PY381 Maintain Employee Tax Information

Maintain Employee Tax Information Overview

In Cardinal, every employee must have a Federal, State and Local (if applicable) tax record set up. Employees with multiple jobs within the same company will have one tax record for both jobs. Employees with multiple jobs across agencies will have one tax record for each company. When an employee record is added in Cardinal, the tax information defaults to Single and 0 for the employee's Federal taxes and for the applicable residential state taxes.

Every employee must also have a **Tax Distribution** record. The **Tax Distribution** record is at the employee job record level, so if the employee has two jobs within the same company, there will be a separate **Tax Distribution** page for each employee record.

Once an employee submits the required tax forms, Payroll Administrators review the form for accuracy and then make the updates online in Cardinal. This Job Aid provides the steps used by Payroll Administrators to maintain employee tax information.

Navigation Note: Please note that you may see a **Notify** button at the bottom of various pages utilized while completing the processes within this Job Aid. This "Notify" functionality is not currently turned on to send email notifications to specific users within Cardinal.

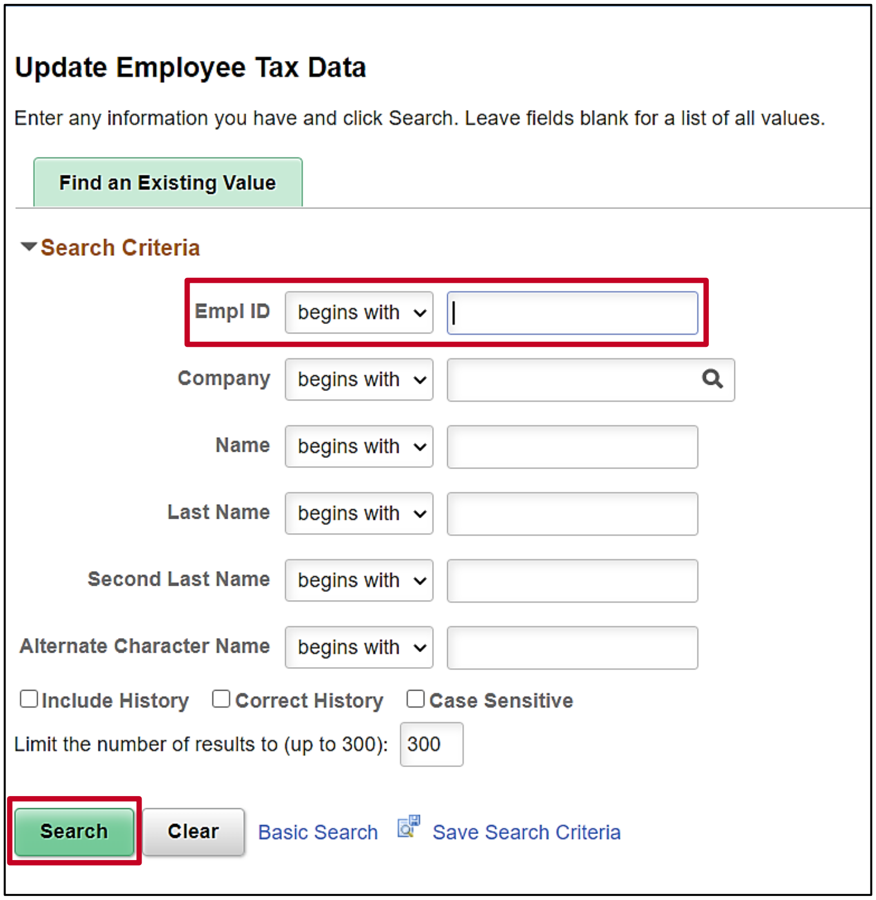
Table of Contents

Maintain Employee Tax Information

1. To view and update tax information for an employee, access the **Update Employee Tax Data** page using the following path:

   Navigator > Payroll for North America > Employee Pay Data USA > Tax Information > Update Employee Tax Data

The **Update Employee Tax Data Search** page displays.



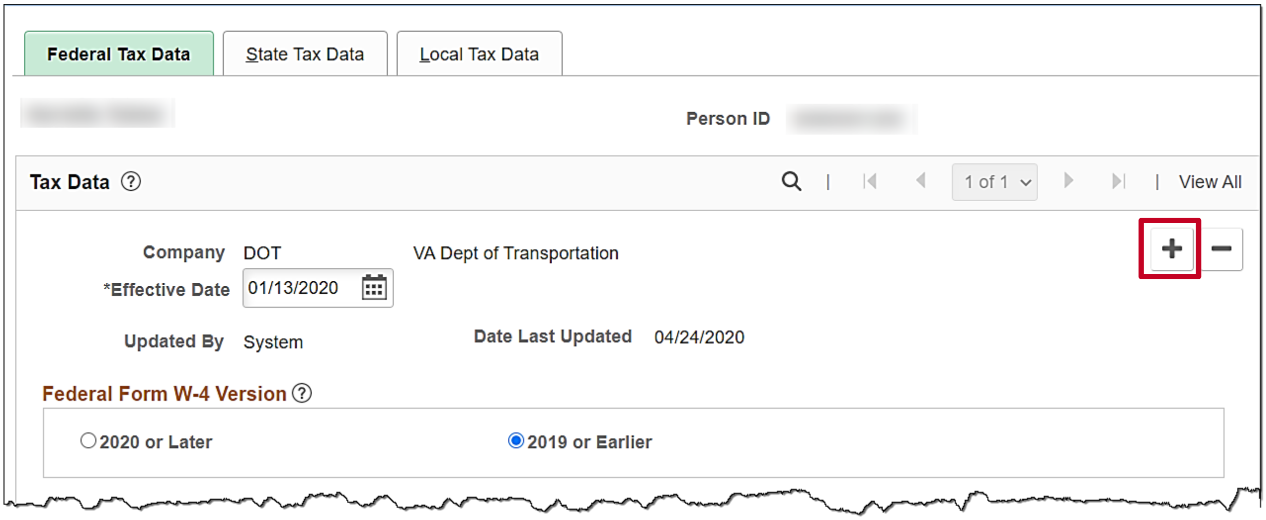
2. Search for the applicable employee by entering the Employee ID or known portion of the Employee ID in the **Empl ID** field.

