



Spectrum PA Act 32 Setup

Beginning January 1, 2012, Pennsylvania employers will be required to obtain a certificate of residency form from all employees and withhold local earned income taxes from their paychecks. If an employee moves during the year, the employee must file an updated certificate of residency.

Under Act 32, employers are required to withhold the greater of the employee's resident tax or the nonresident tax of the jurisdiction in which the workplace is located and remit the withheld taxes to the jurisdiction where the employers' workplace is located.

Act 32 states that at the end of each calendar quarter, each employer will be required to:

- File a quarterly return with the designated tax collector and remit the amount of EIT deducted during the preceding calendar quarter.
- For employers with employees located in several TCDs, the employer will remit the EIT to the tax officer of the TCD in which the employer's payroll operations are housed & will be required to remit electronically on a monthly basis.

Setup

1. Create all Resident and Non-Resident Tax codes within Spectrum Tax Table Maintenance that need to be reported for PA ACT32.

Income Tax Other Taxes Pay Type Exclusions Resident Exemptions Overtime Rules

Description: Gilbertsville
 Tax ID number:
 G/L liability account: 0220 Fit Withholding
 W-2 state abbreviation:

All settings in this list are shared among ALL Spectrum companies

New Edit Delete

Filing status	Calculation type	Tax details	S...	T...	T...	...	T...
SINGLE	Percent	1.0000%					Gro
MARRIED	Percent	1.0000%					Gro

OK Cancel

There are three fields within the Income Tax record which are used for PA ACT32:

- Tax Table Code** – ten digit user-defined code which represents local tax
- Description** -
- Calculation Type** – must be defined as a percentage (**Tax rate type – P**); Percentage should be the same for all filing statuses. No other fields need to be populated for ACT32.

2. Assign the correct Resident local tax code to each Employee with the Income Tax status set to "Taxable"

	Tax code	Income tax	Disability (FICA/SDI)	Unemployment	Filing status	Exemptions	Income tax Overrides
Federal	US	Taxable	Taxable	Taxable	SINGLE	1	None
Resident state	PA	Taxable	Taxable	Taxable	SINGLE	1	None
Perm work state							
Resident county							
Resident local	011109	Taxable	Taxable	Taxable	SINGLE	1	None

3. Assign Work Location to all Employees who might have in-direct (no Job or WO) hours entered within Time Card Entry. The Work Location is a valid tax table code which is assigned to an Employee User-Defined field:

The Work Location field represents the main work location for all employees where there might be in-direct payroll hours entered for the payroll cycle. This Work Location tax code is assigned to each Time Card line where the payroll department is in-direct.

The Work Location can also be defined as the main location for Employees who don't fall within the 3-month rule:

4. Assign Non-Resident Tax Code to each Job or Work Order Site in "Payroll Setup" screen from the info bar:

Save Cancel

Job code 650 Gates Estate

Defaults

Worker's compensation []
 Work state PA Pennsylvania
 Work county []
 Work local 060208 Gilbertsville
 Rate level []

Certified payroll?
 Davis-Bacon job?
 Prevailing wage job?
 Certified project ID []

Payroll burden

Post actual burden to job?
 Pre-time card % 42.0%
 Phase []
 Cost type B Burden

Payroll overhead

Overhead type Percent
 Percent 4.0%
 Phase []
 Cost type O Overhead

Auto-overtime Rules: None

Save Cancel

Site code LIB001 Seattle Main Library

Defaults

Worker's compensation 0307 Vent/Air/Refrig System
 Work state PA Pennsylvania
 Work county []
 Work local 510101N Philadelphia - Non Resident
 Rate level 1

5. Assign PSD and "Type" to all Tax Table Codes which comply with PA ACT32.

AM1 Dashboard | AM1 Payroll Payment Processing | AM1 Tax Table PSD Code Assignment

Listing | TC Loc Tax Code Assign | Build PSD Hist | PSD Hist Report | PSD Hist Maint.

Tax code: ALL

Tax table code	Description	Single rate	PSD code	Type	Exclude on export
01	510101 - PH Resident	3.5965			<input type="checkbox"/>
011109	Allentown	1.1500	011109	Resident	<input type="checkbox"/>
02	510101 - PH non-resident	3.9500			<input type="checkbox"/>
04	060206 - Boyertown	1.0000			<input type="checkbox"/>
060206	Boyerton	1.1500	060206	Non-Resident	<input type="checkbox"/>
060208	Gilbertsville	1.0000	060208	Non-Resident	<input type="checkbox"/>
069603	Holland	1.0000	069603	Non-Resident	<input type="checkbox"/>
510101	Philadelphia - Resident	5.0000	510101	Resident	<input type="checkbox"/>
510101N	Philadelphia - Non Resident	3.5000			<input type="checkbox"/>
AL	Alabama				<input type="checkbox"/>
ALBERTA	Alberta Canadian Tax	5.0000			<input type="checkbox"/>
AT	Aurora OPT Tax	2.5000			<input type="checkbox"/>
CO	Colorado				<input type="checkbox"/>
CT	CT Tax table				<input type="checkbox"/>
DT	DENVER OPT TAX	2.0000			<input type="checkbox"/>
GL	MDU Tax Code				<input type="checkbox"/>
GT	Greenwood Village	4.0000			<input type="checkbox"/>
M1	Maryland Local 1	.7500			<input type="checkbox"/>
M2	Maryland Local 2	.8400			<input type="checkbox"/>
MD	Maryland	.8400			<input type="checkbox"/>
NJ	New Jersey	5.0000			<input type="checkbox"/>
NV	Nevada Income Tax				<input type="checkbox"/>
OR	Oregon Income Tax				<input type="checkbox"/>
PA	Pennsylvania	3.0700			<input type="checkbox"/>
PU	Pennsylvania Reciprocity				<input type="checkbox"/>
ST	Sheridan OPT Tax	1.7500			<input type="checkbox"/>
TN	Tennessee				<input type="checkbox"/>
TU	Tennessee Reciprocity	7.0000			<input type="checkbox"/>
WA	Washington Income Tax				<input type="checkbox"/>
WI	Wisconsin				<input type="checkbox"/>
ZZ	Exempt - Out of State				<input type="checkbox"/>

Tax Table Code, Description, and % - Single rate are “display” only fields from Income Tax Table Maintenance and can’t be changed on this screen. The PSD Code and Type are the only two entry fields on this custom table.

