

The U.S. Internal Revenue Service has published payroll tax withholding amounts that are applicable for wages paid in 2011.

After you close Payroll and print all reports and W-2s for 2010, update your payroll parameters as follows before you run your first payroll for 2011:

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.

NOTE: According to IRS Publication 15 (Circular E) Employer’s Tax Guide for 2011 (<http://www.irs.gov/pub/irs-pdf/p15.pdf>), “For 2011, the **employee tax rate for social security is 4.2%**. The employer tax rate for social security remains unchanged at 6.2%.” Don’t forget to change the Social Security Emp % as highlighted below. Also unchanged is the Maximum SS Amount remains unchanged at \$106800 and the Medicare tax rate of 1.45% for both employer and employee. However, **Federal Dependent Allowance is now \$3700**, as highlighted below.

6. To save your changes, press **Enter** until prompted, “Press Any Key To Continue.”

13:05:24 (L4) Federal Payroll Tables 12/17/10

Action [I] (C=Change, I=Inquiry)	Federal Tax Tables	From Circ. E
	From To	Amt. Tax%
Social Security Emp % 4.20 Co % 6.20	S 1 \$ 0 \$ 2100	\$ 0 % 0.0
	I 2 \$ 2100 \$ 10600	\$ 0 %10.0
Maximum SS Amount \$106800	N 3 \$ 10600 \$ 36600	\$ 850 %15.0
	G 4 \$ 36600 \$ 85700	\$ 4750 %25.0
Medicare Emp % 1.45 Co % 1.45	L 5 \$ 85700 \$ 176500	\$ 17025 % 28.0
	E 6 \$ 176500 \$ 381250	\$ 42449 % 33.0
	7 \$ 381250 \$ 999999	\$ 110017 % 35.0
Federal Dependent Allowance (Annual)	8 \$ 999999 \$ 999999	\$ 110017 % 35.0
\$ 3700	9 \$ 999999 \$ 999999	\$ 110017 % 35.0
	These Tables Are Annual	
Calculate State (GST) and District (PST) Taxes Separately	M 1 \$ 0 \$ 7900	\$ 0 % 0.0
Districts (Employer and State Tax):	A 2 \$ 7900 \$ 24900	\$ 0 %10.0
(HST) Districts (Employer and State Tax):	R 3 \$ 24900 \$ 76900	\$ 1700 %15.0
Item Description (HST) Districts (Employer and State Tax):	R 4 \$ 76900 \$ 147250	\$ 9500 %25.0
From ? To ?	I 5 \$ 147250 \$ 220200	\$ 27088 % 28.0
Item Description (HST) Districts (Employer and State Tax):	E 6 \$ 220200 \$ 387050	\$ 47514 % 33.0
From ? To ?	D 7 \$ 387050 \$ 999999	\$ 102574 % 35.0
	8 \$ 999999 \$ 999999	\$ 102574 % 35.0
	9 \$ 999999 \$ 999999	\$ 102574 % 35.0

NOTE: 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) fill the 8th and 9th rows in the (L4) screen for both single and married staff *and*
- 2) reverse the workaround if you haven’t already, according to the following steps.

Reversing the Tax Tier Workaround for 2010

If you had employees making more than \$375,700 in 2010, please note that the IRS set a new tax withholding tier. This required a temporary workaround to specify the new tax withholding rate, until the DDMS 8.22 was released with its enhancement to add the new tier to the (L4) screen.

We previously announced the need to remove the temporary workaround when we released DDMS 8.22. If you used the temporary workaround, please make sure to reverse it by following the steps below:

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

13:36:13 (H) PERSONNEL MASTER REV. (01/05/06) 12/28/09

ACTION CODE [C] (A=Add, C=Change I=Inq, This example shows withholding when paid monthly according to the table above and step 6 below.

I.D. #101 SS #123-45-6789 Exp ?
 Name :DOE, JANE
 Street :
 City : ST :
 Zip # PH. : - -
 Dob :MM/DD/YY Dept : Sex ? Over
 Relative : # -
 Hire Date :MM/DD/YY Term. :MM/DD/YY
 Vac Date :MM/DD/YY Sick :MM/DD/YY
 G/L # - - **Status ?M (M/S)**
 Pay Code ?S **Rate \$ 32000.00** Group ?
 Remarks []
 []

==== **TAX RECORD** === State Code : ==

Dep #	Type	Percent	Amt	
Fed. :	?Q	%35.00	\$8423.60	
State :	?	%	\$	
City :	?	%	\$	

===== YEAR TO DATE TOTALS =====	
Gross \$ 384000.00	SRA \$.
S.S. \$.	401k \$.
Medicare \$.	Cafe. \$.
Fed. Tax \$.	Ins. \$.
St. Tax \$.	Ded 1. \$.
City Tax \$.	Ded 2. \$.
Advances \$.	Ded 3. \$.
Loan Rep \$.	Ded 4. \$.
	Net \$.

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.
6. 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 to remove the O type. This O type was 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**, 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**.
7. To save your changes, press **Enter** again. The next record appears.
8. Repeat steps 3-7 until there are no more records to check.