GEMINI ACCOUNTING PAYROLL SETUP PROCEDURE
ALABAMA STATE TAX TABLE AND WITHHOLDING TAX DEDUCTION SETUP

NOTE REGARDING THE SOURCE OF PAYROLL TAX INFORMATION
Builder Incubator will make every effort to ensure the information we provide is current and accurate. The source of information (the website and the document name) is included for your convenience. The governing body (both State and Federal) will occasionally relocate a source document; therefore the website link may no longer work. It is generally best to look up via document name.

CAUTION NOTICES
In the course of developing these support documents, if we conclude the details provided by the governmental body may be in error, we will include a CAUTION NOTICE in RED text to bring it to your attention.

If you have questions about any other special payroll issues, please refer to the documents available under **Support |Fed-State Tax Tables** on our website:
 http://builderincubator.com/support/fed-state-tax-tables.html

The information which follows provides the minimum information required for setting up Alabama state tax withholding. It has been tested and appears to be substantially correct. **The user is responsible for obtaining updated state tax changes, updating state tax tables and rates information, and verifying that deduction calculation results are correct as necessary**.

You may also need to create the AL state unemployment tax deduction (AL SUTA). This deduction document (MultiState SUTA Deduction) is available for download on the Prosoft website.

The Alabama State Income Tax Withholding Deduction was created from the following documents. You may need them in order to test and verify this deduction is working properly and to update/enter correct withholding information for your employees. They can be accessed on the Alabama Department of Revenue website:

DOCUMENT	**SOURCE**
Withholding Tax Tables & Instructions for Employers and Withholding Agents	Alabama Department of Revenue
Form A4, *Employee's Withholding Exemption Certificate*	Same as above, must be completed by employee
Form A4-E, *Employee's Withholding Exemption Certificate*	Same as above, must be completed by employee

Note:This document is based on a STATE revision date of **August 2021**

Please review your existing Deduction Tables and/or Master Deductions to see if the table(s) and/or the deduction which follows already exists in your system. If they do, you may need to simply update existing information. If they do not, you will need to create new tables and/or a new deduction. Please proceed to Step 1, below, to begin.

STEP 1 – PAYROLL TAX TABLE(S) (Withholding Tax Rate) : Add/Change Alabama State Income Tax Table (**PR | Payroll Setup | Tax**

Tables: If the table shown, below, does not presently exist, select **Insert**. If a table does exist, select it and then select **Change**. Enter/update/verify the state tax table data as necessary. Select **OK | Close** to return to the main Gemini window. **Note:** Any changes to the table is shown in 12 pitch **Times New Roman Bold** red font.

Table Name: **ALSITT** Description: **AL SIT Table- All Except Married**			Table Name: **ALSITTM** Description: **AL SIT Table- Married Filing Jointly**		
Lower Limit	Fixed Amount	Variable Rate	Lower Limit	Fixed Amount	Variable Rate
0.00	**0.00**	**2.0000**	**0.00**	**0.00**	**2.0000**
500.00	**10.00**	**4.0000**	**1,000.00**	**20.00**	**4.0000**
3,000.00	**110.00**	**5.0000**	**6,000.00**	**220.00**	**5.0000**

STEP 1B – PAYROLL TAX TABLE (Standard Deduction Amounts): Add/Change Alabama State Income Tax Tables **(PR | Payroll Setup | Tax Tables:** If the table shown, below, does not presently exist, select **Insert.** If the table does exist, select it and then select **Change**. Enter/update/verify the state tax table data as necessary. Select **OK | Close** to return to the main Gemini window. **Note:** Any changes to the table is shown in 12 pitch **Times New Roman Bold** red font.

