

End of Year Processing and 2021 Payroll Changes

Please distribute this fax to those employees responsible for PAYROLL year-end processing.

A separate document will be sent with year end information for all modules and will be posted to our Web Site on: <http://www.petrodatainc.com/Docs.html>

The following information came from ‘Publication 15-T Federal Income Tax Withholding Methods’ for use in 2021 from IRS.gov.

TAKE SPECIAL NOTE OF PAGE 4 OF THIS DOCUMENT ABOUT HOW FWT IS CALCULATED IN PETRO-DATA.

PAYROLL YEAR-END

TAX RATE CHANGE OVERVIEW:

FUTA Rate (employer)	.006	(no information)
SSEC Rate (employee)	6.2	(not changed)
Maximum taxable	\$142800	CHANGED
ERSSEC Rate (employer)	6.2	(not changed)
Maximum taxable	\$142800	CHANGED
MEDI Rate (employee)	1.45	(not changed)
Maximum taxable	none	(not changed)
ERMEDI Rate (employer)	1.45	(not changed)
Maximum taxable	none	(not changed)
Withholding Allowance	\$4300	W4 <2020

Income over \$200000 MEDI .9% Employee only Additional Medicare

Please inform Petro-Data if you have employees who go over the \$200000 for information on how to handle the deduction.

PAYROLL - Quarter and Year End

1. Closing the YEAR in Payroll - (see Quarter and Year End Checklists)

****Do not print any payroll checks dated January until the year is closed.**

Before you close the Year in PR, be sure to check and balance the QTD and YTD totals. Use the Employee Wage and Tax Report with YTD option and your four quarterly reports. Any corrections must be made BEFORE the year is closed in the Payroll module.

DO NOT CLOSE PAYROLL TWICE! There is only ONE closing at year end. Print reports for the quarter, then print reports for the year and balance. Then 'Close Quarter and Year'. If you aren't sure it closed, verify by exiting to the desktop, going back into payroll and making sure Payroll shows Quarter 1.

2. After Payroll Closing

Miscellaneous payroll deductions for loans, etc. WILL need to be maintained before running the first payroll in January. YTD figures including deductions are cleared during closing. This could cause you to over-deduct loans. Also remove fringe benefit totals if any were entered.

3. Tax Changes

****Social Security Maximum.** Maximum Taxable Gross for Social Security for 2021 IS changed. To change, select *Files* and then *Taxes*. Don't forget to ****SAVE****.

****Tax code "SSEC" Change Maximum gross to \$142800.00 **<SAVE>****
and

****Tax Code "ERSSEC" Change Maximum gross to \$142800.00 **<SAVE>****

*****BE SURE TO CHANGE BOTH SSEC and ERSSEC *****

****Verify Employee Social Security Rate:**

"SSEC" rate is 6.2 Employee rate

"ERSSEC" rate is 6.2 Employer rate

****The Federal Withholding Rate for ONE Allowance:**

*For W-4's submitted in 2019 or earlier, calculating FWT deduction uses number of exemptions times 4300.00. Petro-Data payroll uses this to calculate FWT. More information about this later in this document.

Select *System* and then *Change Setup Information*.

Press <enter> to get to 'Fed withholding allowance' and verify that it is 4300.00.

Save the change when prompted.

Continue to press <enter> leaving the rest of the options as they were.

Change Suta Tax Rate. When you receive your State Unemployment Tax rate for the new year, go to menu item *Files* and then *Taxes*. Enter code "SUTAxX" (where xx is your state ID. Ex: SUTATX, SUTAMS, SUTAFL, etc). Enter the new rate.

2021 State Income Tax Rate Changes. If you run payroll for States that have State Withholding and those rates or calculations will change in 2021, PLEASE inform Customer Support as soon as possible. TEXAS DOES NOT HAVE STATE INCOME TAX.

IMPORTANT 2021 PAYROLL INFORMATION AND DISCLAIMER

1. New employees beginning in 2020 fill out a new W4 form. However, according to available information, you do not have to get a new W4 from employees who have already provided one prior to 2020.
2. Petro-Data will only support the standard SINGLE, MARRIED, and HEAD OF HOUSEHOLD tables which work with number of exemptions and are included in this document. These tables were created by the IRS to work with number of exemptions. Anyone who requires more withholding because of multiple family incomes putting them in a higher tax bracket, may have additional FWT deducted. Instructions below.

PR, Files, Employees, enter employee number or select from lookup.

<Hist> <Withholdings> <Edit>

Enter amount under ‘Supplemental’ ‘Taxes’ in whole numbers (\$100 even in the example).