   Note: You can also search by Employee Name or Last name using the corresponding fields. However, it is recommended to use the Employee ID, as it is a unique identifier for each employee.

3. Click the **Search** button.

4. If multiple employees match the search criteria entered, the search results will display in the bottom portion of the page, and you must click the **Empl ID** link for the applicable employee. If not, proceed to Step 5.

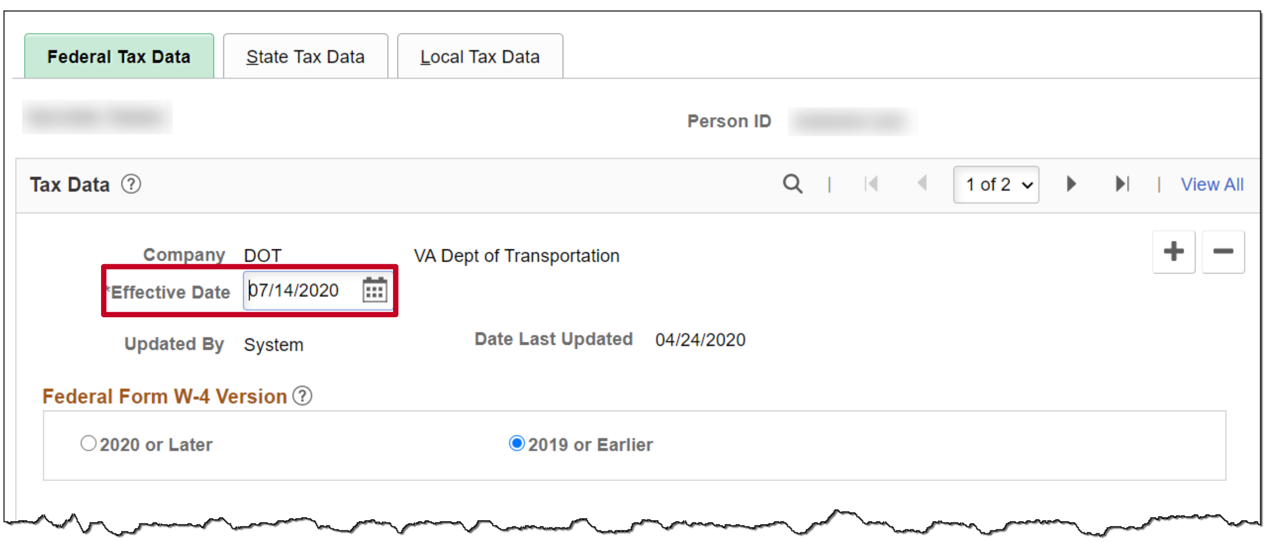
The **Update Employee Tax Data** page displays for the applicable employee with the **Federal Tax Data** tab displayed by default.



5. Click the **Add a New Row** icon to create a new effective dated row to update the employee's tax information.

   Note: Regardless of what tax information needs to be updated (Federal, State, or Local), this step must be performed on the **Federal Tax Data** tab.

A new effective dated row displays (Row 1 of 2 in this example). All information from the previous row gets carried forward. While updating, review each field to ensure that all applicable updates are made to include updating the Federal Form W-4 version to "2020 or later".

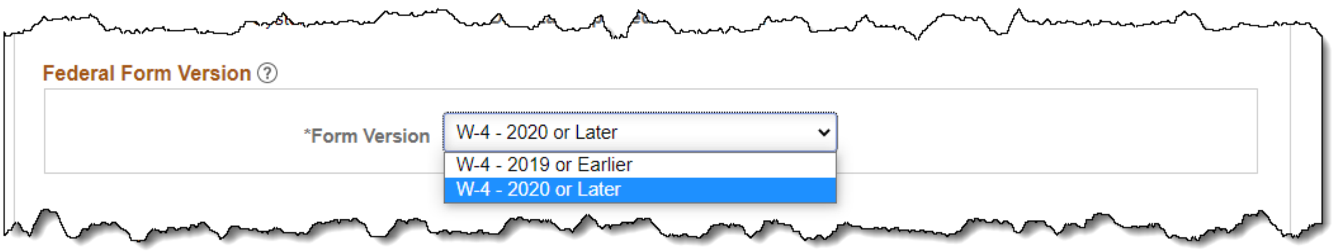


6. The **Effective Date** field defaults to the current system date. Update this date using the **Calendar** icon as needed.

   Note: The effective date should be the actual date for the updates to take effect. Tax calculation is completed based on the current effective dated row. If a future dated row is entered and is outside of the current payroll period, it will use the prior existing row for tax calculations. For further information on effective dating, see the Job Aid titled **HR351_Overview of Effective Dating**. This Job Aid can be found on the Cardinal website in **Job Aids** under **Training**.

There are various fields that can be updated on the **Federal Tax Data** tab of the **Update Employee Tax Data** page when a new W-4 is received. The following screenshots and tables provide a brief description of each field (by section) along with other important information regarding whether updates can be made.

