

# **Classic Tax Rate and WRS Rate Changes – 2017**

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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 2017:

- Social Security wage base increases to \$127,200.
- The contribution limit for flex spending accounts (FSA) remains at \$2,600 for single or married filing separately and \$5,200 for married filing jointly
- The contribution limit for health savings accounts (HSA) increases to \$3,400 for individual coverage and to \$6,750 for family coverage
- The catch-up limit for health savings accounts (HAS) remains at \$1,000
- The contribution limit for 401(k), 403(b) and 457 plans remains at \$18,000
- The catch-up limit for 401(k), 403(b) and 457 plans remains at \$6,000
- The contribution limit for to an Individual Retirement Arrangement (IRA) remains at \$5,500

In addition, the employee rate for Social Security remains at 6.2 percent on wages paid beginning January 1, 2017.

Please adjust your limits and withholding percentages accordingly.

## Step 1 – Enter Changes for Social Security Limits

The Social Security limits have not changed. You may follow these steps to verify the proper limits are entered.

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. Verify the **Maximum Wage Limit** for 2016 of **127,200.00**.

Pay Code:

Pay Code: 74-00 SOCIAL SECURITY

General 1    General 2    Pay

Maximum Limit:

Maximum Wage Limit:

Benefit Information

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.

Pay Code: 74-00 SOCIAL SECURITY

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

Pay Check    Benefits

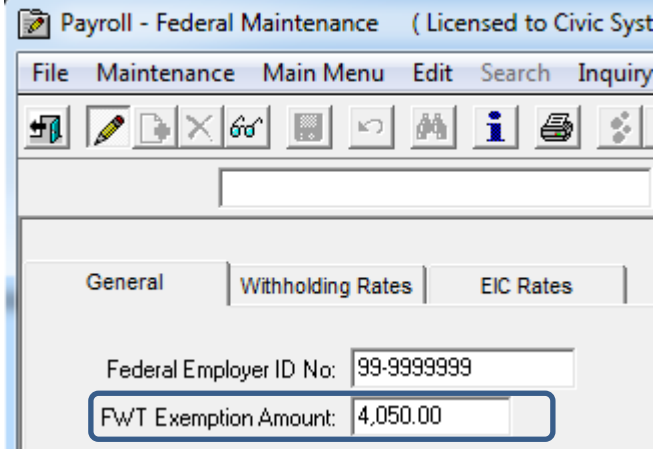
Code: % of Amount    Code: % of Amount


Amt-Rate-%:     Amt-Rate-%:

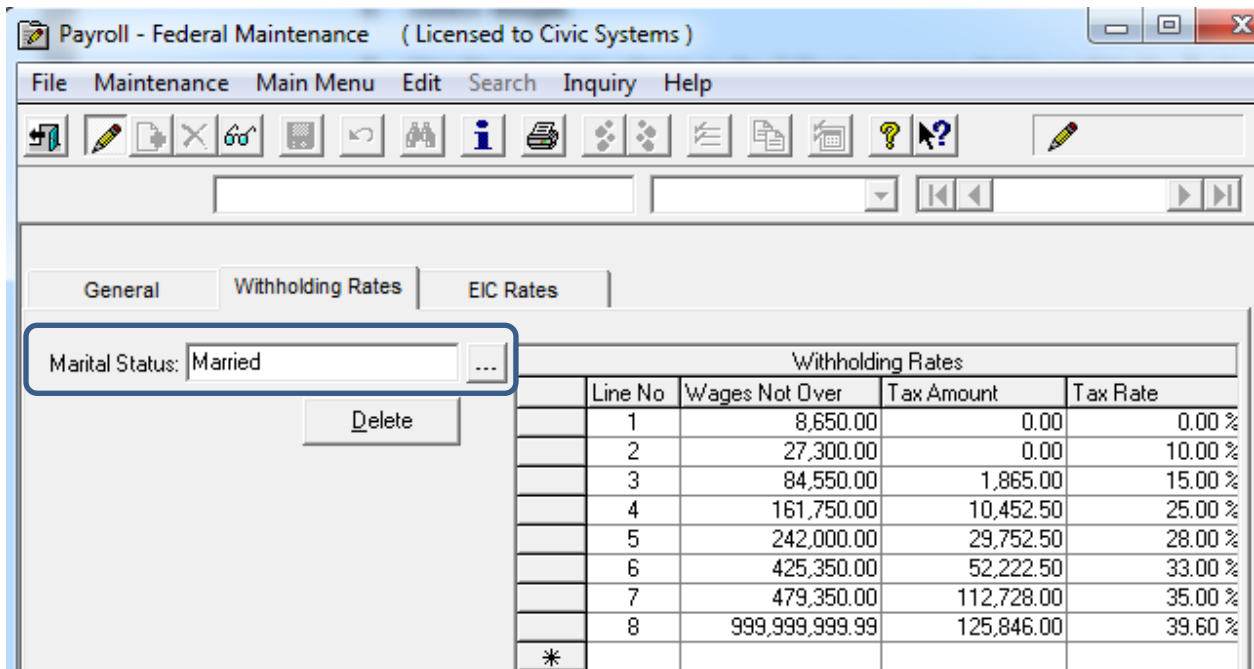
Round Amounts to Nearest Dollar     Calculate on Unpai


