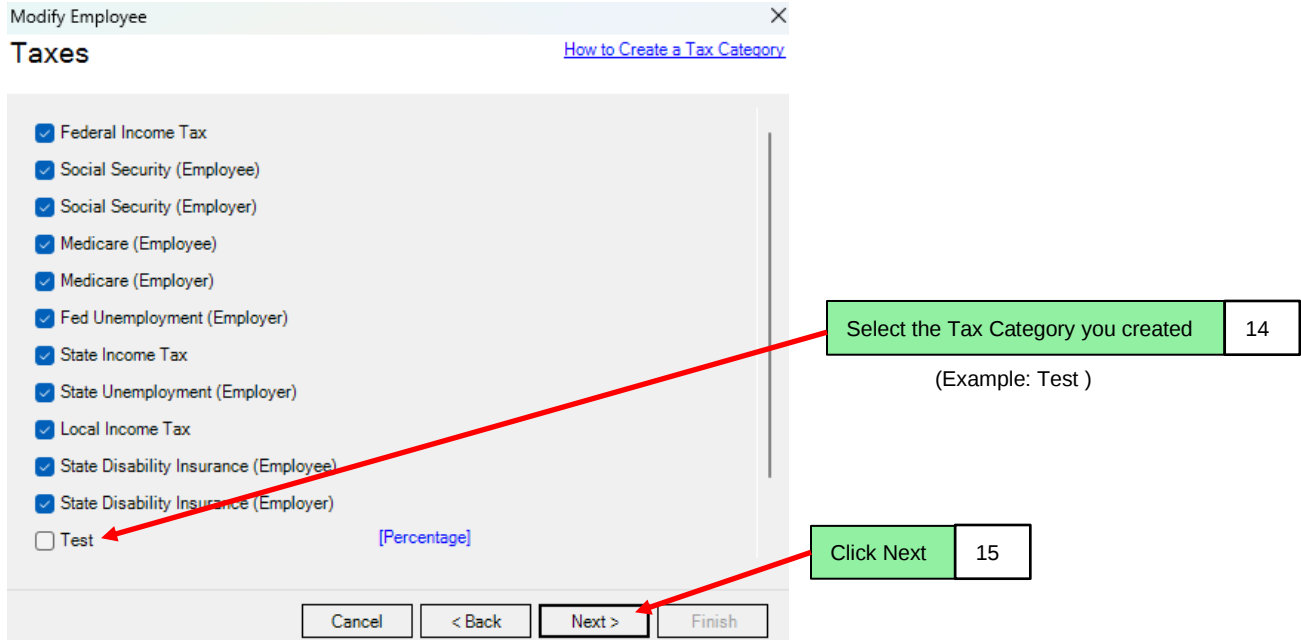
Navigation menu items: Checks, **Employees**, Forms, Reports, Company, 1099 & Vendor, Tutorials.

13. The Welcome to the Modify Employee Wizard will appear, click **Next**



Continue to click next until you reach the **Taxes** screen

14. **Select the Tax Category** you just created (Example: Test)
15. Click **Next**



Modify Employee ×

Taxes [How to Create a Tax Category](#)

- ☒ Federal Income Tax
- ☒ Social Security (Employee)
- ☒ Social Security (Employer)
- ☒ Medicare (Employee)
- ☒ Medicare (Employer)
- ☒ Fed Unemployment (Employer)
- ☒ State Income Tax
- ☒ State Unemployment (Employer)
- ☒ Local Income Tax
- ☒ State Disability Insurance (Employee)
- ☒ State Disability Insurance (Employer)
- ☐ Test [Percentage]

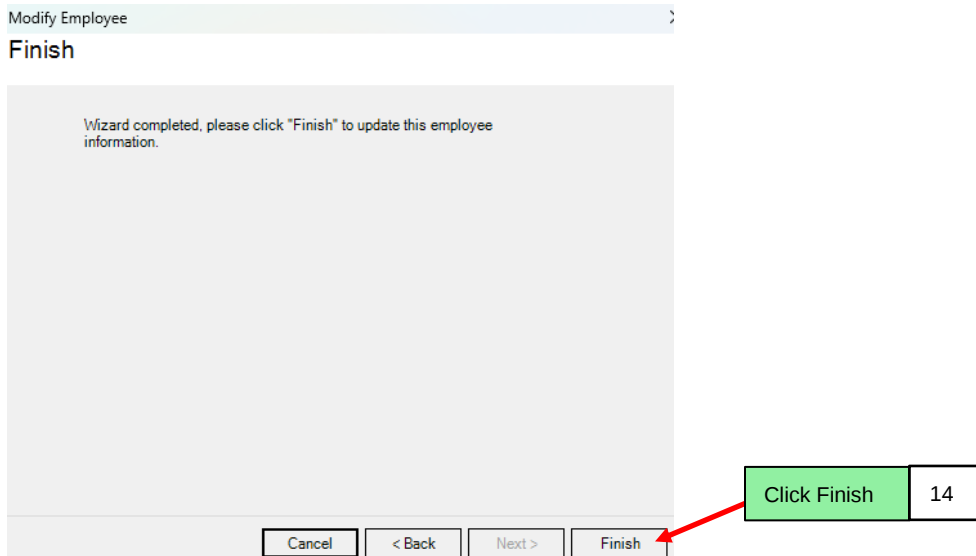
Cancel < Back **Next >** Finish

Select the Tax Category you created 14
(Example: Test)

Click Next 15

Continue to click next until you reach the **Finish** screen

16. Click **Finish**



Modify Employee ×

Finish

Wizard completed, please click "Finish" to update this employee information.

Cancel < Back Next > **Finish**

Click Finish 14

You have now applied your newly created custom tax category to that one employee.
You may proceed with applying it other employees, if needed.