

Classic Tax Rate and WRS Rate Changes – 2023

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Federal Tax Rates

Loading the Federal tax rates is a two-step process. First, you need to enter the new federal Social Security rates. Then, you need to enter the new federal withholding tax rates.

The government has determined the following limits for 2023:

- Social Security wage base increases to \$160,200
- The contribution limit for flex spending accounts (FSA) increases to \$3,050
- The contribution limit for Dependent Care flex spending accounts remains at \$5,000
- The contribution limit for health savings accounts (HSA) increases to \$3,850 for individual coverage and to \$7,750 for family coverage
- The catch-up limit for health savings accounts (HSA) remains at \$1,000
- The contribution limit for 401(k), 403(b) and 457 plans increases to \$22,500
- The catch-up limit for 401(k), 403(b) and 457 plans increases to \$7,500
- The contribution limit for to an Individual Retirement Arrangement (IRA) increases to \$6,500
- The catch-up limit for Individual Retirement Arrangement (IRA) remains at \$1,000
- Additional Medicare Tax remains at 0.9 percent for wages paid above \$200,000

In addition, the employee rate for Social Security remains at 6.2 percent on wages paid beginning January 1, 2023.

Please adjust your limits and withholding percentages accordingly.

Step 1 – Enter Changes for Social Security Limits

The Social Security limit has increased to \$160,200. You may follow these steps to change the limit.

1. Open **Classic Payroll | Maintenance | Pay Code**.
2. Select the **Social Security Pay code** in use at your site.
3. Click the **General 2** tab.
4. Change the **Maximum Wage Limit** for 2023 to **160,200.00**.

Pay Code:

Pay Code: 74-00 Social Security Tax

General 1 General 2 Pay

Maximum Limit:

Maximum Wage Limit:

5. Click the **Pay Periods** tab.
6. Verify the **Amt-Rate-%** is **-6.20%** on the **Pay Check** side and **6.20%** on the **Benefits** side.
 Note: If the amount on the **Pay Check** side needs to be changed, enter a positive 6.20%.
 The system will change it to a negative.

Pav 74-00 SOCIAL SECURITY

General 1 General 2 Pay Periods W-2 / 1099 Notes

Pay Check Benefits

Code: % of Amoun Code: % of Amoun

mt-Rate-%: mt-Rate-%:


Step 2 – Enter new Federal Withholding Rates for those that **DO NOT** change their W-4

1. Open **Classic Payroll | Maintenance | Federal**.
2. The **FWT Exemption Amount** did not change from **\$4,300.00**. Please verify this amount.

General | **Withholding Rates** | EIC Rates

Federal Employer ID No: 99-9999999


FWT Exemption Amount: 4,300.00

3. Click on the **Withholding Rates** tab.
4. Click on the **Ellipsis** button .
5. Select **Married**.
6. Use the amounts shown in the following screen shot to update the Federal Withholding Rates for the married marital status.

Payroll - Federal Maintenance (Licensed to Civic Systems)