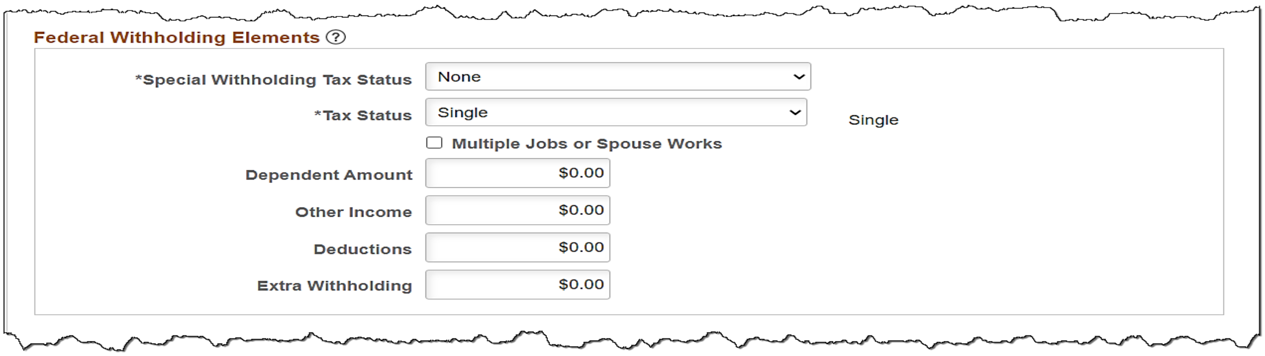
Federal Form W-4 Version section screenshot:



7. Click the drop-down arrow and select the applicable option based on the W-4 received.

   Note: For converted employees, “2019 or Earlier” may be selected. All future transactions should have “2020 or Later” selected.

Federal Withholding Elements section screenshot:

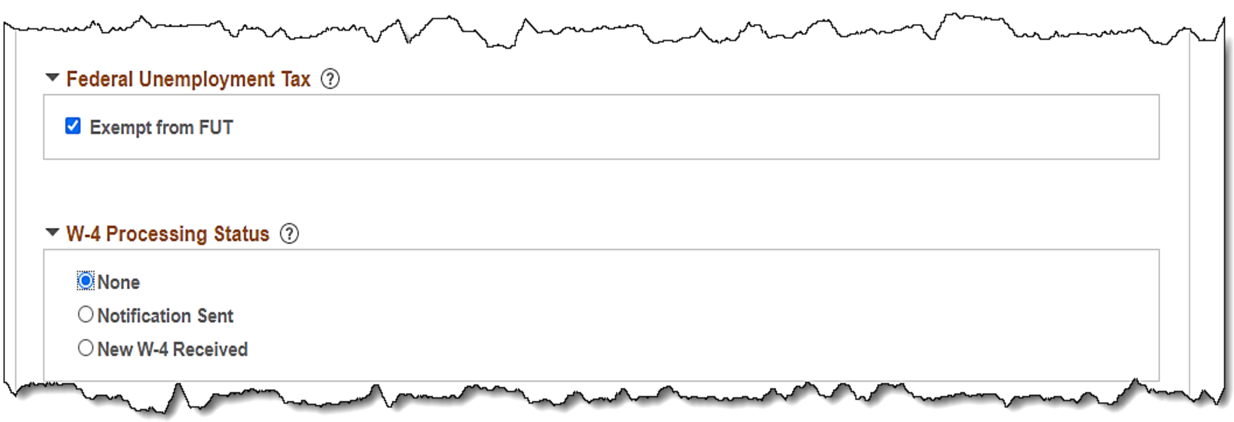


Federal Withholding Elements fields:

Field	Required	Description	Comments
Special Withholding Tax Status	Y	Identifies whether the employee has a Special Withholding Tax Status. Options include: • None • Maintain Taxable Gross (Exempt from withholding) • No taxable gross; no tax taken (Not used in Cardinal) • Nonresident alien (Not used in Cardinal)	Pre-populates based on the previous row. Update as needed based on the employee's W-4
Tax Status	Y	• Single • Head of Household • Married • Exempt (defaults when Maintain Taxable Gross option is selected in the Special Withholding Tax Status field)	Pre-populates based on the employee's current tax status. Update as needed
Multiple Jobs or Spouse Works	N	Used to indicate if the employee has multiple jobs or if their spouse works	Pre-populates based on employee's current tax information. Select or de-select as applicable

Field	Required	Description	Comments
Dependent Amount	N	Used to enter a specific dependent (dollar amount)	Enter amount as applicable based on the W-4
Other Income	N	Used to enter an additional income amount for the employee	Enter amount as applicable based on the W-4
Deductions	N	Used to enter the total deductions amount for the employee	Enter amount as applicable based on the W-4
Extra Withholding	N	Used to enter the total extra withholding amount elected by the employee	Enter amount as applicable based on the W-4

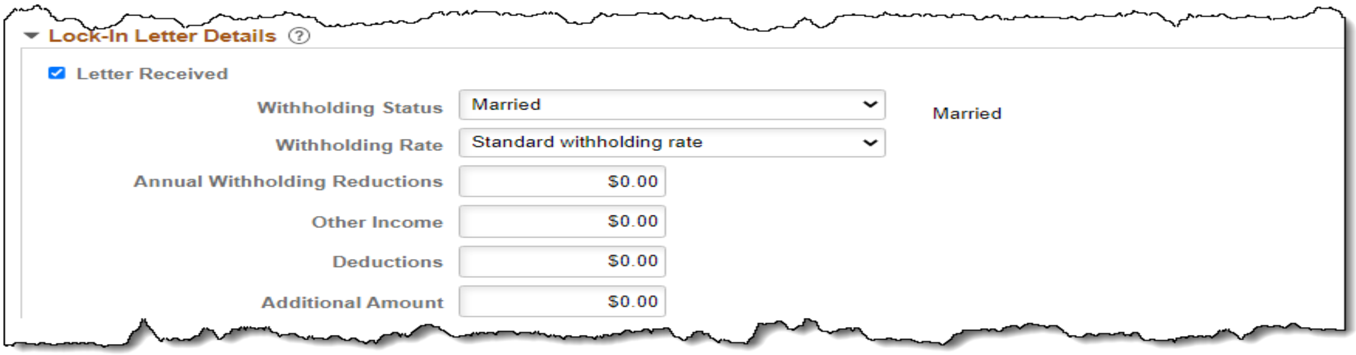
Federal Unemployment Tax, **W-4 Processing Status**, and **Lock-In Letter Details** sections screenshot:



Federal Unemployment Tax and **W-4 Processing Status** fields:

