

GEMINI ACCOUNTING PAYROLL SETUP PROCEDURE

CONNECTICUT STATE TAX TABLES AND WITHHOLDING TAX DEDUCTION SETUP

As of 06/30/2009, replaces all previous documents.

The information which follows provides the minimum information required for setting up Connecticut 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 CT state unemployment tax deduction (CT SUTA). This deduction document (Multi-State SUTA Deduction) is available for download on the Prosoft website.

The Connecticut 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:

DOCUMENT

Circular CT, Connecticut Employers Tax Guide (Jan 2007)
Form CT-W4, Employee's Withholding Certificate (01/07)

SOURCE

Connecticut Dept. of Revenue Services
 Same as above, *completed by employee*

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 create new tables and/or a new deduction. Please proceed to Step 1, below, to begin.

STEP 1 – PAYROLL TAX TABLE(S): Add/Change Connecticut State Income Tax Tables (**PR | Payroll Setup | Tax Tables**): If the tables shown, below, do 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.

CONNECTICUT WITHHOLDING TAX TABLES

(Table Name: **CTTTADF**)

Description: **CT Withholding Tax Table A, D, or F**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
0.00	0.00	3.0000
16,000.00	480.00	5.0000

(Table Name: **CTEXA**)

Description: **CT Exemption Table A-A**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
0.00	12,000.00	0.0000
24,000.00	11,000.00	0.0000
24,000.00	11,000.00	0.0000
25,000.00	10,000.00	0.0000
26,000.00	9,000.00	0.0000
27,000.00	8,000.00	0.0000
28,000.00	7,000.00	0.0000

(Table Name: **CTTTC**)

Description: **CT Withholding Tax Table C**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
0.00	0.00	3.0000

29,000.00	6,000.00	0.0000
30,000.00	5,000.00	0.0000
31,000.00	4,000.00	0.0000
32,000.00	3,000.00	0.0000
33,000.00	2,000.00	0.0000

20,000.00	600.00	5.0000	34,000.00	1,000.00	0.0000
			35,000.00	0.00	0.0000

(Table Name: **CTTTB**)

Description: **CT Withholding Tax Table B**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
0.00	0.00	3.0000
10,000.00	300.00	5.0000

(Table Name: **CTEXB**)

Description: **CT Exemption Table A-B**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
0.00	19,000.00	0.0000
38,000.00	18,000.00	0.0000
39,000.00	17,000.00	0.0000
40,000.00	16,000.00	0.0000
41,000.00	15,000.00	0.0000
42,000.00	14,000.00	0.0000
43,000.00	13,000.00	0.0000
44,000.00	12,000.00	0.0000
45,000.00	11,000.00	0.0000
46,000.00	10,000.00	0.0000
47,000.00	9,000.00	0.0000
48,000.00	8,000.00	0.0000
49,000.00	7,000.00	0.0000
50,000.00	6,000.00	0.0000
51,000.00	5,000.00	0.0000
52,000.00	4,000.00	0.0000
53,000.00	3,000.00	0.0000
54,000.00	2,000.00	0.0000
55,000.00	1,000.00	0.0000
56,000.00	0.00	0.0000

(Table Name: **CTEXC**)

Description: **CT Exemption Table A-C**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
0.00	24,000.00	0.0000
48,000.00	23,000.00	0.0000
49,000.00	22,000.00	0.0000
50,000.00	21,000.00	0.0000
51,000.00	20,000.00	0.0000
52,000.00	19,000.00	0.0000
53,000.00	18,000.00	0.0000
54,000.00	17,000.00	0.0000
55,000.00	16,000.00	0.0000
56,000.00	15,000.00	0.0000
57,000.00	14,000.00	0.0000
58,000.00	13,000.00	0.0000
59,000.00	12,000.00	0.0000
60,000.00	11,000.00	0.0000
61,000.00	10,000.00	0.0000
62,000.00	9,000.00	0.0000
63,000.00	8,000.00	0.0000
64,000.00	7,000.00	0.0000
65,000.00	6,000.00	0.0000
66,000.00	5,000.00	0.0000
67,000.00	4,000.00	0.0000
68,000.00	3,000.00	0.0000
69,000.00	2,000.00	0.0000
70,000.00	1,000.00	0.0000
71,000.00	0.00	0.0000

(Table Name: **CTEXF**)

Description: **CT Exemption Table A-F**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
0.00	13,500.00	0.0000
27,000.00	12,500.00	0.0000
28,000.00	11,500.00	0.0000
29,000.00	10,500.00	0.0000
30,000.00	9,500.00	0.0000
31,000.00	8,500.00	0.0000

(Table Name: **CTTCA**)

Description: **CT Tax Credit Table B-A**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
12,000.00	75.00	0.0000
15,000.00	70.00	0.0000
15,500.00	65.00	0.0000
16,000.00	60.00	0.0000
16,500.00	55.00	0.0000
17,000.00	50.00	0.0000