File Maintenance Main Menu Edit Search Inquiry Help

General | **Withholding Rates** | EIC Rates

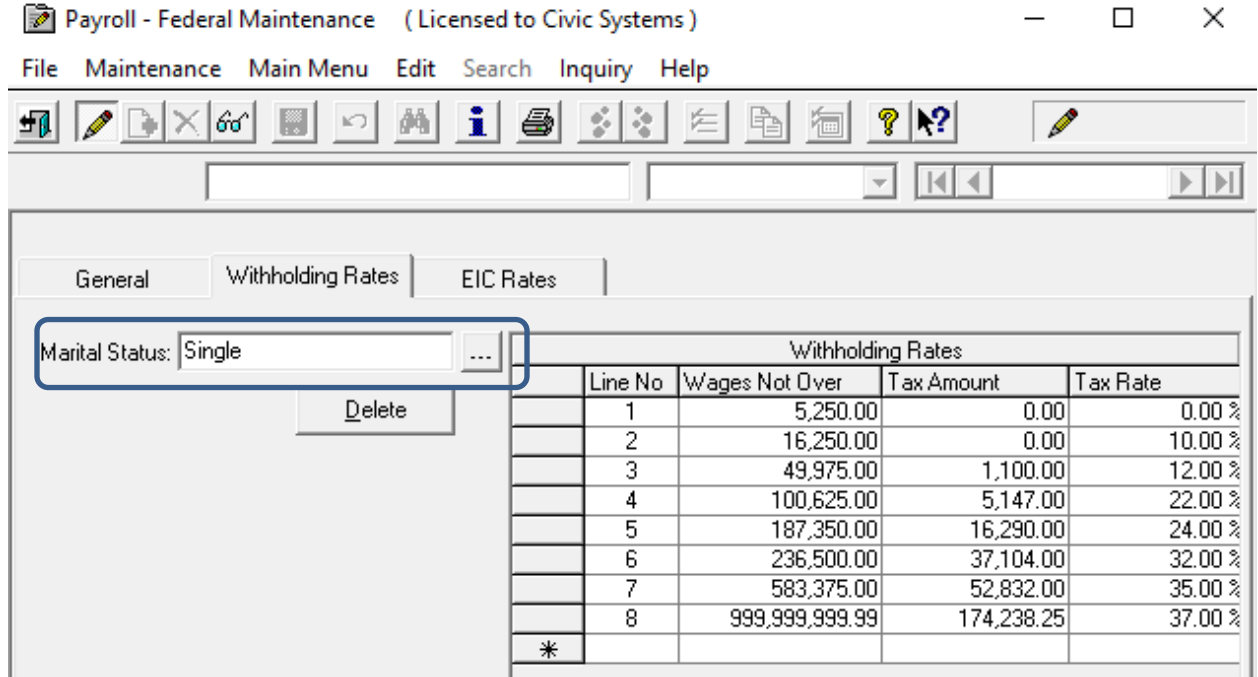
Marital Status: Married 

Delete

Withholding Rates				
	Line No	Wages Not Over	Tax Amount	Tax Rate
	1	14,800.00	0.00	0.00 %
	2	36,800.00	0.00	10.00 %
	3	104,250.00	2,200.00	12.00 %
	4	205,550.00	10,294.00	22.00 %
	5	379,000.00	32,580.00	24.00 %
	6	477,300.00	74,208.00	32.00 %
	7	708,550.00	105,664.00	35.00 %
	8	999,999,999.99	186,601.50	37.00 %
	*			

7. Click on the **Ellipsis** button .
8. Select **Single** and click **Accept**.

- Use the amounts shown in the following screen shot to update the Federal Withholding Rates for the single marital status.



- Click on the **Ellipsis** button .


You may have additional withholding tables to update for those that utilize a new W-4. Please continue. If you do not have additional tables to update, skip to step 16.

- Select **Married – 2c** and click **Accept**.

- Use the amounts shown in the following screen shot to update the Federal Withholding Rates for the Married-Box 2c marital status.

The screenshot shows the 'Payroll - Federal Maintenance' application window. The 'Withholding Rates' tab is active. The 'Marital Status' dropdown is set to 'Married-Box 2c'. Below it is a 'Delete' button. A table titled 'Withholding Rates' contains the following data:

Line No	Wages Not Over	Tax Amount	Tax Rate
1	13,850.00	0.00	0.00 %
2	24,850.00	0.00	10.00 %
3	58,575.00	1,100.00	12.00 %
4	109,225.00	5,147.00	22.00 %
5	195,950.00	16,290.00	24.00 %
6	245,100.00	37,104.00	32.00 %
7	360,725.00	52,832.00	35.00 %
8	99,999,999.99	93,300.75	37.00 %
*			

- Click on the **Ellipsis** button .
- Select **Single – Box 2c** and click **Accept**.
- Use the amounts shown in the following screen shot to update the Federal Withholding Rates for the Single-Box 2c marital status.