Field	Required	Description	Comments
Exempt from FUT	N	Used to indicate if the employee is exempt from Federal Unemployment Tax	Defaults as selected. Do not change
W-4 Processing Status	N	Used to denote the reason for the updates being made	Select the applicable radio button option: • None • Notification Sent • New W-4 Received

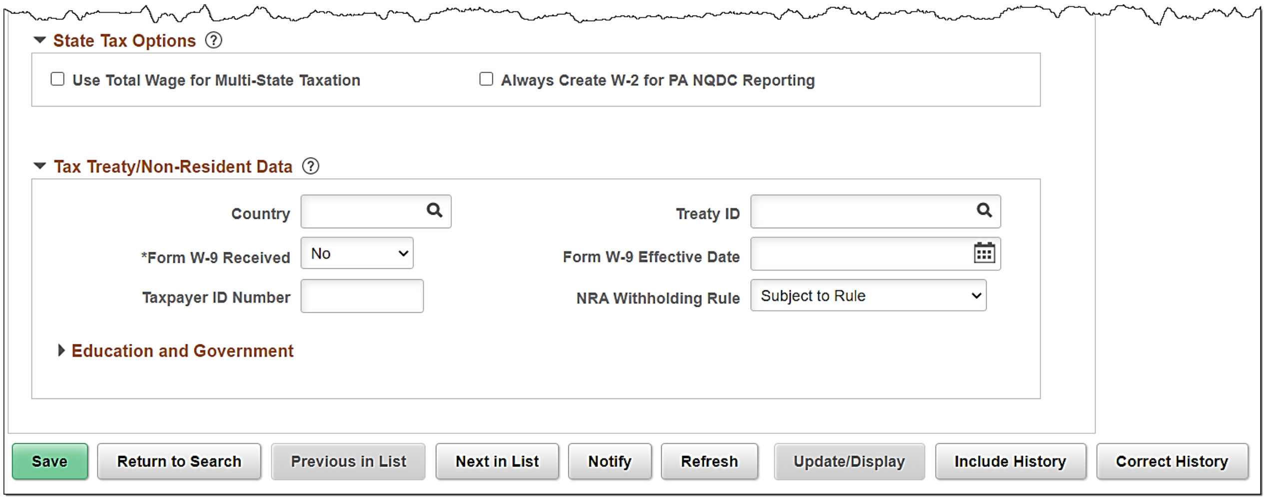
Lock-In Letter Details



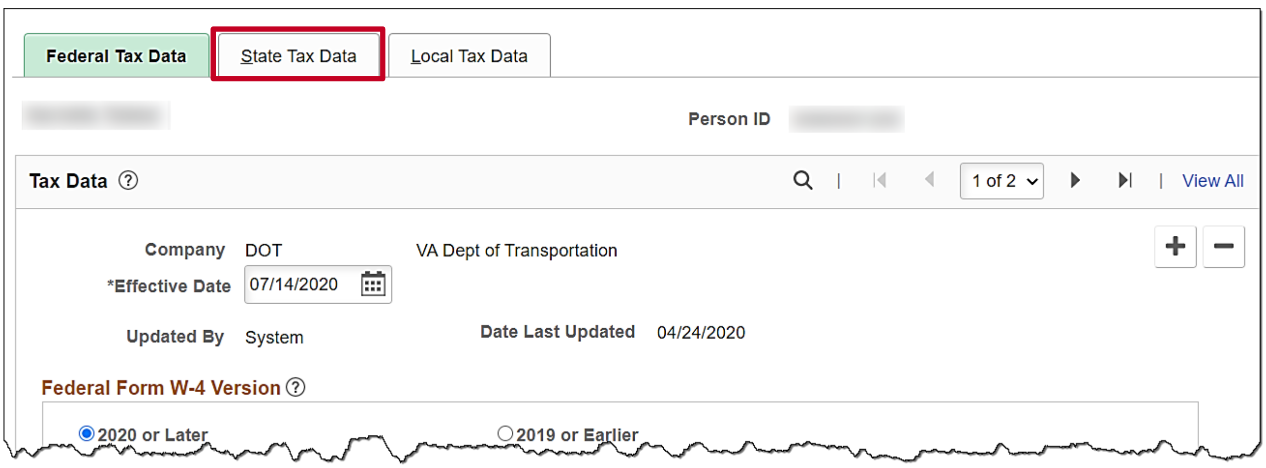
This section is only used when the IRS has sent a Lock-In Letter for an employee. When a Lock-In Letter is received, the values noted in the letter must be entered in this section. This locks-in those limits and prevents the employee from making changes in the **Federal Withholding Elements** section based on the table below.

Lock-In Letter Field	Description	Field it impacts in the Federal Withholding Elements Section
Letter Received	Check this box to indicate that a lock-in letter was received	
Withholding Status	Prevents the employee Tax Status from being changed to a different value than what is displayed in this field	Tax Status
Withholding Rate	Prevents the employee special withholding tax status from being changed to a value different value than what is displayed in this field	Special Withholding Tax Status
Annual Withholding Reductions	Prevents a Dependent amount from entered that is less than the value of this field	Dependent Amount
Other Income	Prevents other income from being entered that is less than the value of this field	Other Income
Deductions	Prevents an amount from being entered that is greater than the value in this field	Deductions
Additional Amount	Prevents an amount from being entered that is less than the value of this field	Extra Withholding

State Tax Options and **Tax Treaty/Non-Resident Data** sections screenshot:

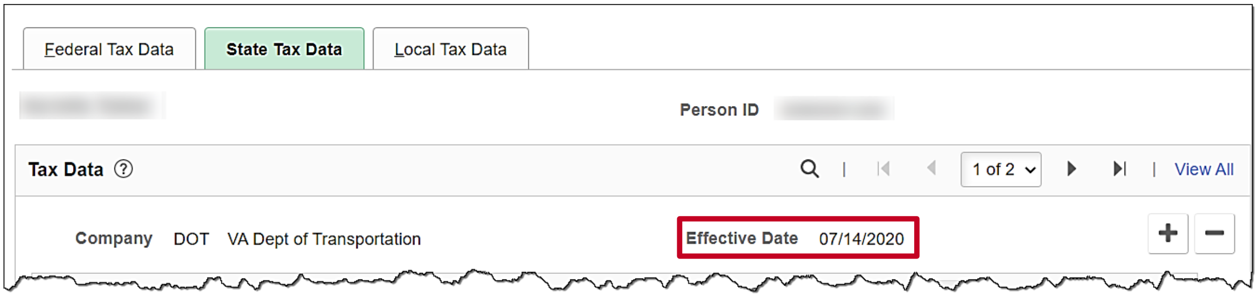


8. The **State Tax Options** and **Tax Treaty/Non Resident Data** sections are not being utilized in Cardinal. If additional changes are needed, scroll to the top of the page. If not, proceed to Step 14.