32,000.00	7,500.00	0.0000	17,500.00	45.00	0.0000
33,000.00	6,500.00	0.0000	18,000.00	40.00	0.0000
34,000.00	5,500.00	0.0000	18,500.00	35.00	0.0000
35,000.00	4,500.00	0.0000	20,000.00	30.00	0.0000
36,000.00	3,500.00	0.0000	20,500.00	25.00	0.0000
37,000.00	2,500.00	0.0000	21,000.00	20.00	0.0000
38,000.00	1,500.00	0.0000	21,500.00	15.00	0.0000
39,000.00	500.00	0.0000	25,000.00	14.00	0.0000
40,000.00	0.00	0.0000	25,500.00	13.00	0.0000
			26,000.00	12.00	0.0000
			26,500.00	11.00	0.0000
			27,000.00	10.00	0.0000
			48,000.00	9.00	0.0000
			48,500.00	8.00	0.0000
			49,000.00	7.00	0.0000
			49,500.00	6.00	0.0000
			50,000.00	5.00	0.0000
			50,500.00	4.00	0.0000
			51,000.00	3.00	0.0000
			51,500.00	2.00	0.0000
			52,000.00	1.00	0.0000
			52,500.00	0.00	0.0000

(Table Name: **CTTCB**)

Description: **CT Tax Credit Table B-B**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
19,000.00	75.00	0.0000
24,000.00	70.00	0.0000
24,500.00	65.00	0.0000
25,000.00	60.00	0.0000
25,500.00	55.00	0.0000
26,000.00	50.00	0.0000
26,500.00	45.00	0.0000
27,000.00	40.00	0.0000
27,500.00	35.00	0.0000
34,000.00	30.00	0.0000
34,500.00	25.00	0.0000
35,000.00	20.00	0.0000
35,500.00	15.00	0.0000
44,000.00	14.00	0.0000
44,500.00	13.00	0.0000
45,000.00	12.00	0.0000
45,500.00	11.00	0.0000
46,000.00	10.00	0.0000
74,000.00	9.00	0.0000
74,500.00	8.00	0.0000
75,000.00	7.00	0.0000
75,500.00	6.00	0.0000
76,000.00	5.00	0.0000

(Table Name: **CTTCC**)

Description: **CT Tax Credit Table B-C**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
24,000.00	75.00	0.0000
30,000.00	70.00	0.0000
30,500.00	65.00	0.0000
31,000.00	60.00	0.0000
31,500.00	55.00	0.0000
32,000.00	50.00	0.0000
32,500.00	45.00	0.0000
33,000.00	40.00	0.0000
33,500.00	35.00	0.0000
40,000.00	30.00	0.0000
40,500.00	25.00	0.0000
41,000.00	20.00	0.0000
41,500.00	15.00	0.0000
50,000.00	14.00	0.0000
50,500.00	13.00	0.0000
51,000.00	12.00	0.0000
51,500.00	11.00	0.0000
52,000.00	10.00	0.0000
96,000.00	9.00	0.0000
96,500.00	8.00	0.0000
97,000.00	7.00	0.0000
97,500.00	6.00	0.0000
98,000.00	5.00	0.0000

76,500.00	4.00	0.0000	98,500.00	4.00	0.0000
77,000.00	3.00	0.0000	99,000.00	3.00	0.0000
77,500.00	2.00	0.0000	99,500.00	2.00	0.0000
78,000.00	1.00	0.0000	100,000.00	1.00	0.0000
78,500.00	0.00	0.0000	100,500.00	0.00	0.0000

(Table Name: **CTTCF**)

Description: **CT Tax Credit Table B-F**

<u>Lower Limit</u>	<u>Fixed Amount</u>	<u>Variable Rate</u>
13,500.00	75.00	0.0000
16,900.00	70.00	0.0000
17,400.00	65.00	0.0000
17,900.00	60.00	0.0000
18,400.00	55.00	0.0000
18,900.00	50.00	0.0000
19,400.00	45.00	0.0000
19,900.00	40.00	0.0000
20,400.00	35.00	0.0000
22,500.00	30.00	0.0000
23,000.00	25.00	0.0000
23,500.00	20.00	0.0000
24,000.00	15.00	0.0000
28,100.00	14.00	0.0000
28,600.00	13.00	0.0000
29,100.00	12.00	0.0000
29,600.00	11.00	0.0000
30,100.00	10.00	0.0000
54,000.00	9.00	0.0000
54,500.00	8.00	0.0000
55,000.00	7.00	0.0000
55,500.00	6.00	0.0000
56,000.00	5.00	0.0000
56,500.00	4.00	0.0000
57,000.00	3.00	0.0000
57,500.00	2.00	0.0000
58,000.00	1.00	0.0000
58,500.00	0.00	0.0000

STEP 2 – UPDATE RELATED PAYROLL MASTER DEDUCTION:

If you have approved pre-tax deductions (401K, SIMPLE, SEP, and Cafeteria 125-type plans are the most common), 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: **CTSITW**

Linked: Ver 18 and higher checkbox. Leave blank (unchecked) at this time

Description: **CT St Tax W/H**

Deduction Group: Select a deduction group if desired (and if defined). See **NOTE 1**, below.

