Clarity Tax Rate and WRS Rate Changes – 2020

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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. There are additional steps to load the federal withholding tax rates since the federal government issued a new W-4 form for 2020.

The government has determined the following limits for 2020:

- Social Security wage base increases to \$137,700
- The contribution limit for flex spending accounts (FSA) will increase to \$2,750
- The contribution limit for Dependent Care flex spending accounts remains at \$5,000
- The contribution limit for health savings accounts (HSA) increases to \$3,550 for individual coverage and to \$7,100 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 will increase to \$19,500
- The catch-up limit for 401(k), 403(b) and 457 plans remains at \$6,500
- The contribution limit for to an Individual Retirement Arrangement (IRA) remains at \$6,000
- Additional Medicare Tax remains at 0.9 percent for wages paid above \$200,000

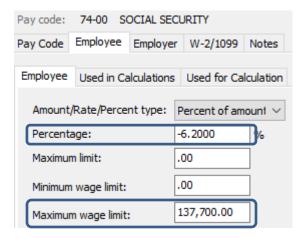
In addition, the employee rate for Social Security remains at 6.2 percent on wages paid beginning January 1, 2020.

Please adjust your limits and withholding percentages accordingly.

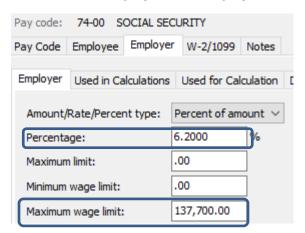
Step 1 - Enter Changes for Social Security Limits

The Social Security limits has increased to \$137,700. You may follow these steps to change the limit.

- 1. Open Clarity Payroll | Organization | Pay Codes.
- 2. Select the Social Security Pay code in use at your site.
- 3. On the **Employee** tab > **Employee** sub tab.
 - Verify the Maximum Wage Limit for 2020 of 137,700.00.
 - Verify the Social Security Rate Percentage of -6.20% for employees and 6.20% for employers. Note: If this amount needs to be changed, enter a positive 6.20%. The system will change it to a negative.

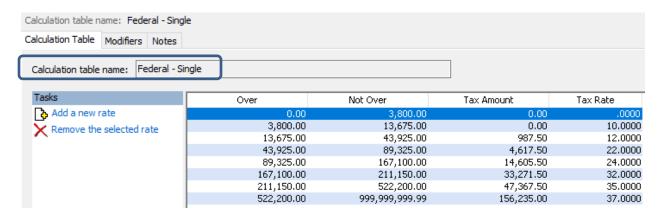


4. On the **Employer** tab > **Employer** sub tab, repeat Step 3.



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

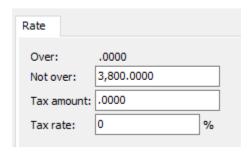
- 1. Open Clarity Payroll | Organization | Calculation Tables.
- 2. Enter "Federal Single" in the Calculate Table Name field.
- 3. Enter the **Federal Withholding Rates** table information for the **Single** status. Below are the rates.



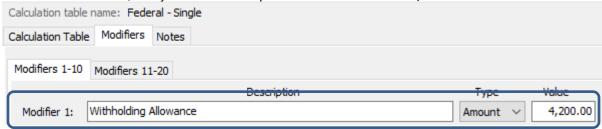
To change the rates, click on a line.

Over		Not Over	
	0.00	3,800.00	
	3,800.00	13,500.00	
	13,500.00	43,275.00	
	43,275.00	88,000.00	
	88.000.00	164.525.00	

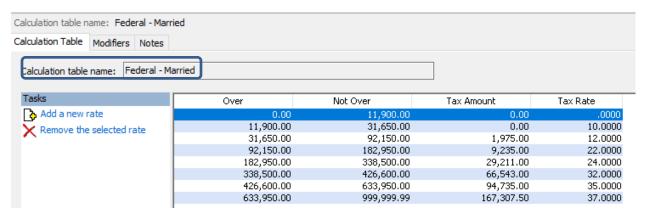
Then, change the **Not over**, **Tax amount**, and **Tax rate** fields appropriately at the bottom of the screen.