9. If updates are needed to the employee's State tax information, click the **State Tax Data** tab.

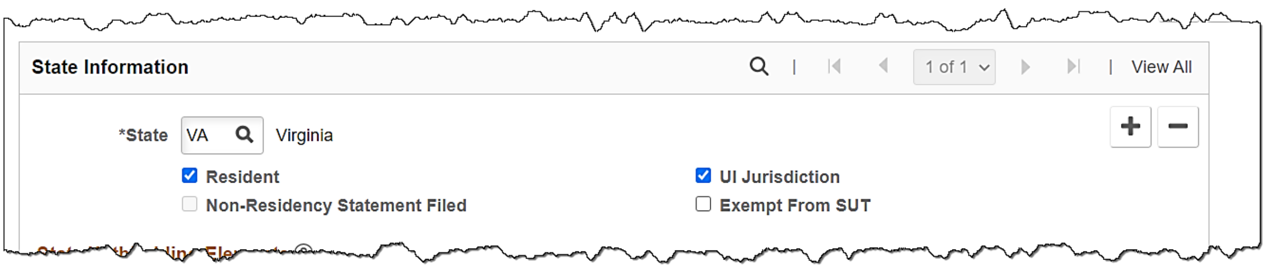
The **State Tax Data** tab displays.



10. The **Effective Date** field defaults based on the previous selection on the **Federal Tax Data** tab. If a different effective date needs to be applied for the employee's state tax information, add a new row on the **Federal Tax Data** tab.

There are various fields that can be updated on the **State Tax Data** tab of the **Update Employee Tax Data** page when a new State W-4 form is received. The following screenshots and tables provide a brief description of each field (by section) along with other important information regarding whether updates can be made.

State Information section screenshot:



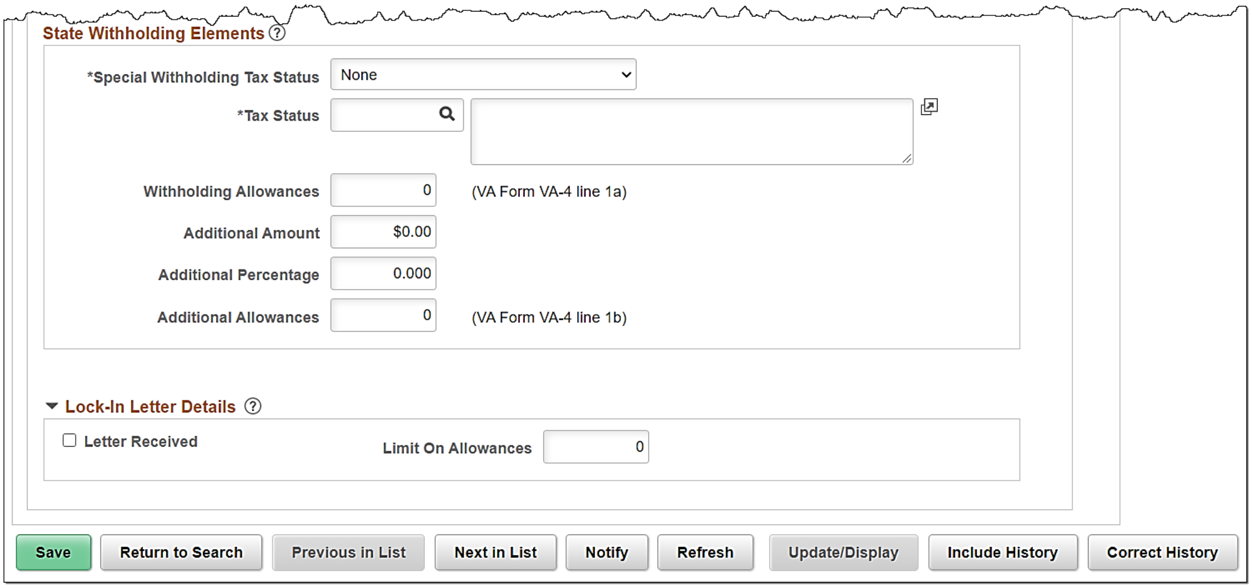
State Information fields:

Field	Required	Description	Comments
State	Y	Used to select the applicable State	Originally defaults from employee's personal data. Pre-populates based on the previous row. Update as needed using the **Look Up** icon **Note**: If you need to add State Tax Information for the employee for an additional State, click the **Add a New Row** icon within the **State Information** section.
*Resident	N	Used to denote the employee's State residence	Populates based on the **Tax Location Code** in **Job Data**. Update as needed. See note below this table.
*UI Jurisdiction	Y	Used to denote what State the employee works in. This is based on the employees Tax Location	Populates based on the **Tax Location Code** in **Job Data**. Update as needed. See note below this table.
Non-Residency Statement Filed	N	Used to denote whether the employee has filed a Non-Residency Statement for the State	Pre-populates based on the previous row. Update as needed
Exempt from SUT	N	Used to indicate if the employee is exempt from State Unemployment Tax (SUT)	Defaults as unchecked. **Note**: For employees of VA, it should not be checked. This should only be checked if the employee is known to be exempt from SUT.

