

The U.S. Internal Revenue Service has published payroll tax withholding amounts that are applicable for wages paid in 2010.

Updated: On Dec. 17, 2009, IRS set a new tax withholding tier for 2010. With DDMS 8.22, the (L4) Federal Payroll Tables parameter screen accommodates the new tier. If you used the temporary workaround below to specify the new tax withholding rate for affected employees, you will want to

- 1) reverse the workaround *and*
- 2) fill the 8th and 9th rows in the (L4) screen for both single and married staff.

After you close Payroll and print all reports and W-2s for 2009, update your payroll parameters as follows before you run your first payroll for 2010:

1. Make sure CAPS LOCK is on.
2. Go to the (L4) screen (in the DDMS graphical menu, double-click **KeyOp Menu**, then double-click **Parameters**, then double-click **Text-Based Parameters**.)
3. Select **[4] Federal Payroll Parameters**.
4. Select the **[C] Change** action code.
5. Make your screen match the screen below (changes **highlighted**), tabbing to each field.
6. To save your changes, press **Enter** until prompted, "Press Any Key To Continue."



13:05:24 (L4) Federal Payroll Tables 04/15/10

Action [I] (C=Change, I=Inquiry)		Federal Tax Tables From Circ. E			
		From	To	Amt.	Tax%
Social Security	Emp % 6.20 Co % 6.20	S 1 \$ 0	\$ 6050	\$ 0	% 0.0
	Maximum SS Amount \$106800	I 2 \$ 6050	\$ 10425	\$ 0	% 10.0
		N 3 \$ 10425	\$ 36050	\$ 438	% 15.0
Medicare	Emp % 1.45 Co % 1.45	G 4 \$ 36050	\$ 67700	\$ 4281	% 25.0
		L 5 \$ 67700	\$ 84450	\$ 12194	% 27.0
		E 6 \$ 84450	\$ 87700	\$ 16716	% 30.0
		7 \$ 87700	\$ 173900	\$ 17691	% 28.0
Federal Dependent Allowance (Annual)	\$ 3650	8 \$ 173900	\$ 375700	\$ 41827	% 33.0
		9 \$ 375700	\$ 999999	\$ 108421	% 35.0
		These Tables Are Annual			
		M 1 \$ 0	\$ 13750	\$ 0	% 0.0
		A 2 \$ 13750	\$ 24500	\$ 0	% 10.0
		R 3 \$ 24500	\$ 75750	\$ 1075	% 15.0
		R 4 \$ 75750	\$ 94050	\$ 8763	% 25.0
		I 5 \$ 94050	\$ 124050	\$ 13338	% 27.0
		E 6 \$ 124050	\$ 145050	\$ 21438	% 25.0
		D 7 \$ 145050	\$ 217000	\$ 26688	% 28.0
		8 \$ 217000	\$ 381400	\$ 46834	% 33.0
		9 \$ 381400	\$ 999999	\$ 101086	% 35.0

THESE FIELDS DO NOT APPLY TO THESE INSTRUCTIONS

New Tax Tier Workaround for 2010 (Implementing and Reversing)

If you have employees making more than \$375,700 in 2010, please note that the [IRS Circular E, Publication 15](#) set a new tax withholding tier. This requires either a DDMS software update (to be announced soon) to add the new tier, and/or a temporary workaround to specify the new tax withholding rate.

1. Go to the (HN) Personnel Master screen (in the DDMS graphical menu, double-click  Personnel, then double-click  Personnel.)

2. Select the [C] Change Action Code.
3. Press N until you find an employee for whom the new tier applies:
 - Check the **Status** field, whether married (M) or single (S).
 - Check **Rate** (and Gross Year to Date Totals). The withholding threshold depends on whether you pay monthly (12x), semi-monthly (24x), biweekly (26x), or weekly (52x).

New 2010 Withholding Rates	Status = Single	Status = Married
If Annual Pay Rate	≥ \$375,700	≥ \$381,400
Withhold This Amount Per Year	\$108,421.25	\$101,085.50
*Plus Percentage Each Pay Period	35%	35%
If Monthly Rate (12x) is	≥ \$ 31,308	≥ \$ 31,783
Withhold monthly	\$ 9,034.97	\$ 8,423.60
If Semi-Monthly (24x)	≥ \$15,654	≥ \$ 15,892
Withhold Semi-Monthly	\$4,517.51	\$ 4,211.99
If BiWeekly (26x)	≥ \$14,450	≥ \$14,669
Withhold BiWeekly	\$ 4,169.99	\$ 3,887.88
If Weekly (52x)	≥ \$7,225	≥ \$7,335
Withhold Weekly	\$2,085.13	\$1,944.12

Note: If *no* employee meets the pay rates for the new tax tier, no further action is required. Press the Escape key to exit the Personnel screen, and close the Personnel Menu.

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13:36:13          (H) PERSONNEL MASTER REV. (01/05/06)          12/28/09
=====
ACTION CODE [C] (A=Add, C=Change I=Inq, D=Delete, Y=Year End, R=Rebuild Index)
=====
I.D.   #101_   SS #123-45-6789   Exp ?_   401k %_.   SRA $_.   Ins. $_.
Name   :DOE, JANE
Street :
City   :
Zip    #
Dob   :MM/DD/YY   Dept :
Relative :
Hire Date :MM/DD/YY   Term. :MM/DD/YY   Vac. #
Vac Date :MM/DD/YY   Sick :MM/DD/YY   Sick #
G/L #_
Pay Code ?S   Rate $ 32000.00   Group ?_   Gross $ 384000.00   SRA $
Remarks [
=====
TAX RECORD   === State Code :
Dep #   Type   Percent   Amt
Fed.   :   ?O   %35.   $8423.60
State :   ?_   %_.   $_.
City  :   ?_   %_.   $_.
=====

```

This example shows withholding when paid monthly according to the table above and step 6 below.

In DDMS Version 8.22, the (L4) screen has the full 9 withholding tiers for 2010. Once you have updated your software and (L4) screen, clear out the Fed row according to step 7 below.

4. At the "Correct Record?" prompt, press Y.
5. Tab to the **Tax Record** section.
 - If you are implementing the workaround, go to step 6.
 - If you are reversing the workaround, go to step 7.
6. To set up temporary federal withholding to be used instead of the (L4) amounts:
 - In the **Fed.** row, tab to the **Type** field, and enter the letter **O**. This type is designed to use the tax percentage and amount specified here *instead of* the calculated tax withholdings specified in the (L4) Federal Payroll Tables screen. (Dep # should continue to reflect W-4 allowances).

- Under **Percent**, enter **35** and press Tab.
 - Under **Amt**, enter the amount to withhold from the New 2010 Withholding Rates table (above), depending on whether the employee is Single or Married, and press **Enter**.
7. To remove temporary federal withholding settings, and return to using the (L4) amounts you've set:
- In the **Fed.** row, tab to the **Type** field, and press the SPACE bar. (Dep # should continue to reflect W-4 allowances).
 - Under **Percent**, press the SPACE bar *twice* to overwrite the previous percentage.
 - Under **Amt**, press the SPACE bar *six times* to overwrite the previous amount, and press **Enter**.
8. To save your changes, press **Enter** again. The next record appears.
9. Repeat steps 3-9 until there are no more records to check.