4. On the Modifiers tab, verify the FWT Exemption Amount for 2020 of 4,200.00.



- 5. Enter "Federal Married" in the Calculate Table Name field at the top.
- 6. Enter the new **Federal Withholding Rates** table information for the **Married** status.



To change the rates, click on a line.

Over	Not Over	
0.00	11,800.00	
11,800.00	31,200.00	
31,200.00	90,750.00	
90,750.00	180,200.00	

Then, change the **Not over**, **Tax amount**, and **Tax rate** fields appropriately at the bottom of the screen.

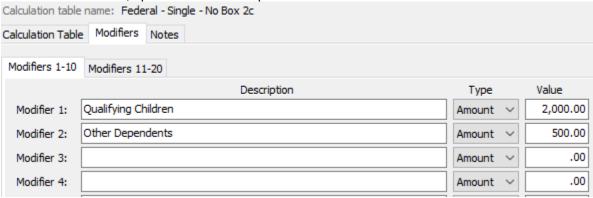
Rate	
Over:	.0000
Not over:	11,190.0000
Tax amount:	.0000
Tax rate:	0 %

7. On the **Modifiers** tab, enter the FWT Exemption Amount for 2020 of **4,200.00**.



Step 3 – Enter new Federal Withholding Rates for those that DO change their W-4 WITHOUT Box 2c checked

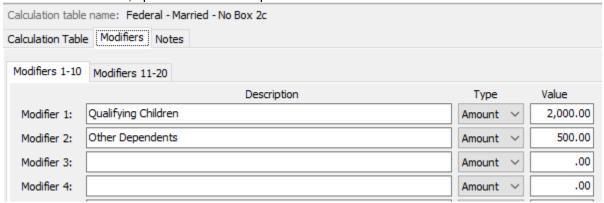
- 1. Open Clarity Payroll | Organization | Calculation Tables.
- 2. Enter "Federal Single" in the Calculate Table Name field.
- 3. Click the **Copy** button on the toolbar.
- 4. Name the new calculation table "Federal Single No Box 2c".
- 5. Verify the amounts match from **Step 2.3** above.
- 6. On the **Modifiers** tab, update to the new dependent credit amounts.



- 7. Enter "Federal Married" in the Calculation Table Name field.
- 8. Click the **Copy** button on the toolbar.



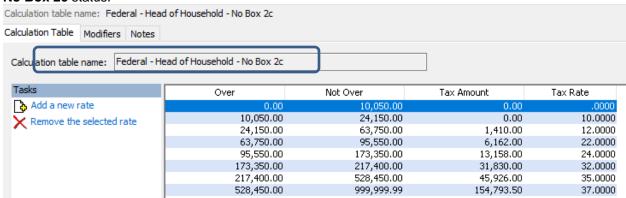
- 9. Name the new calculation table "Federal Married No Box 2c".
- 10. Verify the amounts match from **Step 2.6** above.
- 11. On the **Modifiers** tab, update to the new dependent credit amounts.



12. Click the Save button on the toolbar.

- 13. Make sure "Federal Married No Box 2c" in still selected. If not, type "Federal Married No Box 2c" in the **Calculation Table Name** field.
- 14. Click the **Copy** button on the toolbar.
- 15. Name the new calculation table "Federal Head of Household No Box 2c".

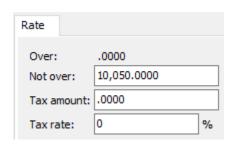
Enter the new **Federal Withholding Rates** table information for the **Head of Household – No Box 2c** status.



To change the rates, click on a line.

Over	Not Over
0.00	11,190.00
11,190.00	l3,675.00
13,675.00	43,925.00
43,925.00	89,325.00
89,325.00	167,100.00

Then, change the **Not over**, **Tax amount**, and **Tax rate** fields appropriately at the bottom of the screen.



