

Payroll Tax Setup

Acme Accounting offers flexibility in setting up employees' payroll taxes. The following sections describe the main components of the tax calculation feature.

Tax Calculation Engine

Tax rules and tax rates that are **not** company-specific are maintained in the online tax calculation engine. When you run Payroll Tax Calculation, the information from the tax calculation engine, along with the check date, tax profiles, filing statuses, tax rules, and other settings, are used to calculate payroll taxes. Therefore, you must have an internet connection when you run Payroll Tax Calculation.

The tax calculation engine contains a list of tax location codes, and each location is associated with a tax group. In addition to the Federal tax group, there are tax groups for each state--one state-wide tax group and tax groups for individual municipalities within the state. Tax groups for Puerto Rico and Guam are also included.

Tax Profile Maintenance

In [Tax Profile Maintenance](#) you can create tax profiles that consist of one or more tax locations and their associated tax groups. You can view a list of taxes included for each tax group and specify whether each tax should be calculated for employees to whom the tax profile is assigned. For employees who need taxes calculated for more than one tax jurisdiction, you can create a tax profile that consists of as many tax locations as needed.

Tax profiles are system-wide, so it's not necessary to set them up more than once for multiple companies.

To use Tax Profile Maintenance, you must have access to all of the companies set up in your Acme Accounting system. If you are using payroll departments, you must have access to all departments to access Tax Profile Maintenance. For more information see:

- [Create Tax Profiles for Calculating Payroll Taxes](#)
- [Apply Tax Profile Information](#)

Company Tax Group Setup

Use Company Tax Group Setup to maintain the following information for the tax groups included in the tax database:

- General ledger account numbers for tax groups
- Tax ID numbers for state and local tax groups
- Employer-specific tax rates and their effective dates

Tax rates are maintained in this task only if they are company-specific; therefore, they are not maintained in the tax database. The Tax Rates tab is available only if the selected tax group includes a tax with an company-specific rate.

Some taxes are calculated using a combination of a standard tax rate and a company-specific tax rate. For these taxes, you must enable the tax in Tax Profile Maintenance to calculate the portion using the standard rate, and enter your company-specific rate in Company Tax Group Setup to calculate that portion of the tax. For more information, see [Combined Tax Rates](#).

Tax Rules

In Earnings Code Maintenance and Deduction Code Maintenance you must select a tax rule for all earnings codes and for pension and cafeteria plan deduction codes. These tax rules determine how the earnings and deductions affect tax calculations. For more information see:

- [Tax Rules for Deduction Codes](#)
- [Tax Rules for Earnings Codes](#)

Tax Updates

Payroll tax updates may include new or updated tax types, tax rates, unemployment limits, and other settings that affect payroll tax calculations. There are two ways that you can download and install updates if you have the appropriate security setup:

- **Message prompts:** When a payroll tax update is available, you will see a message the first time you access the Payroll module each day until the update is installed. If you do not have the appropriate security setup to download and install payroll tax updates, the message is only a notice.

If you have the appropriate security setup, the message asks if you want to download the update.

If you click Yes, after the download is complete, a second message asks if you want to install the update. If you do not want to install the update right away, you can install it later using the Payroll Tax Update utility described below.

- **Payroll Tax Update:** You can use the Payroll Tax Update utility to download and install the latest update. After the download is complete, you will **not** receive a separate messaging asking if you want to install the update; it will be installed automatically.

If you've already downloaded the update by clicking Yes at the message prompt, it is installed when you click Proceed.

Note: Users in all companies must exit all Payroll tasks before an update can be installed. The only exception is the Payroll Tax Update utility.

Successful updates and unsuccessful attempts are recorded in the [Activity Log](#) available on the Library Master Reports menu.

To view the changes in the latest update before you install it, use the [Payroll Tax Update Report](#). You can also use this report to view details from prior updates.