***Note:** If the **Tax Location Code** is changed on **Job Data**, then a new effective dated row is added (with the same effective date from **Job Data**) on the employee's tax record even if the **Resident** and **UI Jurisdiction** does not change.

The HR Administrator should notify the Payroll Administrator when making any updates to the **Tax Location Code**. The Payroll Administrator will review to verify that the **Tax Location Code** does not impact the appropriate **Resident** set up for the employee and update if necessary.

State Withholding Elements and **Lock-In Letter Details** sections screenshot:

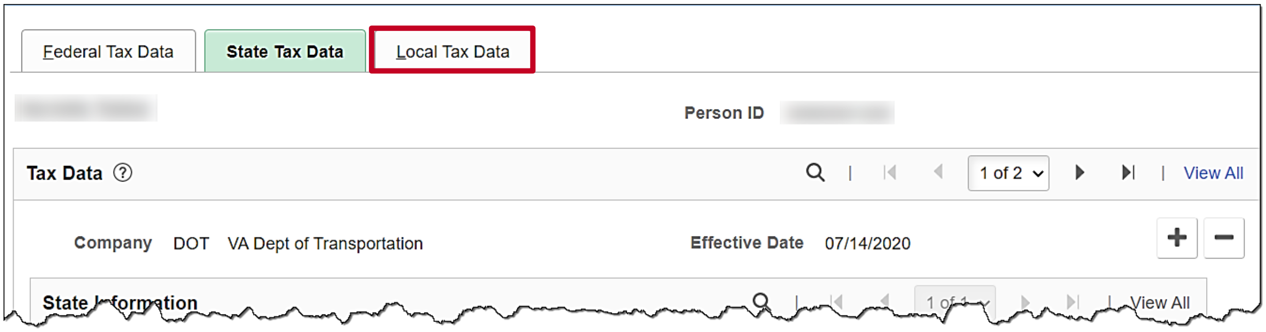


State Withholding Elements and **Lock-In Letter Details** fields:

Field	Required	Description	Comments
Special Withholding Tax Status	Y	Identifies whether the employee has a Special Withholding Tax Status	Originally defaults from employee's personal data. Pre-populates based on the previous row. Update as needed based on the employee's State W-4
Tax Status	Y	Used to denote whether the employee is claiming a withholding (Married) X = Claiming exemption from withholding N = Not applicable	Pre-populates based on the previous row. Update as needed
Withholding Allowances	N	Denotes the number of withholding allowances the employee is claiming	Enter the number of withholding allowances as applicable based on the State W-4 form **Note**: The number entered here cannot exceed the maximum number in the Lock-In Letter as applicable.

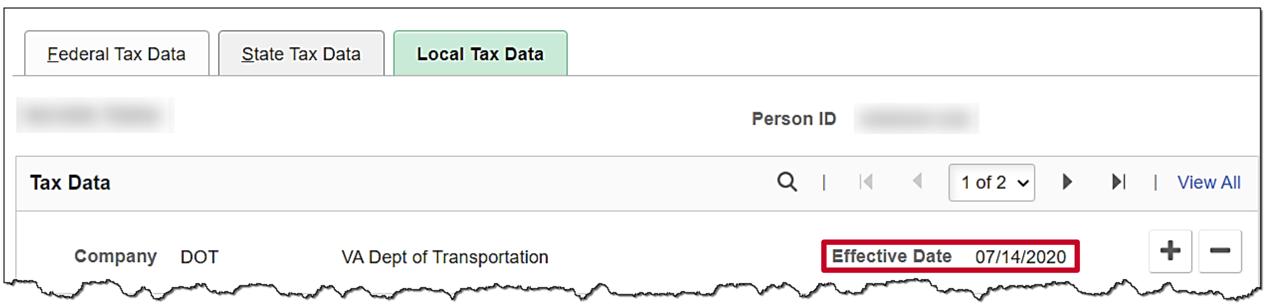
Field	Required	Description	Comments
Additional Amount	N	Used to enter an additional amount that the employee is electing to pay	Enter as a dollar amount when applicable
Additional Percentage	N	Used to enter an additional percentage that the employee is electing to pay	Enter as a percentage when applicable
Additional Allowances	N	Used to enter the number of additional allowances the employee is claiming	Enter the number of additional allowances as applicable based on the State W-4 form **Note**: The total number entered in this field and the **Withholding Allowances** field cannot exceed the maximum number in the Lock-In Letter as applicable.
Lock-In Letter Details: Letter Received	N	Used to denote whether a Lock-In Letter has been sent by the State for the employee. When received, this letter locks-in a limit on Allowances for the employee	Select this checkbox option as applicable if a Lock-In Letter is received for the employee
Lock-In Letter Details: Limit on Allowances	N	Used to enter the limit number of Allowances when a Lock-In Letter is received for the employee	Enter the maximum number of allowances for the employee as applicable. This prevents entering allowances above number entered here **Note**: Confirmation messages will display if the Lock-In letter information is entered, and you must confirm these actions.

11. If additional changes are needed, scroll to the top of the page. If not, proceed to Step 14.



12. If updates are needed to the employee's Local tax information, click the **Local Tax Data** tab.

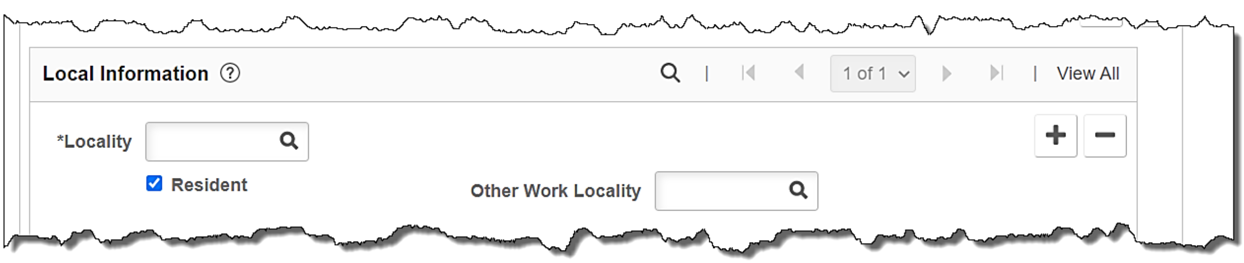
The **Local Tax Data** tab displays.