16. On the **Modifiers** tab, verify the new dependent credit amounts.

Calculation table name: Federal - Head of Household - No Box 2c				
Calculation Table	Calculation Table Modifiers Notes			
Modifiers 1-10	Modifiers 11-20			
	Description	Type	Value	
Modifier 1:	Qualifying Children	Amount ∨	2,000.00	
Modifier 2:	Other Dependents	Amount ∨	500.00	
Modifier 3:		Amount ∨	.00	
Modifier 4:		Amount ∨	.00	

Step 4 – Enter new Federal Withholding Rates for those that DO change their W-4 WITH Box 2c checked

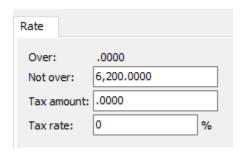
- 1. Open Clarity Payroll | Organization | Calculation Tables.
- 2. Enter "Federal Single No Box 2c" in the Calculate Table Name field.
- 3. Click the **Copy** button on the toolbar.
- 4. Name the new calculation table "Federal Single –Box 2c".

Enter the Federal Withholding Rates table information for the Single -Box 2c status. Calculation table name: Federal - Single - Box 2c Calculation Table Modifiers Notes Calculation table name: Federal - Single - Box 2c Tasks Not Over Tax Amount Tax Rate Add a new rate 11,138.00 0.00 10.0000 6,200.00 Remove the selected rate 11,138.00 26,263.00 493.75 12.0000 48,963.00 2,308.75 22.0000 26,263.00 87,850.00 7,302.75 24.0000 48,963.00 87,850.00 109,875.00 16,635.75 32.0000 265,400.00 23,683.75 109.875.00 35,0000 265,400.00 37.0000 999,999.99 78,117.50

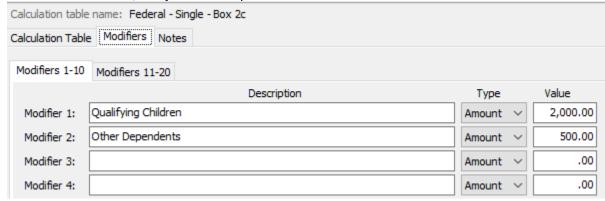
To change the rates, click on a line.



Then, change the **Not over**, **Tax amount**, and **Tax rate** fields appropriately at the bottom of the screen.

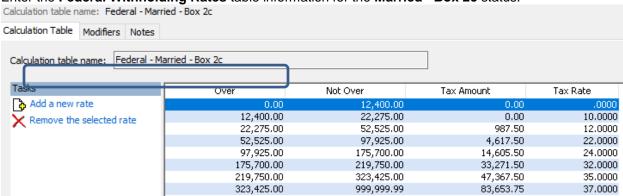


5. On the **Modifiers** tab, verify the new dependent credit amounts.



- 6. Enter "Federal Married No Box 2c" in the Calculation Table Name field.
- 7. Click the **Copy** button on the toolbar.
- Name the new calculation table "Federal Married –Box 2c".

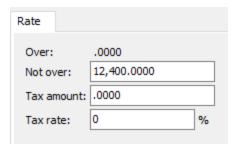
Enter the Federal Withholding Rates table information for the Married –Box 2c status.



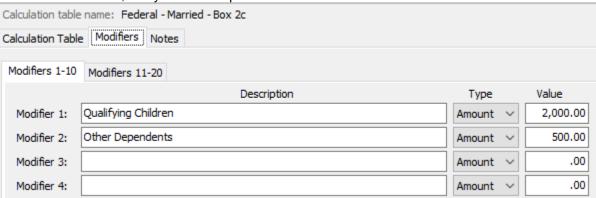
To change the rates, click on a line.

Over	Not Over
0.00	11,190.00
11,190.00	₩ 13,675.00
13,675.00	43,925.00
43,925.00	89,325.00
00,005,00	467,400,00

Then, change the **Not over**, **Tax amount**, and **Tax rate** fields appropriately at the bottom of the screen.

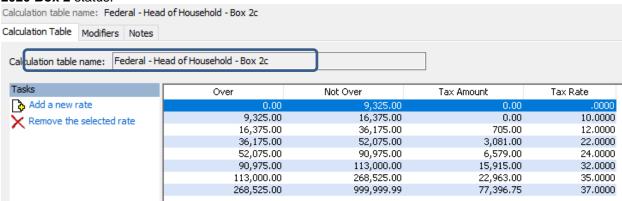


9. On the **Modifiers** tab, verify the new dependent credit amounts.



- 10. Enter "Federal Head of Household 2020" in the Calculation Table Name field.
- 11. Click the **Copy** button on the toolbar.
- 12. Name the new calculation table "Federal Head of Household 2020 Box 2".