## Step 2 – Enter Changes for New Federal Withholding Rates

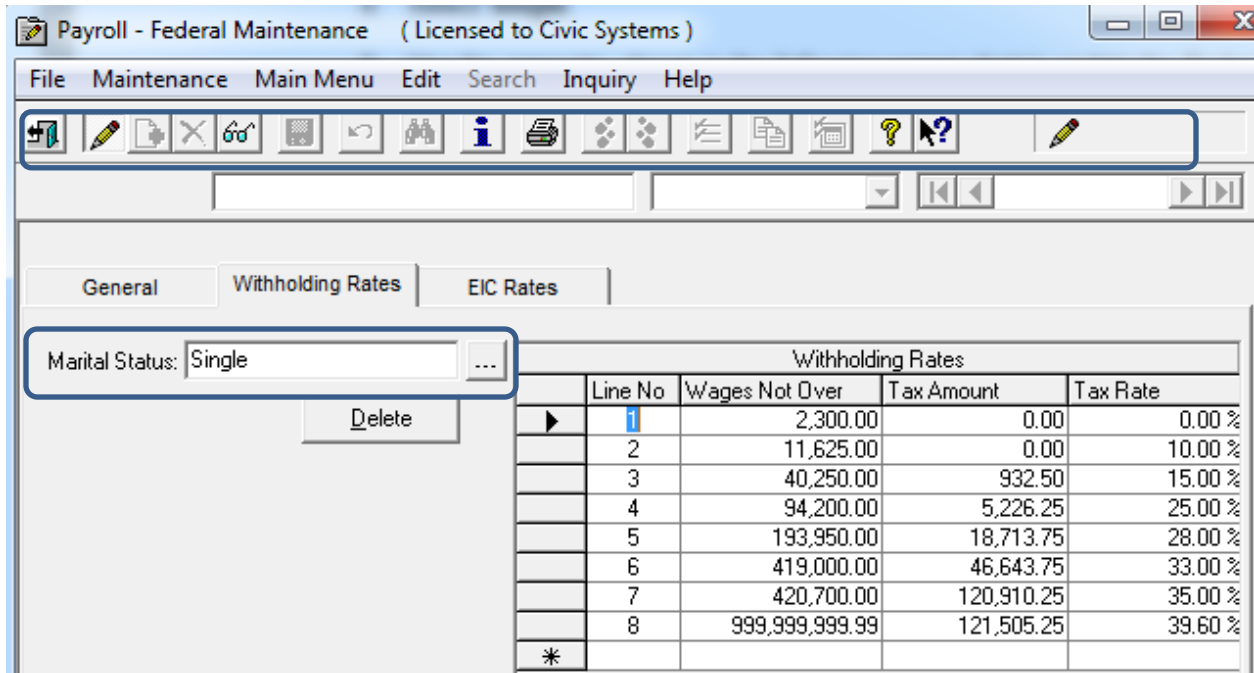
1. Open **Classic Payroll | Maintenance | Federal**.
2. Change the **FWT Exemption Amount** to **\$4,050.00**.



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.



7. Click on the **Ellipsis** button .
8. Select **Single**.
9. Use the amounts, shown in the following screen shot to update the Federal Withholding Rates for the single marital status.



The screenshot shows a software window titled "Payroll - Federal Maintenance (Licensed to Civic Systems)". The "Withholding Rates" tab is active. On the left, the "Marital Status" dropdown menu is set to "Single". Below it is a "Delete" button. To the right is a table with the following data:

Line No	Wages Not Over	Tax Amount	Tax Rate
1	2,300.00	0.00	0.00 %
2	11,625.00	0.00	10.00 %
3	40,250.00	932.50	15.00 %
4	94,200.00	5,226.25	25.00 %
5	193,950.00	18,713.75	28.00 %
6	419,000.00	46,643.75	33.00 %
7	420,700.00	120,910.25	35.00 %
8	999,999,999.99	121,505.25	39.60 %
*			


10. Click **Close** .

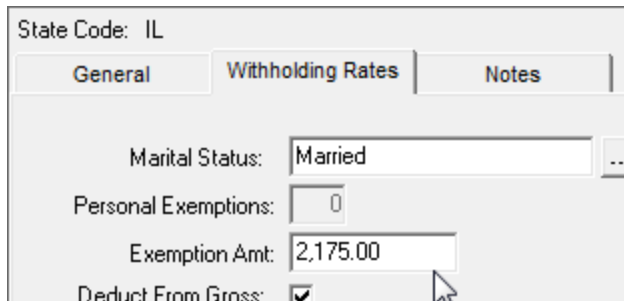
# State Tax Rates

**New state withholding tax rates may be in effect for your state. These new rates should be entered before your first payroll in 2017.**

## Illinois (2017 rates not out yet. Check back.)


Illinois' **Exemption Amount** has changed from \$2,175 to \$\_\_\_\_\_. Follow these steps to make this change.