13. The **Effective Date** field defaults based on the previous selection on the **Federal Tax Data** tab. If a different effective date needs to be applied for the employee's local tax information, add a new row on the **Federal Tax Data** tab.

There are various fields that can be updated on the **Local Tax Data** tab of the **Update Employee Tax Data** page when a new form is received. The following screenshots and tables provide a brief description of each field (by section) along with other important information regarding whether updates can be made.

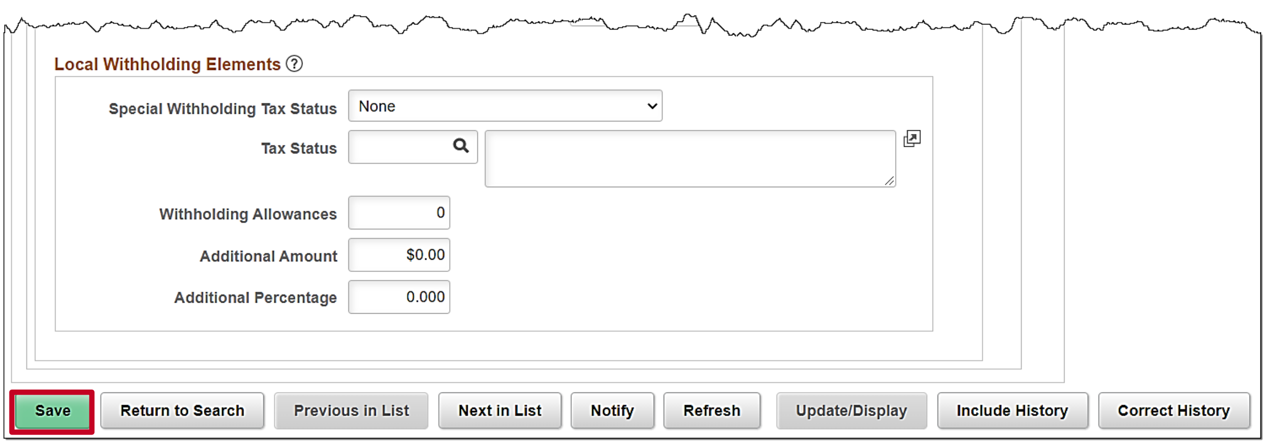
Local Information section screenshot:



Local Information fields:

Field	Required	Description	Comments
Locality	Y	Used to select the applicable Locality	Pre-populates based on the previous row. Update as needed using the **Look Up** icon **Note**: If you need to add Local Tax Information for the employee for an additional Locality, click the **Add a New Row** icon within the **Local Information** section.
Other Work Locality	N	Used to select another work locality if you have more than one work tax for a given locality. The entry in this field is used to link to another local work tax code	Pre-populates based on the previous row. Update as needed
Resident	N	Used to denote whether the employee is a resident of the Locality	Pre-populates based on the previous row. Update as needed

Locality Withholding Elements section screenshot:



Locality Withholding Elements fields:

Field	Required	Description	Comments
Special Withholding Tax Status	N	Identifies whether the employee has a Special Withholding Tax Status	Pre-populates based on the previous row. Update as needed based on the employee's form
Tax Status	N	Used to denote whether the employee is claiming a withholding (Married) X = Claiming exemption from withholding N = Not applicable	Pre-populates based on the previous row. Update as needed
Withholding Allowances	N	Denotes the number of withholding allowances the employee is claiming	Enter the number of withholding allowances as applicable based on the employee's form
Additional Amount	N	Used to enter an additional amount that the employee is electing to pay	Enter as a dollar amount when applicable
Additional Percentage	N	Used to enter an additional percentage that the employee is electing to pay	Enter as a percentage when applicable

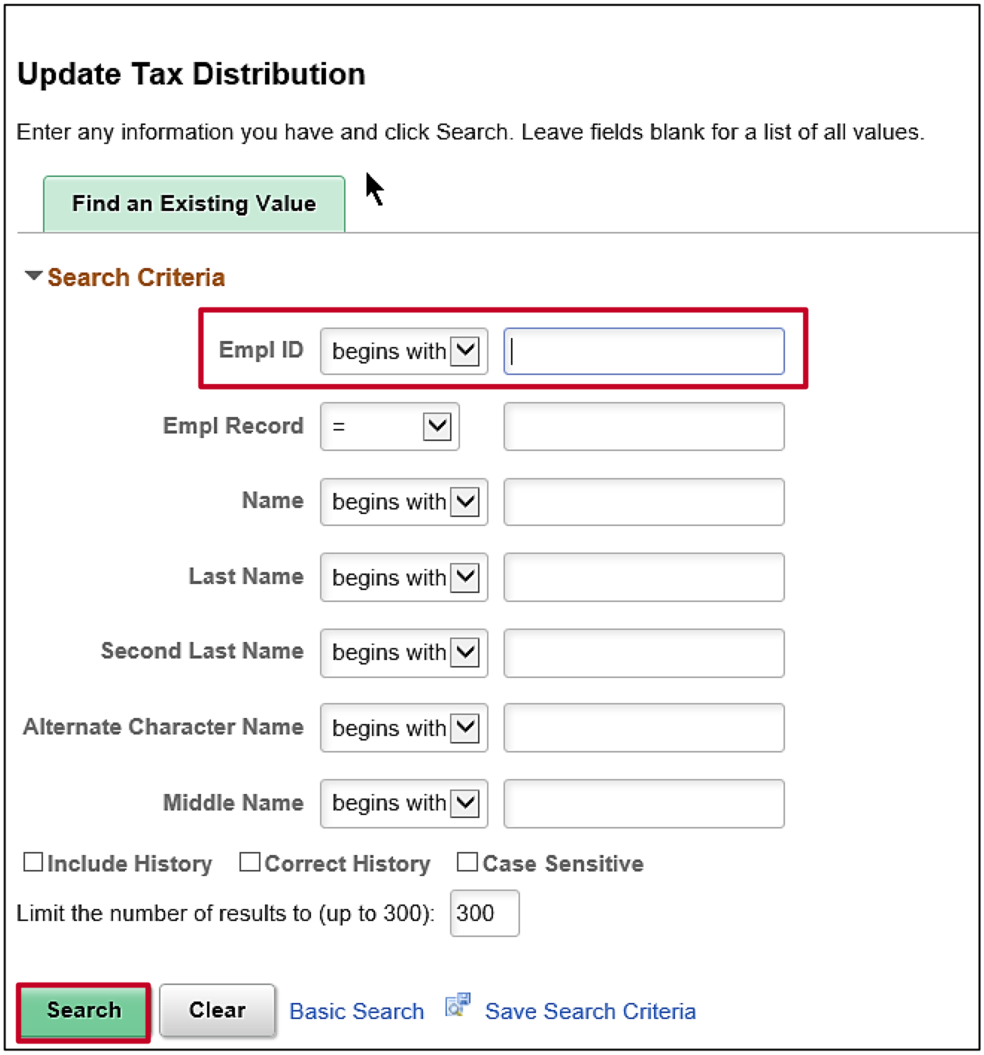
14. Once all required updates are made, click the **Save** button.