Enter the Federal Withholding Rates table information for the Head of Household – 2020 Box 2 status.



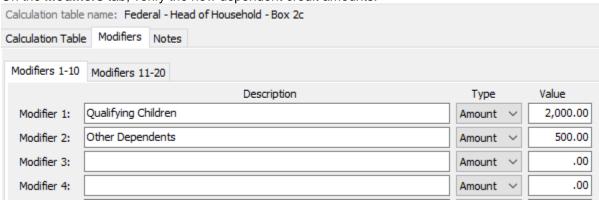
To change the rates, click on a line.

Over	Not Over
0.00	10,050.00
10,050.00	24,150.00
24,150.00	63,750.00
63,750.00	95,550.00
95,550.00	173,350.00

Then, change the **Not over**, **Tax amount**, and **Tax rate** fields appropriately at the bottom of the screen.

Rate		
Over:	.0000	
Not over:	9,325.0000	
Tax amount:	.0000	
Tax rate:	0	%

13. On the Modifiers tab, verify the new dependent credit amounts.



Step 5 - Create Calculation Formulas for 2020 W-4's

- 1. Open Clarity Payroll | Organization | Calculation Formulas.
- 2. Enter "Federal Withholding" in the Calculate Formula Name field.
- 3. Click the **Copy** button on the toolbar.

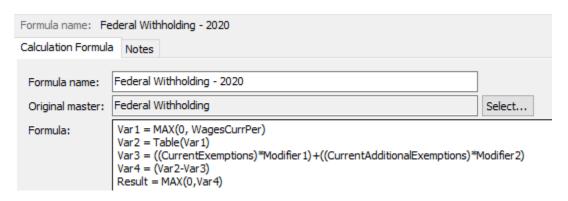


- 4. Name the new calculation table "Federal Withholding 2020".
- 5. Unlock the formula by clicking the padlock on the toolbar.



- 6. If required, enter the Field access password.
- 7. Click the **Modify** button in the lower right.
- 8. Copy the following and paste it into the **Formula** section:

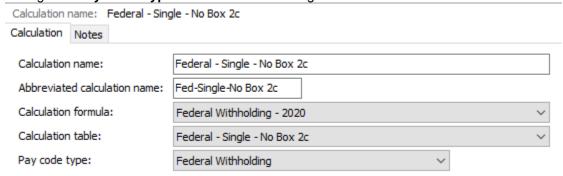
```
Var1 = MAX(0, WagesCurrPer)
Var2 = Table(Var1)
Var3 = ((CurrentExemptions)*Modifier1)+((CurrentAdditionalExemptions)*Modifier2)
Var4 = (Var2-Var3)
Result = MAX(0, Var4)
```



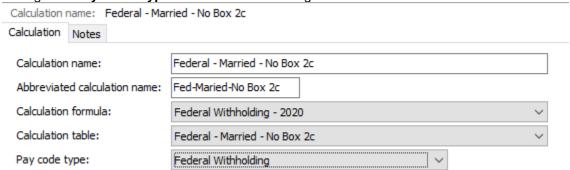
9. Click Save and Close.

Step 6 – Create New Calculation

- 1. Open Clarity Payroll | Organization | Calculations.
- 2. Click the **New** button on the toolbar.
- 3. Enter "Federal Single No Box 2c" in the Calculate Name field.
- 4. Enter "Fed–Single–No Box 2c" in the **Abbreviated Calculation Name** field.
- 5. Change the Calculation Formula to "Federal Withholding 2020".
- 6. Change the Calculation Table to "Federal Single No Box 2c".
- 7. Change the Pay Code Type to "Federal Withholding".

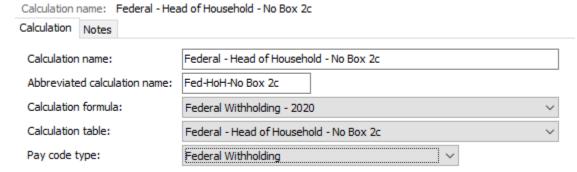


- 8. Click the **Save** button on the toolbar.
- 9. Click **Yes** to add the record.
- 10. Enter "Federal Married No Box 2c" in the Calculate Name field.
- 11. Enter "Fed-Maried-No Box 2c" in the Abbreviated Calculation Name field.
- 12. Change the **Calculation Formula** to "Federal Withholding 2020".
- 13. Change the Calculation Table to "Federal Married No Box 2c".
- 14. Change the **Pay Code Type** to "Federal Withholding".