The screenshot shows the 'Payroll - Federal Maintenance' application window. The 'Withholding Rates' tab is active. The 'Marital Status' dropdown is set to 'Single-Box 2c'. Below it is a 'Delete' button. A table titled 'Withholding Rates' contains the following data:

Line No	Wages Not Over	Tax Amount	Tax Rate
1	6,925.00	0.00	0.00 %
2	12,425.00	0.00	10.00 %
3	29,288.00	550.00	12.00 %
4	54,613.00	2,573.50	22.00 %
5	97,975.00	8,145.00	24.00 %
6	122,550.00	18,552.00	32.00 %
7	295,988.00	26,416.00	35.00 %
8	99,999,999.99	87,119.13	37.00 %
*			

16. Click **Close**  ..

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State Tax Rates

New state withholding tax rates may be in effect for your state. These new rates should be entered before your first payroll in 2023.


Illinois

As of the date of this publication, Illinois' tax rates have **NOT** changed for 2023. Illinois' **Exemption Amount** is \$2,425.00, the **Dependent Amount** is \$1,000.00, and the **Tax Rate** is 4.95 percent. Follow these steps to verify and or make this change.


1. Open the **Payroll** module.
 2. Go to **Maintenance | State** on the menu.
 3. Type "IL" in the **State Code** field at the top and press **Enter**.
 4. Click on the **Withholding Rates** tab.
 5. The first **Marital Status** that appears should be "Married".
 6. Verify/change the **Tax Rate** is/to 4.95%.
 7. Verify/change the **Exemption Amount** to \$2,425.00 and verify/change the **Dependent Amount** is/to \$1,000.00.
 8. Click on the **Ellipse** button next to the **Marital Status** field and choose **Single**. Click **Accept**.
 9. Repeat steps 6 – 7 above.
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Minnesota

Minnesota’s state tax rates have changed for 2023. Click [here](#) for more information regarding that change. Follow these steps to verify and/or make this change.

1. Open the **Payroll** module.
2. Go to **Maintenance | State**.
3. Type “MN” in the **State Code** field.
4. Click on the **Withholding Rates** tab.
5. Make sure that “Married” is the selected **Marital Status**. If not, click on the **Ellipsis** button  and select “Married”.
6. Change the **Exemption Amt** to **\$4,800**.
7. Enter the information into the table as shown below for “Married”.

Withholding Rates				
	Line	Wages Not Over	Tax Amount	Tax Rate
	1	13,250.00	0.00	0.00
	2	57,200.00	0.00	5.35
	3	187,860.00	2,351.33	6.80
	4	318,220.00	11,236.21	7.85
	5	99,999,999.99	21,469.47	9.85
	*			


8. Click the **Ellipsis** button  next to the **Marital Status** field.
9. Select “Single” and click **Accept**.
10. Change the **Exemption Amt** to **\$4,800**.
11. Enter the information into the table as show below for “Single”.

Withholding Rates				
	Line	Wages Not Over	Tax Amount	Tax Rate
	1	4,225.00	0.00	0.00
	2	34,295.00	0.00	5.35
	3	102,985.00	1,608.75	6.80
	4	187,565.00	6,279.67	7.85
	5	99,999,999.99	12,919.20	9.85
	*			


12. Click **Close**. The changes will be saved.

Wisconsin

As of the date of this publication, Wisconsin's state tax rates have **NOT** changed for 2023. Click [here](#) for Wisconsin's Withholding Tax Guide updated 11/19. Due to the limitations of this older version of the software, no changes are needed. Follow these steps to verify the withholding tables.

1. Open the **Payroll** module.
2. Go to **Maintenance | State**.
3. Type "WI" in the **State Code** field.
4. Click on the **Withholding Rates** tab.
5. Make sure that "Married" is the selected **Marital Status**. If not, click on the **Ellipsis** button  and select "Married".
6. Verify that the **Exemption Amt** is **\$22.00**.
7. Use the amounts, shown in the following screen shot to update/verify the State Withholding Rates.