<div align="center">

Table Name: **ALSDH**
Description: **AL Std Dedn Table- Head Of Household**

</div>

Lower Limit	Fixed Amount	Variable Rate	Lower Limit	Fixed Amount	Variable Rate
0.00	4,700.00	0.0000	0.00	7,500.00	0.0000
23,500.00	4,565.00	0.0000	23,500.00	7,325.00	0.0000
24,000.00	4,430.00	0.0000	24,000.00	7,150.00	0.0000
24,500.00	4,295.00	0.0000	24,500.00	6,975.00	0.0000
25,000.00	4,160.00	0.0000	25,000.00	6,800.00	0.0000
25,500.00	4,025.00	0.0000	25,500.00	6,625.00	0.0000
26,000.00	3,890.00	0.0000	26,000.00	6,450.00	0.0000
26,500.00	3,755.00	0.0000	26,500.00	6,275.00	0.0000
27,000.00	3,620.00	0.0000	27,000.00	6,100.00	0.0000
27,500.00	3,485.00	0.0000	27,500.00	5,925.00	0.0000
28,000.00	3,350.00	0.0000	28,000.00	5,750.00	0.0000
28,500.00	3,215.00	0.0000	28,500.00	5,575.00	0.0000
29,000.00	3,080.00	0.0000	29,000.00	5,400.00	0.0000
29,500.00	2,945.00	0.0000	29,500.00	5,225.00	0.0000
30,000.00	2,810.00	0.0000	30,000.00	5,050.00	0.0000
30,500.00	2,675.00	0.0000	30,500.00	4,875.00	0.0000
31,000.00	2,540.00	0.0000	31,000.00	4,700.00	0.0000
31,500.00	2,405.00	0.0000	31,500.00	4,525.00	0.0000
32,000.00	2,270.00	0.0000	32,000.00	4,350.00	0.0000
32,500.00	2,135.00	0.0000	32,500.00	4,175.00	0.0000
33,000.00	2,000.00	0.0000	33,000.00	4,000.00	0.0000

Table Name: **ALSDMJ**
Description: **AL Std Dedn Table- Married Filing Jointly**

Table Name: **ALSDMS** Description: **AL Std Dedn Table- Married Filing Separately**			Table Name: **ALSDS** Description: **AL Std Dedn Table- Single or Claiming "0"**		
Lower Limit	Fixed Amount	Variable Rate	Lower Limit	Fixed Amount	Variable Rate
0.00	3,750.00	0.0000	0.00	2,500.00	0.0000
10,750.00	3,662.00	0.0000	23,500.00	2,475.00	0.0000
11,000.00	3,574.00	0.0000	24,000.00	2,450.00	0.0000
11,250.00	3,486.00	0.0000	24,500.00	2,425.00	0.0000
11,500.00	3,398.00	0.0000	25,000.00	2,400.00	0.0000
11,750.00	3,310.00	0.0000	25,500.00	2,375.00	0.0000
12,000.00	3,222.00	0.0000	26,000.00	2,350.00	0.0000
12,250.00	3,134.00	0.0000	26,500.00	2,325.00	0.0000
12,500.00	3,046.00	0.0000	27,000.00	2,300.00	0.0000
12,750.00	2,958.00	0.0000	27,500.00	2,275.00	0.0000
13,000.00	2,870.00	0.0000	28,000.00	2,250.00	0.0000
13,250.00	2,782.00	0.0000	28,500.00	2,225.00	0.0000
13,500.00	2,694.00	0.0000	29,000.00	2,200.00	0.0000
13,750.00	2,606.00	0.0000	29,500.00	2,175.00	0.0000
14,000.00	2,518.00	0.0000	30,000.00	2,150.00	0.0000
14,250.00	2,430.00	0.0000	30,500.00	2,125.00	0.0000
14,500.00	2,342.00	0.0000	31,000.00	2,100.00	0.0000
14,750.00	2,254.00	0.0000	31,500.00	2,075.00	0.0000
15,000.00	2,166.00	0.0000	32,000.00	2,050.00	0.0000
15,250.00	2,078.00	0.0000	32,500.00	2,025.00	0.0000
15,500.00	2,000.00	0.0000	33,000.00	2,000.00	0.0000