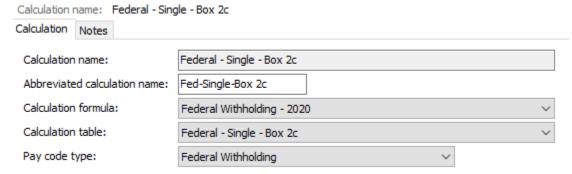


15. Click the Save button on the toolbar.

- 16. Click Yes to add the record.
- 17. Enter "Federal Head of Household 2020" in the Calculate Name field.
- 18. Enter "Fed HoH 2020" in the **Abbreviated Calculation Name** field.
- 19. Change the Calculation Formula to "Federal Withholding 2020".
- 20. Change the Calculation Table to "Federal Head of Household No Box 2c".
- 21. Change the **Pay Code Type** to "Federal Withholding".

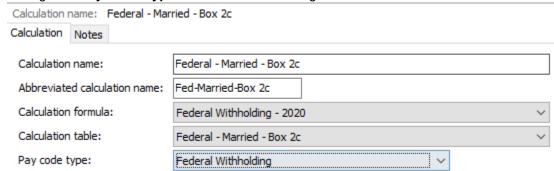


- 22. Click the **Save** button on the toolbar.
- 23. Click Yes to add the record.
- 24. Enter "Federal Single –Box 2c" in the Calculate Name field.
- 25. Enter "Fed-Single-Box 2c" in the Abbreviated Calculation Name field.
- 26. Change the **Calculation Formula** to "Federal Withholding 2020".
- 27. Change the **Calculation Table** to "Federal Single Box 2c".
- 28. Change the Pay Code Type to "Federal Withholding".

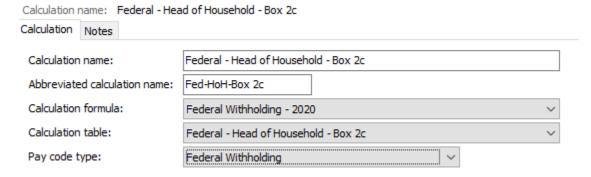


- 29. Click the Save button on the toolbar.
- 30. Click Yes to add the record.
- 31. Enter "Federal Married –Box 2c" in the Calculate Name field.
- 32. Enter "Fed-Married-Box 2c" in the Abbreviated Calculation Name field.

- 33. Change the Calculation Formula to "Federal Withholding 2020".
- 34. Change the Calculation Table to "Federal Married –Box 2c".
- 35. Change the **Pay Code Type** to "Federal Withholding".



- 36. Click the Save button on the toolbar.
- 37. Click Yes to add the record.
- 38. Enter "Federal Head of Household –Box 2c" in the Calculate Name field.
- 39. Enter "Fed-HoH-Box 2c" in the Abbreviated Calculation Name field.
- 40. Change the Calculation Formula to "Federal Withholding 2020".
- 41. Change the Calculation Table to "Federal Head of Household –Box 2c".
- 42. Change the **Pay Code Type** to "Federal Withholding".



- 43. Click the **Save** button on the toolbar.
- 44. Click Yes to add the record.
- 45. Click Close.

Step 7 – Update Employee Withholdings

- 1. Open Clarity Payroll | Employee | Modify Existing Employees.
- 2. Navigate to the employee you would like to change withholdings.
- 3. Click the Pay Code tab.
- 4. Double-click on the **FWT** pay code.
- 5. Select the **Calculation** to match the employee's W-4 Step 1(c) and Step 2(c) election.
- 6. Enter the Extra Amount from W-4 Step 4(c).
- 7. Enter the **Exemptions** from W-4 Step 3 "Qualifying Children". **Note:** Enter the **number** of dependents, not the dollar amount.
- 8. Enter the **Additional Exemptions** from W-4 Step 3 "Other Dependents". **Note:** Enter the **number** of dependents, not the dollar amount.
- 9. Repeat steps 2 8 for each employee that needs to be changed.