Withholding GL Acct: Enter a liability account number (you must enter a withholding account number even if you check the Allow Withholding Override option, below). 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: Ver 19 and higher checkbox. We recommend it be left blank (unchecked) for this deduction. See **NOTE 2**, below.

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 deduction)

In State ID: **CT**

Load Sequence: **260**

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.

NOTES: 1. 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**.

2. When checked, the "Allow Withholding Override" option allows a single deduction to be used for multiple employees. It is primarily designed for master deductions such as employee advances, garnishments, and so on, where a general ledger account number has been specifically created for the employee so that deduction amounts can be accrued and tracked individually. The "employee's account number" is subsequently defined in the employee data file when the deduction is added to his/her list of deductions and will override the **Withholding GL Acct** when the employee's pay is posted to the General Ledger.

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: **W/H Code**

Amt2: **+/- W/H \$\$**

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.

CONNECTICUT STATE INCOME TAX WITHHOLDING 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.

If the employee works both inside and outside the state of Connecticut, please contact Prosoft to add the other state's deduction and, if necessary, to customize the Connecticut state deduction to account for it.

Optional User Amt: Enter the following information from the employee's Connecticut Form CT-W4:

Amt1 (W/H Code): Enter the employee's Withholding Code from line 1 as follows:

1.00 = Withholding Code A.

2.00 = Withholding Code B.

3.00 = Withholding Code C.

4.00 = Withholding Code D (No exemptions).

5.00 = Withholding Code E (Exempt. **WARNING:** If employee is exempt from CT SIT, do NOT check the "Deduction is Inactive" box - employee earnings must still be tracked for reporting purposes).

6.00 = Withholding Code F.

Amt2 (+/- W/H \$\$): If applicable, enter any additional or reduced withholding tax amount to increase or decrease CT state tax liability each pay period per lines 2 (Additional amount) or 3 (Reduced amount), respectively.

c. **Vendor Link tab:** 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. **Formula tab:** Either type or copy and paste the following information 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.

"CONNECTICUT STATE INCOME TAX WITHHOLDING DEDUCTION"

"VARIABLES"

PRETAX = AFLACA + CAF125 + K401 + LIFE50 + MEDSAV + SEP + SIMPLE + SIRA;

"FORMULA"

BASIS = TAXABLEPAYS - PRETAX;

GROSS = BASIS;

CTAGP = PAYFREQ * GROSS;

IF AMT1 = 1.00; "A"

CTAEX = TABLE(CTEXA,CTAGP);

CTPTC = TABLE(CTTCA,CTAGP);

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CTAGI = CTAGP - CTAEX;
CTAT = TABLE(CTTTADF,CTAGI);
CTAAT = (CTAT * (100 - CTPTC)) / 100;
ENDIF;
IF AMT1 = 2.00; "B"
CTAEX = TABLE(CTEXB,CTAGP);
CTPTC = TABLE(CTTCB,CTAGP);
CTAGI = CTAGP - CTAEX;
CTAT = TABLE(CTTTB,CTAGI);
CTAAT = (CTAT * (100 - CTPTC)) / 100;
ENDIF;
IF AMT1 = 3.00; "C"
CTAEX = TABLE(CTEXC,CTAGP);
CTPTC = TABLE(CTTCC,CTAGP);
CTAGI = CTAGP - CTAEX;
CTAT = TABLE(CTTTC,CTAGI);
CTAAT = (CTAT * (100 - CTPTC)) / 100;
ENDIF;
IF AMT1 = 4.00; "D"
CTAGI = CTAGP;
CTAAT = TABLE(CTTTADF,CTAGI);
ENDIF;
IF AMT1 = 5.00; "E"
CTAT = 0.00;
ENDIF;
IF AMT1 = 6.00; "F"
CTAEX = TABLE(CTEXF,CTAGP);
CTPTC = TABLE(CTTCF,CTAGP);
CTAGI = CTAGP - CTAEX;
CTAT = TABLE(CTTTADF,CTAGI);
CTAAT = (CTAT * (100 - CTPTC)) / 100;
ENDIF;
IF CTAAT <= 0.00;
CTAAT = 0.00;
ELSEIF;
CTAAT = CTAAT;
ENDIF;
RESULT = CTAAT / PAYFREQ + AMT2;

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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) At this point, you may wish to manually create a scenario which will test the formula by filling in the various formula data fields with test data (consider using the tax demonstration scenario outlined on pages 36 and 37 of your Circular CT, *Connecticut Employers Tax Guide*). Click on the **Calculate** button to obtain the **Result**, **Basis**, and **Gross** amounts. Your results should be within a few cents of your manual calculations or the table amounts in the referenced document.

(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:

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

b. 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.

c. 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 **CTSITW** in the **Deduction** field or click on the search button to the right of it to display and select the **CTSITW** deduction from the **Master Payroll Deductions** window.

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

(1) 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). However, please be aware that any Vendor Link activated at this level produces a single AP batch invoice entry for each employee with this deduction.

(2) Verify the **Show on Check Stub** box is checked.

(3) 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.

e. 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.

f. 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 Connecticut State Tax Withholding formula.