Updating Tax Distribution Information

1. To view and update tax distribution information for an employee, navigate to the **Update Tax Distribution** page using the following path:

   Navigator > Payroll for North America > Employee Pay Data USA > Tax Information > Update Tax Distribution

The **Update Employee Tax Data Search** page displays.



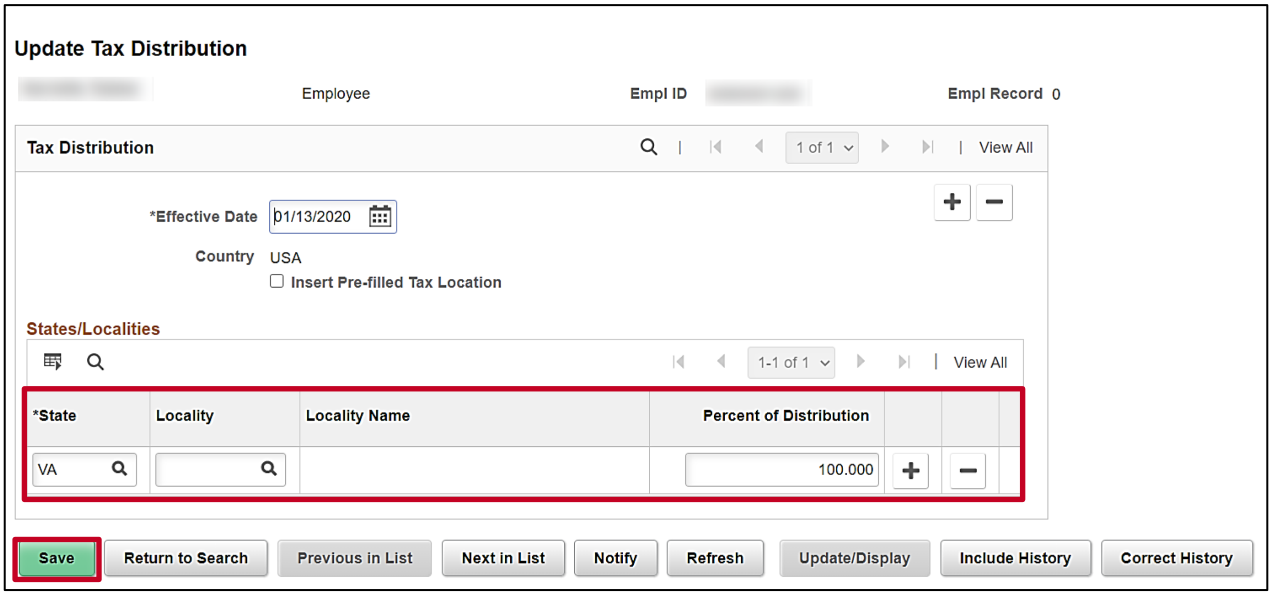
2. Search for the applicable employee by entering the Employee ID or known portion of the Employee ID in the **Empl ID** field.

   Note: You can also search by Employee Name and Last Name using the corresponding fields. However, it is recommended to use the Employee ID as it is a unique identifier for each employee.

3. Click the **Search** button.

4. If multiple employees match the search criteria entered, the search results will display in the bottom portion of the page, and you must click the **Empl ID** link for the applicable employee. If not, proceed to Step 5.

The **Update Tax Distribution** page displays for the applicable employee.



Note: The information on this page defaults based on the employee's tax location (defined on the Job Record). If the **Tax Location Code** is changed on the employee's **Job Data**, a new effective dated row is added (with that same effective date from **Job Data**) on the employee's tax distribution page even if the State does not change. If an employee has two jobs within the same company, there will be two tax distribution records, one for employee record.

5. Review the following information as applicable for the employee. The information is populated by the system based on the **Tax Location Code** that is set up on employee's **Job Data**:
   a. **State**: Indicates state in which employee works
   b. **Locality**: Indicates taxing locality as applicable for the state in which the employee works
   c. **Locality Name**: Read-only field that will display the Locality name if the employee has a Locality defined
   d. **Percent of Distribution**: Should always equal 100%
6. If the information did not default based on the employee's Job Record, update the Tax Distribution information as explained in the proceeding Steps.
7. Select the applicable State using the **State** field **Look Up** icon.
8. Select the applicable Locality using the **Locality** field **Look Up** icon.
9. Enter "100.000" in the **Percent of Distribution** field.
10. Click the **Save** button.