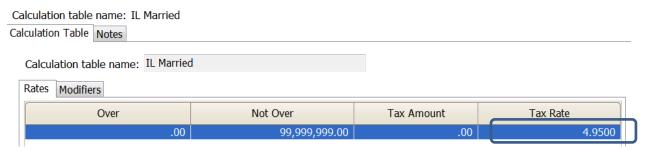
State Tax Rates

New state withholding tax rates may be in effect for your state. These new rates should be entered before your first payroll in 2020.

Illinois

Illinois' **Exemption Amount** has changed to \$2,325.00. The **Dependent Amount** has remained at \$1,000.00 and the **Tax Rate** at 4.95 percent. Follow these steps to verify and or make this change.

- 1. Go to Organization | Calculation Tables on the menu.
- 2. Enter "IL Married" in the Calculation table name field at the top.
- 3. Verify the Rate is set to 4.95.



- 4. Click on the Modifiers tab.
- 5. Change the **Exemption Amount** (usually in the **Modifier 1** field) to \$2,325.00 and verify the **Dependent Amount** (usually in the **Modifier 2** field) is \$1,000.00.

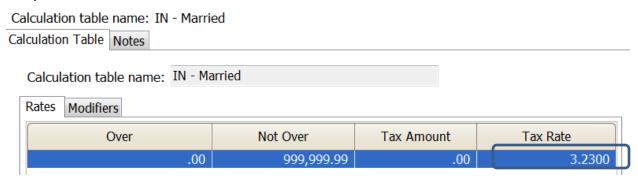


- 6. Click the Calculation Table tab.
- 7. Enter "IL Single" in the **Calculation table name** field at the top.
- 8. Repeat steps 3 5 above.
- 9. Click Close. The changes will be saved.

Indiana

Indiana's tax rates have not changed for 2020. Indiana's **Exemption Amount** is \$1,000.00 and the **Dependent Amount** is \$1,500.00. The **Tax Rate** is 3.23 percent. Follow these steps to verify and or make this change.

- 1. Go to Organization | Calculation Tables on the menu.
- 2. Enter "IN Married" in the Calculation table name field at the top.
- 3. Verify the **Rate** is 3.23.



- 4. Click on the **Modifiers** tab.
- 5. Verify the **Exemption Amount** (usually in the **Modifier 1** field) is \$1,000.00 and the **1st Amount** (usually in the **Modifier 2** field) is \$1,500.00.

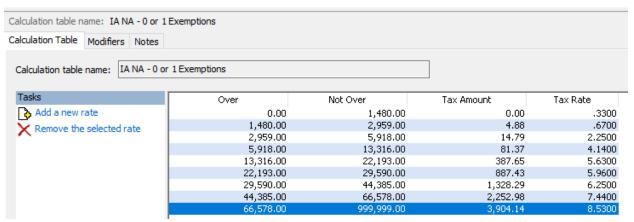


- 6. Click the Calculation Table tab.
- 7. Enter "IN Single" in the **Calculation table name** field at the top.
- 8. Repeat steps 3 5 above.
- 9. Click Close. The changes will be saved.

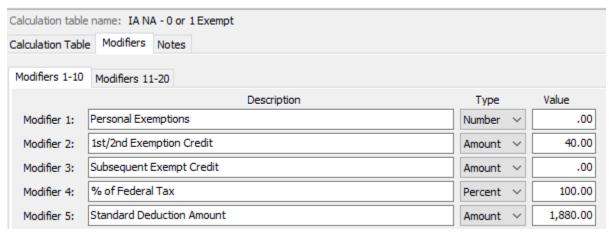
lowa

lowa's state tax rate and standard deductions have changed for 2020. Click here for more information regarding that change. Follow these steps to verify and/or make this change.

- 1. Go to Organization | Calculation Tables on the menu.
- 2. Enter "IA NA 0 or 1 Exempt" in the **Calculation table name** field at the top.
- 3. Verify the Rates match below.

