GEMINI ACCOUNTING PAYROLL SETUP PROCEDURE

SOUTH CAROLINA STATE TAX TABLE AND WITHHOLDING TAX DEDUCTION SETUP

NOTE REGARDING THE SOURCE OF PAYROLL TAX INFORMATION
Builder Incubator will make every effort to insure 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.

> **In January 2017, South Carolina is updating Withholding tax tables for the first time in 25 years. Beginning in 2017, South Carolina Withholding tables will be updated every year.**

The information which follows provides the minimum information required for setting up South Carolina 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 SC state unemployment tax deduction (SC SUTA). This deduction document (MultiState SUTA Deduction) is available for download on the Builder Incubator website, http://builderincubator.com/support/fed-state-tax-tables.html

The South Carolina 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	SOURCE
	South Carolina Department of Revenue
Form 105, *South Carolina Withholding Tax Information Guide*	https://dor.sc.gov/tax/withholding.html
Form WH-1603F, *Formula for Computing South Carolina Withholding Tax*	Same as above https://dor.sc.gov/tax/withholding.html
	Internal Revenue Service
IRS Form W-4, *Employee's Withholding Allowance Certificate*	www.irs.gov

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): Add/Change South Carolina State Income Tax Table (**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: Per the introduction, above, an updated Table data file may be obtained from Builder Incubator and "imported" into Payroll. However, *as a minimum*, you *must* enter the **Table Name** and **Description** shown for each table, below, and then you must check the "**Linked**" box to the right of the Table Name field. Select **OK** on the **Master Record Edit Mode** information box which will appear to accept the linking option. Please note that you will not be able to make changes to any field which is grayed out while the Table is linked.

SOUTH CAROLINA WITHHOLDING TAX TABLE

Table Name: **SCSITT**
Description: **SC State Income Tax Table**

Lower Limit	Fixed Amount	Variable Rate
0.00	0.00	2.0000
2,140.00	36.38	3.0000
4,280.00	100.58	4.0000
6,420.00	186.18	5.0000
8,560.00	293.18	6.0000
10,700.00	421.58	7.0000

STEP 2 – UPDATE RELATED PAYROLL MASTER DEDUCTION:

South Carolina 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 Builder Incubator 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:

NOTE: Per the introduction, an updated Master Deduction setup file may be obtained from Builder Incubator and "imported" into Payroll. However, *as a minimum*, you *must* enter the **Deduction Code** and **Description** as shown, below, and then you must check the "**Linked**" box to the right of the Deduction Code field. Select **OK** on the **Master Record Edit Mode** information box which will appear to accept the linking option. Please note that you will not be able to make changes to any field which is grayed out while the Master Deduction is linked.

a. **General tab:**

   Deduction Code: SCSITW
   Description: SC 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.

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: **SC**

Load Sequence: **620**

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: **Dependents**

Amt2: **Addtnl Tax**

Amt3: **Tax Exempt**

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.

SOUTH CAROLINA STATE INCOME TAX WITHHOLDING DEDUCTION:

The user is responsible for updating Optional User amounts and verifying the calculations made by this deduction are correct.

Optional User Amts: Enter the following information from the employee's current-year federal IRS Form W-4 used for state income tax purposes as follows:

Amt 1 (Dependents): Enter the total number of Dependents claimed on line 5.
NOTE: If the number of dependents entered in Amt 1 is greater than the number "FIT Dependents" claimed in the employee's data file, Gemini will use the number of FIT Dependents. If the number of dependents enter in Amt 1 is less than the number of "FIT Dependents" claimed, Gemini will use the number of dependents claimed in Amt 1.

Amt 2 (Addtnl Tax): Enter any additional tax amount from Line 6.

Amt 3 (Tax Exempt): If the employee is EXEMPT from SC SIT withholding (per line 7), enter 1.00. If any other number is present in this field, SC SIT will be withheld. WARNING: DO NOT use the "Deduction is Inactive" option for an employee who is EXEMPT from SC SIT (see Optional User Amt 3, below).

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.

" SOUTH CAROLINA STATE INCOME TAX WITHHOLDING DEDUCTION"

"VARIABLES"
PRETAX = AFLACA + CAF125 + K401 + LIFE50 + MEDSAV + SEP + SIMPLE + SIRA;
>>	**SCAPE = 2370.00;"Annual Personal Exemption Amount"**
>>	**SCASD = 2860.00;"Maximum Annual Standard Deduction Amount"**
SCSDM = 0.10;"Standard Deduction Multiplier"

"FORMULA"

BASIS = TAXABLEPAYS - PRETAX;
GROSS = BASIS;
SCATP = GROSS * PAYFREQ;
IF AMT1 > DEPENDENTS;
DEPS = DEPENDENTS;
ELSEIF;
DEPS = AMT1;
ENDIF;
IF DEPS <= 0.00;
SCPE = 0.00;
SCSD = 0.00;
ELSEIF;
SCPE = DEPS * SCAPE;
SCSD = SCATP * SCSDM;
ENDIF;
IF SCSD <= SCASD;
SCSD = SCSD;
ELSEIF;
SCSD = SCASD;
ENDIF;
SCATP = SCATP - SCPE - SCSD;
SCAT = TABLE(SCSITT,SCATP);

SCET = SCAT / PAYFREQ;
SCT = (SCET / 10000) * 10000;"Nearest dollar rounding function"
IF AMT3 = 1.00;
SCT = 0.00;
ELSEIF;
SCT = SCT;
ENDIF;
IF SCT <= 0.00;
SCT = 0.00;
ENDIF;
RESULT = SCT + AMT2;

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 for the demonstration deduction on Form WH-1603F). 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 answers in the referenced booklet.

(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**.

S**TEP 4 –** U**PDATE 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 **SCSITW** in the **Deduction** field or click on the search button to the right of it to display and select the **SCSITW** 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). Please note 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 South Carolina State Tax Withholding formula.