

The MiCase HR/Payroll System currently includes tax tables for Indiana and Wisconsin state withholding taxes, in addition to Michigan.

Please review this document and follow the procedures below, to make sure your payroll system is setup properly to handle state income taxes.

1. Make sure that you have installed the MiCase HR/Payroll System release version 06-Mar-2009 or later. To determine your current release, from the menu bar select *Help > About* and note the *Application Release* date displayed in the upper right of the screen.
2. Start the HR/Payroll System. If the system displays the screen



then examine your *Operations/Error Log* report.

If the log contains the message “Add a ‘IIT ‘ record on Elective Deduction Screen for: <employee name>” then add elective deduction records for the employees noted:

- go to the *Employee Elective Deductions Screen*
- select *New*
- enter “IIT “ for the deduction *Code*
- select *Save*
- Verify that you receive the system message “Record added to paemdeds” and that the item appears in the *Browse List of Employee Elective Deduction Records* at the bottom of the screen.

If you receive the message “You may not add an employee deduction record which is system defined for all employees”, go to the *Deduction Definition Screen* and locate the record for “IIT “. Uncheck the box for the *All Employees* field and *Save*. Then, repeat the above steps for all employees noted in the log and add the required IIT records. Once the elective deductions are added for all employees needing one, return to the “IIT” deduction definition and recheck the box for the *All Employees* field and *Save*.

If the log contains the message “Add a ‘WIT ‘ record on Elective Deduction Screen for: <employee name>” then add elective deduction records for the employees noted, by following the above instructions, only with “WIT “ for the deduction code, instead of “IIT “.

3. If your district *ever* employs residents of Indiana, do the following:

Setting up your payroll system to manage Indiana State taxes

Select *Modules > Payroll Module Administration > Deduction Definitions Screen*. Next, locate the record for Code IIT (Indiana Income Tax). Verify that the record appears as below:

The screenshot shows the 'Payroll Deduction Definition Screen' with the following fields and values:

- # 6 Code IIT Description Indiana Income Tax: employee withholding
- Abbreviation IN TAX Deduction Priority 503 Balance Report?
- System Defined? All Employees? Default Organization
- Calc. Program C_IN_TAX All Payrolls? Default ASN
- Calculate Wage Base? Default Frequency 9 = e A/P Batches? Sign ?

Below the fields are two tables for excluded codes:

* Code	Abbreviation

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PSFSA	Prem. Shar
TDP	MPSERS TDP

At the bottom is a 'Browse List of Deduction Definition Records (ALT+3/ALT+0 to enter/exit)' table:

* #	Code	Abbreviation	Sys.?	Base?	Priority	Bal. Rept	All Empl.	Organ.	ASN	Freq.	Batch	Sign
6	IIT	IN TAX	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	503	<input type="checkbox"/>	<input checked="" type="checkbox"/>			9	<input type="checkbox"/>	
7	403B	403B Def.C	<input checked="" type="checkbox"/>	<input type="checkbox"/>	402	<input checked="" type="checkbox"/>	<input type="checkbox"/>			6	<input type="checkbox"/>	

Be sure that your screen displays:

- The *System Defined?* field must be checked
- The *Calc. Program* field must contain "C_IN_TAX"
- The *Calculate Wage Base?* field must be checked;
- The *Deduction Priority* field should be 503;
- The *All Employees?* field must be checked.
- The *Default Organization* field should contain the code for the record from the *Financial Organizations Screen* for the organization where the Indiana withholding taxes are being paid.

Select *Save*. Make sure you receive the system message "Record updated" to verify the change has been made successfully. From now on when a new employee is added to the system, they will automatically have a mandatory deduction record for Indiana taxes on the *Employee Mandatory Deductions Screen*.

4. If your district *ever* employs residents of Wisconsin, do the following:

Setting up your payroll system for Wisconsin State Taxes

Follow the above process, only for Wisconsin Income Tax, with the following differences:

- Locate the record for Code WIT (Wisconsin Income Tax)
- The *Calc. Program* field must contain "C_WI_TAX"

- The *Deduction Priority* field should be 505;
 - The *Default Organization* field should contain the code for the record from the *Financial Organizations Screen* for the organization where the Wisconsin withholding taxes are being paid.
5. Finally, please review the remainder of this document for further details regarding state income taxes.

How the MiCase HR/Payroll System handles state taxes

In the MiCase HR/Payroll System, state wages and taxes are calculated based on the following rules:

When a new employee is added to the system, they are automatically set up with a record to calculate Michigan wages and withholding taxes. This record appears on the *Employee Mandatory Deductions Screen* with a deduction code of "MIT". If the *State Abbreviation* in the *State Income Tax* section of the *Employee Master Setup Screen* contains MI, then the wages and withholding amounts will be calculated based on the employee's gross pay, "pre-tax" deductions and the contents of the *Exemptions* and *Additional Withholding* fields.

If the *State Abbreviation* in the *State Income Tax* section of the *Employee Master Setup Screen* contains IN (Indiana) or WI (Wisconsin), the system will calculate the respective state wages and withholding amounts, based on the employee's gross pay, "pre-tax" deductions and the contents of the *Exemptions* and *Additional Withholding* fields. However, before this can work, a record must be present on the *Employee Mandatory Deductions Screen*. For Indiana, the deduction code must be "IIT". For Wisconsin the deduction code must be "WIT".

Finally, a new procedure has been added to the HR/Payroll System. From now on when you start the HR/Payroll System, the application will check all employee records whose *State Abbreviation* is for any state other than Michigan. For those employees it will confirm a corresponding deduction record is present, so that state wages and taxes may be correctly calculated. If employees are found with incorrect deduction records, the system will display messages in the *Operations/Error Log* report with instructions to add the necessary records. In the event the employee had state wages for prior periods that were miscalculated, contact our support group to have the state wages updated correctly.

As always, please contact our Information Systems Support help line with any questions or concerns.

MiCase Software Support:
Tel: Kalamazoo: 269 488-6201
Email: helpdesk@kresanet.org

On behalf of the MiCase Information Systems staff, thank you.