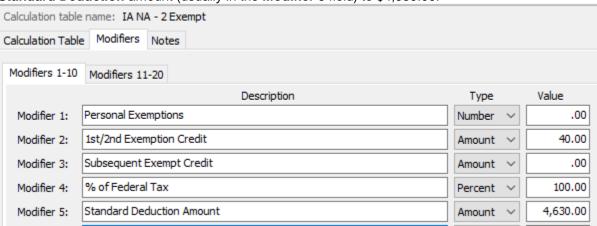


- 4. Click on the Modifiers tab.
- 5. Change the 1st/2nd Exemption Credit amount (usually in the Modifier 2 field) to \$40.00 and the Standard Deduction amount (usually in the Modifier 5 field) to \$1,880.00.



- 6. Click the Calculation Table tab.
- 7. Enter "IA NA 2 Exempt" in the **Calculation table name** field at the top.
- 8. Repeat steps 3 4 above.

9. Change the 1st/2nd Exemption amount (usually in the Modifier 2 field) to \$40.00 and the Standard Deduction amount (usually in the Modifier 5 field) to \$4,630.00.

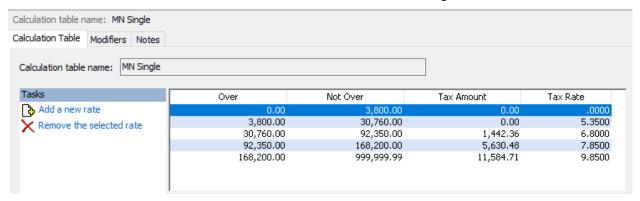


10. Click Close. The changes will be saved.

Minnesota

Minnesota's state tax rate has changed for 2020. Click here for more information regarding that change. Follow these steps to verify and/or make this change.

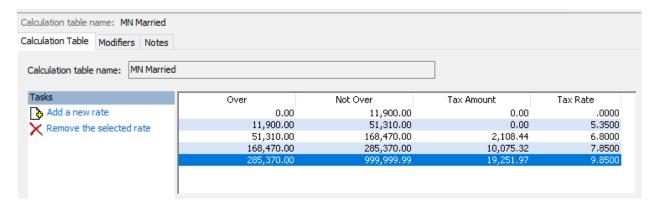
- 1. Go to Organization | Calculation Tables on the menu.
- 2. Select "MN Single". You can do this by typing in "MN Single" in the **Calculation table name** field at the top of the screen, using the navigation arrows in the top right until you get to "MN Single", or by using the **Search** button on the toolbar.
- 3. Enter the information into the table as shown below for "MN Single".



- 4. Click on the Modifiers tab.
- 5. Change the **Exemption Amount** to \$4,300.



- 6. Click the Calculation Table tab.
- 7. Select "MN Married". You can do this by typing in "MN Married" in the **Calculation table name** field at the top of the screen, using the navigation arrows in the top right until you get to "MN Married", or by using the **Search** button on the toolbar.
- 8. Enter the information into the table as shown below for "MN Married".



- 9. Click on the Modifiers tab.
- 10. Change the Exemption Amount to \$4,300.

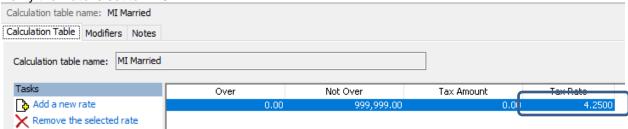


11. Click Close. The changes will be saved.

Michigan

Michigan's **Exemption Amount** has increased to \$4,750.00 and the tax rate is unchanged at 4.25 percent. Follow these steps to verify and or make this change.

- 1. Go to Organization | Calculation Tables on the menu.
- 2. Enter "MI Married" in the **Calculation table name** field at the top.
- 3. Verify the Rate is set to 4.25.



- 4. Click on the Modifiers tab.
- 5. Change the **Exemption Amount** to \$4,750.00.