STEP 2 – UPDATE RELATED PAYROLL MASTER DEDUCTION:

Alabama follows federal tax guidelines concerning "pre-tax" deductions which reduce the annual income amount on which taxes are paid on a dollar-for-dollar basis. Certain approved savings and health care insurance plan deductions fall into this category (for example, 401K, SIMPLE, SEP, and Cafeteria 125-type plans are the most common). If you have any of these deductions, please check with your Plan Administrator to determine which plans are tax exempt.

If you have approved pre-tax deductions, please review the **PRETAX** line in the formula shown in Step 3d. Each of the indicated deductions relies on calculations in deductions specifically for them and which may already exist in your system. If so, you may need to verify/change the pre-tax deduction variable names shown in the PRETAX line to match variable names presently in use for those deductions. If you are uncertain about what needs to be done, please contact Prosoft Support.

STEP 3 – CREATE PAYROLL MASTER DEDUCTION: Select **PR | Payroll Setup | Master Deductions**. If the deduction does not presently exist, select **Insert**. If it does exist, select **Change**. Enter/update/verify the state withholding tax deduction shown, below, and then select **OK | Close** to return to the main Gemini window. You may change the Deduction Code and Description if desired:

    a. **General tab:**

Deduction Code:	**ALSITW**
Description:	**AL St Tax W/H**
Deduction Group:	Select a deduction group if desired (and if defined). See **NOTE**, below.
Withholding GL Acct:	Enter a liability account number. This is the liability account to which SIT will accrue and from which it will be paid out through Accounts Payable. Select the search button to the right of the field if you need to search for/Insert/Change the appropriate account number.
Allow Withholding Override:	We recommend this option not be checked
Variable Name:	Not applicable.
Union ID:	Not applicable.
Deduction Type:	**SIT**
Deduction Type ID:	Not applicable.
Employee/Employer:	Select **Employee Deduction**.
Expense Acct:	Inactive field (not applicable for employee deductions).
In State ID:	**AL**
Load Sequence:	**200**
Default Deduction:	We recommend this box be checked if all your employees work in-state. If some employees work out-of-state, select and check if desired. When this

box is checked, Gemini automatically adds this deduction to all new employees and, if it is a new deduction, allows you to automatically add the deduction to all existing employee's list of deductions when you click on **OK** to accept it. **Reset at End-of-Year:** Select and check.

NOTE: The maximum number of deductions that can be shown on a check stub/voucher is nine. When the number of deductions exceeds the maximum, Deduction Groups allows multiple similar deductions to be consolidated and totaled under a single group heading (for example, Union Dedns). Select the "search button" to the right of the Deduction Groups field to select a deduction group from an existing list of groups. The list can be updated "on-the-fly" if/as necessary and can also be updated by selecting PR | Payroll Setup | Deduction Groups.

    b. **Labels tab:**

Labels for User Amounts: Enter the following definitions in the appropriate fields provided to the right of Amt1 through Amt3 labels (**WARNING:** At this point you are simply ***defining*** the variable user amount fields, **DO NOT ENTER EMPLOYEE DATA INTO THEM**):

Amt1: **Mar Stat**
Amt2: **Dependents**
Amt3: **Addtnl Tax**
Amt4: **Tax Status**

     Labels for Tables: Not applicable/leave blank

     Help Text: Either type or copy and paste the following information into the Help Text Box. Help information to be typed/copied is shown in 12 pitch **Times New Roman Bold** blue font.

ALABAMA STATE INCOME TAX DEDUCTION

The user is responsible for updating and verifying user-defined variables, if any, and the calculations made by the formula for this deduction are correct and for updating all internal and external variable references which the formula may access in the employee's data file, other formulas, tables, tasks, and so on.