1. Open the **Payroll** module.
2. Go to **Maintenance | State**.
3. Type "IL" 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** from \$2,175.00 to \$\_\_\_\_\_.



State Code: IL


General Withholding Rates Notes

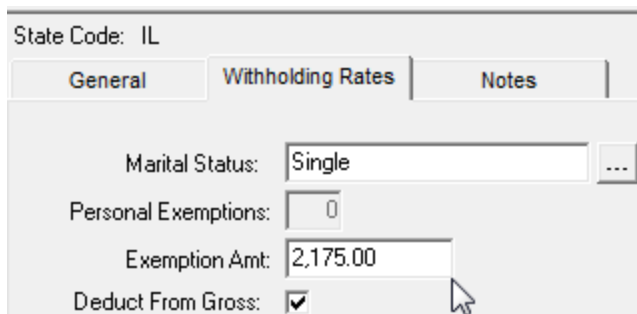
Marital Status: Married 

Personal Exemptions: 0

Exemption Amt: 2,175.00


Deduct From Gross:

7. Click the **Ellipsis** button  next to the **Marital Status** field.
8. Select "Single".
9. Change the **Exemption Amt** from \$2,175.00 to \$\_\_\_\_\_.



State Code: IL

General Withholding Rates Notes

Marital Status: Single 

Personal Exemptions: 0

Exemption Amt: 2,175.00

Deduct From Gross:

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

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## Indiana (2017 rates not out yet. Check back.)

Per our research, it does not appear that Indiana has any tax rate changes for 2016.

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## Iowa

Per our research, it does not appear that Iowa has any tax rate changes for 2016.

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## Minnesota

Minnesota's state tax rate has changed for 2017 and is effective January 1, 2017. Click [here](#) for more information regarding that 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. The **Exemption Amt** did not change from **\$4,050**. Verify that this is your **Exemption Amt**.



- Enter the information into the table as shown below for "Married".

Payroll - State Maintenance (Licensed to Civic Systems)

File Maintenance Main Menu Edit Search Inquiry Help

State Code: [ ] State Code [ ] 1 of 1

State Code: MN

General Withholding Rates Notes

Marital Status: Married [...]

Personal Exemptions: 0

Exemption Amt: 4,050.00

Deduct From Gross:

Dependent Amt: .00

% of Federal Tax: .00 %

Withholding Rates				
	Line	Wages Not Over	Tax Amount	Tax Rate
	1	8,650.00	0.00	0.00
	2	45,760.00	0.00	5.35
	3	156,100.00	1,985.39	7.05
	4	270,160.00	9,764.36	7.85
	5	999,999.00	18,718.07	9.85
	*			

- Click the **Ellipsis** button [...] next to the **Marital Status** field.
- Select "Single".
- The **Exemption Amt** did not change from **\$4,050**. Verify that this is your **Exemption Amt**.
- Enter the information into the table as show below for "Single".

Payroll - State Maintenance (Licensed to Civic Systems)

File Maintenance Main Menu Edit Search Inquiry Help

State Code: [ ] State Code [ ] 1 of 1

State Code: MN

General Withholding Rates Notes

Marital Status: Single [...]

Personal Exemptions: 0

Exemption Amt: 3,650.00

Deduct From Gross:

Dependent Amt: .00

% of Federal Tax: .00 %

Withholding Rates				
	Line	Wages Not Over	Tax Amount	Tax Rate
	1	2,300.00	0.00	0.00
	2	27,690.00	0.00	5.35
	3	85,700.00	1,358.37	7.05
	4	159,210.00	5,448.08	7.85
	5	999,999.00	11,218.62	9.85
	*			

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

## Michigan

Per our research, the tax rate of 4.25% and personal exemption amount of \$4,000 has not changed from 2016.

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## Ohio (2017 rates not out yet. Check back.)

Per our research, it does not appear that Ohio has any tax rate changes for 2016.

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## Wisconsin (2017 rates not out yet. Check back.)

Per our research, it does not appear that Wisconsin has any tax rate changes for 2016.

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# Wisconsin Retirement System Rates

**Your community may have new WRS rates. These new rates should be entered before your first payroll in 2016. Visit the following website and select your community to confirm your WRS rates -**

<http://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 – 6.60%

Employer Required – 6.60%

## **Elected**

Employee Required – 6.60%

Employer Required – 6.60%

## **Protective with Social Security**

Employee Required – 6.60%

Employer Required – 9.49%

## **Protective without Social Security**

Employee Required – 6.60%

Employer Required – 13.29%

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](http://www.irs.gov)

IRS Business – Employer information

<http://www.irs.gov/businesses/index.html?navmenu=menu1>

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

<http://www.revenue.state.il.us/index.htm#t=tab1>

Iowa Department of Revenue

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

Minnesota Department of Revenue

<http://taxes.state.mn.us/Pages/index.aspx>

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/channels/other/business.stm>

Wisconsin Department of Revenue

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

Wisconsin Retirement Rates:

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