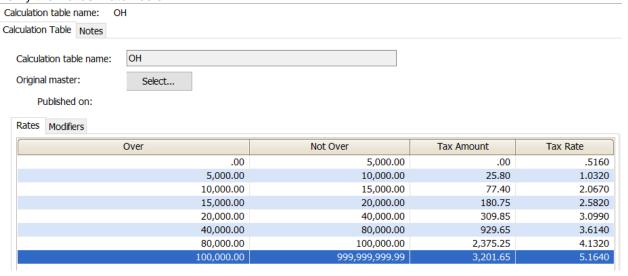
- 6. Click the Calculation Table tab.
- 7. Enter "MI Single" in the **Calculation table name** field at the top.
- 8. Repeat steps 3 5 above.
- 9. Click Close. The changes will be saved.

Ohio

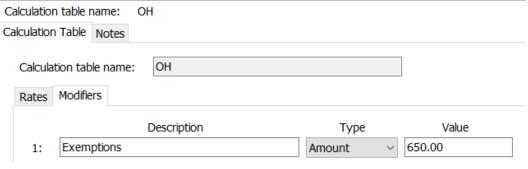
Ohio's state tax rate has changed for 2020. Follow these steps to verify and/or make this change.

Open the **Payroll** module.

- 1. Go to Organization | Calculation Tables on the menu.
- 2. Enter "OH" in the Calculation table name field at the top.
- 3. Verify the **Rates** match below.



- 4. Click on the Modifiers tab.
- 5. Change the **Exemption Amount** to \$650.00.

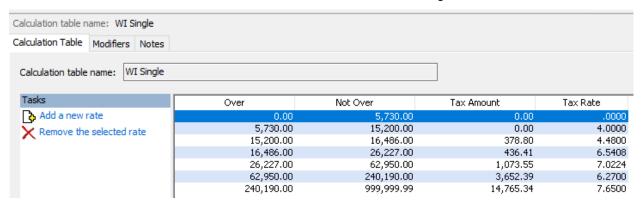


6. Click Close. The changes will be saved.

Wisconsin

Wisconsin's state tax rate has changed for 2020. Click here for Wisconsin's Withholding Tax Guide updated 11/19. Follow these steps to verify and/or make this change.

- 1. Go to Organization | Calculation Tables on the menu.
- 2. Select "WI Single". You can do this by typing in "WI Single" in the **Calculation table name** field at the top of the screen, using the navigation arrows in the top right until you get to "WI Single", or by using the **Search** button on the toolbar.
- 3. Enter the information into the table as shown below for "WI Single".



- 4. Click on the Modifiers tab.
- 5. The **Exemption Amount** did not change from **\$22.00**. Verify that this is your **Exemption Amount**.



- 6. Click the Calculation Table tab.
- 7. Select "WI Married". You can do this by typing in "WI Married" in the **Calculation table**name field at the top of the screen, using the navigation arrows in the top right until you get to "WI Married", or by using the **Search** button on the toolbar.

Calculation table name: WI Married Calculation Table Modifiers Notes Calculation table name: WI Married Tax Rate Over Not Over Tax Amount Add a new rate 7,870.00 18,780.00 0.00 4.0000 X Remove the selected rate 18,780.00 21,400.00 436.40 5.8400 21,400.00 28,308.00 589.41 7.0080 28,308.00 60,750.00 7.5240 1,073.52 60,750.00 240,190.00 6.2700 3,514.46 240,190.00 999,999.99 14,765.35 7.6500

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

- 9. Click on the Modifiers tab.
- 10. The **Exemption Amount** did not change from **\$22.00**. Verify that this is your **Exemption Amount**.



11. 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 2020. 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 – 6.75%

Employer Required – 6.75%

Elected

Employee Required – 6.75%

Employer Required – 6.75%

Protective with Social Security

Employee Required - 6.75%

Employer Required – 11.74%

Protective without Social Security

Employee Required - 6.75%

Employer Required – 16.34% (includes duty disability rate)

To change the rates, do this:

- 1. Open Clarity Payroll | Organization | Pay Codes.
- 2. Select the appropriate **WRS pay code** in use at your site.
- 3. Click on the **Employee** tab.
- 4. Change the **Percentage** to the appropriate rate. Highlight the full amount and type a positive number and press **Enter**. The system will change the percentage to a negative.
- 5. Click on the Employer tab.

- 6. Change the **Percentage** to the appropriate rate.
- 7. Repeat steps 2-5 to change the other WRS pay codes.

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

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

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