Optional User Amts: Enter the following information from the appropriate line on the employee's Alabama Form A4 (for Optional User Amt1, Amt2, and Amt3) or, if the employee is exempt from AL SIT, Form A4-E (Optional User Amt4):

Amt1 (Mar Stat): Enter the employee's Marital Status as follows:

   0.00 = Single or married person claiming no personal exemption or an employee who failed to submit Form A-4 (line 1 = 0).

1.00 = Single Person (lines 2 or 3 = S.)
2.00 = Married person filing Separate (line 2 = MS).
3.00 = Married person filing Joint (line 3 = M).
4.00 = Head of Family/Household (line 3 = H).

Amt2 (Dependents): Enter number of Dependents claimed in Line 4.

Amt3 (Add Tax): Enter any additional withholding tax amount to be deducted each pay period in Line 5.

Amt4 (Tax Status):
  0.00 = Individual is NOT exempt from deduction of AL SIT.
  1.00 = Employee claims "...Exemption From Withholding" on Form A4-E. NOTICE: If an Alabama resident is exempt from AL SIT, DO NOT check the "Deduction is Inactive" box, you still need to accrue totals for quarterly reports and annual W-2 forms.

 c. <u>**Vendor Link tab:**</u> If desired, enter the vendor to whom this accrued payroll deduction element will be paid. If you use a vendor link at this level, a single Accounts Payable batch entry will be created to be posted into AP. The batch invoice amount will be equal to the total deducted from all employees with this deduction.

d. <u>**Formula tab:**</u> Either type or copy and paste the following formula text into the Deduction Formula text box over any existing formula text. Formula information to be typed/copied is shown in 12 pitch **Times New Roman Bold** blue font. **Note:** Any changes to the formula is shown in 12 pitch **Times New Roman Bold** red font.

 "ALABAMA STATE INCOME TAX WITHHOLDING DEDUCTION"

"VARIABLES"
AFIT = FITW * PAYFREQ;
DDHA = 1000.00;
DDHC = 100000.00;
DDLA = 300.00;
DDLC = 20000.00;
DDMA = 500.00;
PEH = 3000.00;
PEL = 1500.00;
PRETAX = AFLACA + CAF125 + K401 + LIFE50 + SEP + SIMPLE + SIRA;

"FORMULA"
PRETAXCALC = TAXABLEPAYS / TAXABLEPAY;
IF PRETAXCALC >= 1.00;