Employee History							
AJA1	Anderson, Jack A		Exempt (Y/N)			Exempt (Y/N)	
	QTD Wages	YTD Wages	Sick SSEC	N	Sick SDI	N	
Hours	0.00	0.00	Sick MEDI	N	Sick SUTA	N	
Gross	10000.00	10000.00	Sick FUTA	N			
Tips	0.00	0.00					
Net	9135.00	9135.00					
Employee Withholdings						Supplemental	
	QTD Wages	YTD Wages	QTD Taxes	YTD Taxes	Exempt (Y/N)	Wages	Taxes
FWT	10000.00	10000.00	100.00	100.00	N	---	100

3. Anyone who needs LESS FWT deducted can increase the number of exemptions in their Employee file in the Petro-Data PR program.

6. NEW FEDERAL WITHHOLDING TABLES for 2021

SINGLE TABLE

(‘Head of Household’ is now a separate table)

Tax Code ==> FWT, Fed PIT Withhld			Marital Status ==> S	
Seq	Lower Income Limit	Tax on Base Amount	Tax Rate over Limit	
1	3950.00	0.00	0.100	
2	13900.00	995.00	0.120	
3	44475.00	4664.00	0.220	
4	90325.00	14751.00	0.240	
5	168875.00	33603.00	0.320	
6	213375.00	47843.00	0.350	
7	527550.00	157804.25	0.370	

SINGLE TABLE

Here are the instructions to change the tables:

In Payroll, go to menu item:

Files and then *Taxes* .

Enter ‘FWT’ and select ‘*Update Table*’ .

Enter Marital Status: ‘S’ for the Single Table

Select ‘*Change*’

Enter Sequence Number (Seq) beginning with ‘1’ and change the amounts. Repeat until all lines are correct.

Quit and then Enter Marital Status: ‘M’ for the Married Table. Repeat *Change* steps.

MARRIED TABLE

Tax Code ==> FWT, Fed PIT Withhld			Marital Status ==> M
Seq	Lower Income Limit	Tax on Base Amount	Tax Rate over Limit
1	12200.00	0.00	0.100
2	32100.00	1990.00	0.120
3	93250.00	9328.00	0.220
4	184950.00	29502.00	0.240
5	342050.00	67206.00	0.320
6	431050.00	95686.00	0.350
7	640500.00	168993.50	0.370

MARRIED TABLE

Select 'Change'

Enter Sequence Number (Seq) beginning with '1' and change the amounts. Repeat until all lines are correct.

Quit and enter Marital Status: 'H' for Head of Household. Repeat steps using the table below.

HEAD OF HOUSEHOLD

Tax Code ==>	FWT, Fed PIT Withhld		Marital Status ==>	H
Seq	Lower Income Limit	Tax on Base Amount	Tax Rate over Limit	
1	10200.00	0.00	0.100	
2	24400.00	1420.00	0.120	
3	64400.00	6220.00	0.220	
4	96550.00	13293.00	0.240	
5	175100.00	32145.00	0.320	
6	219600.00	46385.00	0.350	
7	533800.00	156355.00	0.370	

7. **W2s.**

Do not wait until the last minute to test print your W-2s!

They can be printed more than once. We highly recommend that you print them on plain paper first. Trace your W2s onto the paper and make sure the alignment is OK. Look at the totals to make sure they are right.

W2 Forms. The format that Petro-Data prints is the TWO PER PAGE format. You can get them from Genesis Printing or from most office supply stores.

W3 can be printed on the form in the PRREPS section of Petro-Data's Utility menu under the W2 option.

W-2s are printed **after the option 'Close Quarter and Year' is run** in the payroll module. You may print January checks before W2s are printed. If you print them before closing, check them carefully to make sure you get the 2020 totals. We recommend closing and then printing them later.

There are alignment adjustments in the Laser W2 programs, so alignment should not be difficult. Make sure to print more than one form when testing the alignment. If you are not able to align them on one printer, try another printer.

Note: If anyone has Roth Contributions going to a section 401 or 403. There are fields in the W2 Browse where you will need to enter these contributions.

Note 2: If you have ANY deductions that require special handling on the W2, check the

W2s from the plain paper copy. Make sure they print properly BEFORE printing them on the actual forms.

Note 3: If you have withheld the .9% additional MEDI using the 'Additional Federal Withholding' field, call Petro-Data for instruction on moving that amount to the MEDI field so that W2's will print correctly.

(f:\docs\yearend\yearendPR20.wpd and pdf)