Withholding Rates				
	Line	Wages Not Over	Tax Amount	Tax Rate
	1	7,870.00	0.00	0.00
	2	18,780.00	0.00	4.00
	3	21,400.00	436.40	5.84
	4	28,308.00	589.41	7.008
	5	60,750.00	1,073.52	7.524
	▶ 6	240,190.00	3,514.46	6.27 %
	7	999,999.99	14,765.35	7.65
	*			

8. Click the **Ellipsis** button  next to the **Marital Status** field.
9. Select "Single" and click **Accept**.
10. Verify that the **Exemption Amt** is **\$22.00**.
11. Use the amounts, shown in the following screen shot to update/verify the State Withholding Rates.

Withholding Rates				
	Line	Wages Not Over	Tax Amount	Tax Rate
	1	5,730.00	0.00	0.00
	2	15,200.00	0.00	4.00
	3	16,486.00	378.80	4.48
	4	26,227.00	436.41	6.5408
	5	62,950.00	1,073.55	7.0224
	6	240,190.00	3,652.39	6.27
	✍ 7	999,999.99	14,765.34	7.65 %
	*			

12. Click **Close**. The changes will be saved.

Wisconsin Retirement System Rates

Your community may have new WRS rates. These new rates should be entered before your first payroll in 2023. Visit the following website and select your community to confirm your WRS rates.

<https://etfonline.wi.gov/ETFCalculatorWeb/etf/internet/employer/ETFemployerrates.jsp>.

Most communities' rates have changed to the following. As stated above, use the website to verify these rates are correct for your community.

General

Employee Required – 6.80%

Employer Required – 6.80%

Elected

Employee Required – 6.80%

Employer Required – 6.80%

Protective with Social Security

Employee Required – 6.80%

Employer Required – 13.20% (does not include duty disability rate of 0.02%)

Protective without Social Security

Employee Required – 6.80%

Employer Required – 18.10% (does not include duty disability rate of 0.02%)

To change the rates, do this:

1. Open **Classic Payroll | Maintenance | Pay Code**.
2. Select the appropriate **WRS pay code** in use at your site.
3. Click on the **Pay Periods** tab.
4. Change the **Amt-Rate-%** to the appropriate rate on the **Pay Check** side of the screen.
5. Change the **Amt-Rate-%** to the appropriate rate on the **Benefits** side of the screen.
6. Repeat steps 2 – 5 to change the other WRS pay codes.

7. Click **Close** when finished.

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Congratulations!

You have completed the Payroll Year-end Closing! The Payroll system is now ready for you to enter payroll for the new year.

Useful Websites

Listed below are links to sites you can find helpful and often important information.

IRS – general links to forms, publications, and general information.

www.irs.gov

IRS – Publication 15-T

<https://www.irs.gov/pub/irs-pdf/p15t.pdf>

Social Security Administration Business Services:

<http://www.socialsecurity.gov/pgm/business.htm>

SSA – Payroll Year End Balancing

<http://www.socialsecurity.gov/employer/recon/recon.htm>

STATE WEBSITES

Illinois Department of Revenue

<https://www2.illinois.gov/rev/Pages/default.aspx>

Iowa Department of Revenue

<http://www.iowa.gov/tax/index.html>

Minnesota Department of Revenue

<https://www.revenue.state.mn.us/minnesota-department-revenue>

Michigan Department of Treasury

<http://www.michigan.gov/treasury/>

Missouri Department of Revenue

<http://dor.mo.gov/>

Ohio Department of Taxation

<http://tax.ohio.gov/>

Wisconsin Department of Revenue

<http://www.revenue.wi.gov/>

Wisconsin Retirement Rates:

<http://etfonline.wi.gov/ETFCalculatorWeb/etf/internet/employer/ETFemployerrates.jsp>