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PRETAX = PRETAX;
ELSEIF;
PRETAX = PRETAXCALC * PRETAX;
ENDIF;
IF TAXABLEPAYS <= PRETAX;
PRETAX = TAXABLEPAYS;
ELSEIF;
PRETAX = PRETAX;
ENDIF;
BASIS = TAXABLEPAYS - PRETAX;
GROSS = BASIS;
ALATP = BASIS * PAYFREQ;
IF AMT1 <= 0.00;
ALSDA = TABLE(ALSDS,ALATP);
ENDIF;
IF AMT1 = 1.00;
ALSDA = TABLE(ALSDS,ALATP);
ENDIF;
IF AMT1 = 2.00;
ALSDA = TABLE(ALSDMS,ALATP);
ENDIF;
IF AMT1 = 3.00;
ALSDA = TABLE(ALSDMJ,ALATP);
ENDIF;
IF AMT1 = 4.00;
ALSDA = TABLE(ALSDH,ALATP);
ENDIF;
IF AMT1 <= 0.00;
ALPE = 0.00;
ENDIF;
IF AMT1 = 1.00;
ALPE = PEL;
ENDIF;
IF AMT1 = 2.00;
ALPE = PEL;
ENDIF;
IF AMT1 = 3.00;
ALPE = PEH;
ENDIF;
IF AMT1 = 4.00;
ALPE = PEH;
ENDIF;
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DDAC = RANGE(ALATP,DDLC,DDHC);
IF DDAC <= DDLC;
ALDA = AMT2 * DDHA;
ENDIF;
IF DDAC >= DDHC;
ALDA = AMT2 * DDLA;
ENDIF;
IF DDAC = ALATP;
ALDA = AMT2 * DDMA;
ENDIF;
ALAATA = ALATP - (ALSDA + AFIT + ALPE + ALDA);
IF AMT1 = 3.00;
ALATA = TABLE(ALSITTM,ALAATA);
ELSEIF;
ALATA = TABLE(ALSITT,ALAATA);
ENDIF;
IF AMT4 = 1.00;
ALT = 0.00;
ELSEIF;
ALT = ALATA / PAYFREQ;
ENDIF;
RESULT = ALT + AMT3;
```

e. Testing the formula:

(1)   Verify the formula, above, is typed/copied in correctly by clicking on the **Test Formula** button. If you get a formula definition error of any type as soon as you click on the **Test Formula** button, you _**must**_ find and correct the formula entry error before proceeding further (the error message window will display the offending text area to help you locate and correct the error). If you do not receive a formula error, a window titled **Formula Test:…** will appear with empty data fields for testing.

(2)   Although we have thoroughly tested the deduction formula for correct operation, you may wish to verify it yourself. You can manually create a scenario whereby you test the formula by filling in the various formula data fields. Alternatively, you may wish to use the example deduction scenario outlined in your state tax publication(s) and/or forms noted at the beginning of this document. After test data has been entered in the various formula data fields, click on the '**Calculate**' button to obtain the **Result**, **Basis**, and **Gross** amounts. The **Result** you obtain should be very close to your manual calculations, example deduction scenario amount, or the standard table amount if your state uses periodic tax tables (weekly, monthly, etc). Please note that periodic tax table amounts are for an income "range" and may be off by a few dollars whereas, unless your state requires rounding, Gemini calculates to the penny.

(3)   Click on **Done** to return to the *Formula* tab and, if you are finished with the formula, click on **OK** to save your deduction; the system will return you to the **Master Payroll Deductions** window. Click on **Close**.

STEP 4 – UPDATE EMPLOYEE DATA FILES:

1.   Select **PR | Employee Maintenance:**

2.   Select an employee and click on **Change**; the *Update Records* window should appear for the selected employee. At the bottom of the window, select **Deductions** to display the "**Deductions for…**" window.

3.   If you did *not* check the **Default Deduction** box in Step 3a, above, either click on the **Insert** button or press the **Insert** key on your keyboard to display the **Deduction will be Added** window. Either type in **ALSITW** in the **Deduction** field or click on the search button to the right of it to display and select the **ALSITW** deduction from the **Master Payroll Deductions** window.

4.   You should now be on the window titled either **Deduction will be Changed** or **Deduction will be Added** – it makes no difference which.

5.   Enter an AP vendor number in the **Vendor Link** field if desired. If there is a vendor number in this field, it takes precedence over a vendor number entered in the PR Master Deduction (Vendor Link tab). Please note that any Vendor Link activated at this level produces a single AP batch invoice entry for each employee with this deduction.

6.   Verify the **Show on Check Stub** box is checked.

7.   Update the **Optional User Amts** fields on the right-hand side of the window as necessary. If you don't know what information to enter, either refer to the **Help Text** in Step 3, above, or simply click on the **Deduction Help** button.

8.   When finished, click on **OK** at the bottom of the screen to save the information and return to the "**Deductions for…**" window. If this is a new deduction, it should appear at the bottom of the employee's list of deductions and should be highlighted. It may be left where it is or, if desired, click on the "Up Arrow" box below the deductions list to move the deduction up in the employee's list of deductions.

9.   Click on **Close** to get back to the *"***Update records…**"* screen and then select **OK** to update employee data; the system should return you to the window titled **Employee List**. Select and update the next employee's deductions list as necessary.

This concludes the setup of the Alabama State Tax Withholding deduction.