The PSD Code will accompany the tax code when exported via the Custom History Build process. The Type field determines whether the tax is for an employee’s residence or work location (non-resident). The check box “exclude on export” is used for excluding codes during the update to history (if needed).

NOTE: only records which have a PSD code are exported as part of PA ACT32 to the custom historical table. If there is no PSD Code entered above or the “exclude on export” box is checked, the record is **NOT** exported.

6. Create Resident Exemption Table Entries. When PSD codes and types are assigned above, when the user leaves the screen, the program creates and/or updates records within the standard Resident Exemption Maintenance tables for all tax codes which have a PSD code and Type. The programming creates entries for each combination of Resident vs. Non-Resident tax codes and assigns the taxable flag to the higher of the two rates. If both Resident and Non-Resident codes have the same rate, the Resident flag will be set to Taxable.

This custom process should be run after each local tax rate increase or when new local tax codes are added that have a corresponding PSD and Type code.

NOTE: Because of the timing of the Resident Exempt Table build, it's important to recognize that the tax codes and tax deductions will have already been calculated for layoff checks. If the rates on the Custom PSD table are changed after the layoff check is printed and before the Payroll cycle is started, the layoff check will not be changed during the Payroll cycle calculation.

Payroll Cycle Steps

1. Start a current Payroll Cycle
2. Enter hours

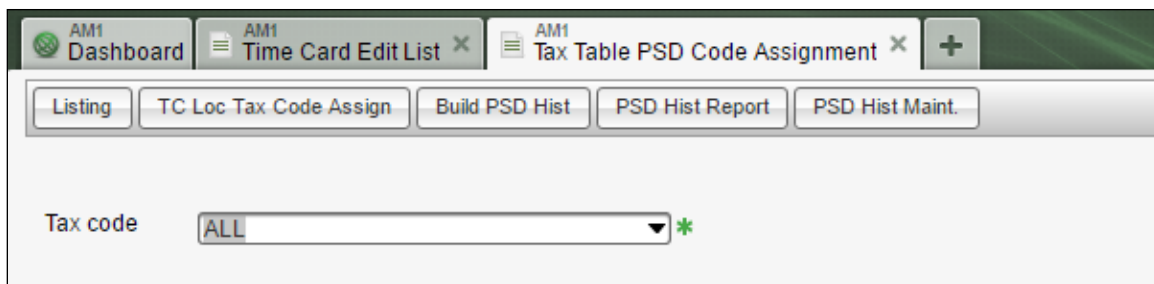
Once the above maintenance steps are created, start a Payroll Cycle and enter in all Employee Time Cards. For Employees who does not report to a Job or Work Order Site, or fall within the 3-month rule, their Resident Tax Code need to be updated to their current Work Location.

The following employee has in-direct time entered directly within Spectrum. Since the Time Card lines do not have a Job or Work Order Number entered, the Employee Resident Code defaults per Employee Maintenance:

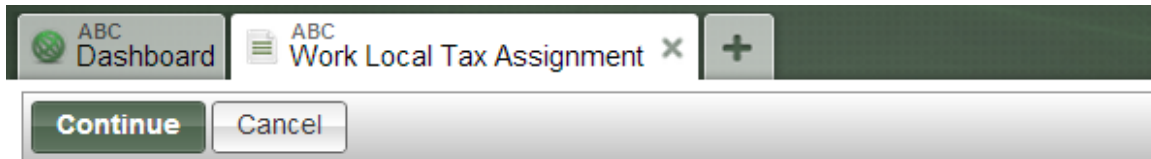
Report Selection Criteria													
Employee code: MOYJAM		From work date: Inception		Pay period end date: 11/12/16									
Department: ALL		To work date: 11/12/16		Check date: 11/12/16									
Job: ALL		Pay types: ALL											
Dexter + Chaney-AM1 Time Card Edit List Sorted by Employee Code													
Pay or Deduction Type	Day	Regular Hours	Regular Rate	Overtime Hours	Overtime Rate	Other Hours	Extension	CC	Dept.	Job Number	WO Number	Phase/Cost Type	Work State/County/Local
Employee: MOYJAM Jamie Moyer													
R Regular	11/07	8.00	33.000				254.00	AM1	1S			GM 150GMX 1 0101	PA 011109
R Regular	11/08	8.00	33.000				254.00	AM1	1S			GM 150GMX 1 0101	PA 011109
R Regular	11/09	8.00	33.000				254.00	AM1	1S			GM 150GMX 1 0101	PA 011109
R Regular	11/10	8.00	33.000				254.00	AM1	1S			GM 150GMX 1 0101	PA 011109
R Regular	11/11	8.00	33.000				254.00	AM1	1S			GM 150GMX 1 0101	PA 011109
Employee Subtotals:		40.00					1,320.00						
Report Totals:		40.00					1,320.00						5 records read

The Employee's Resident Local code is where they live. This code needs to be changed to their Work Location tax code.

To run this routine go to Payroll > Data Entry > Pennsylvania ACT32 > TC Loc Tax Code Assignment.



The following routine (Work Local Tax Assignment) changes the local tax code on in-direct time card lines with the Employee User-defined value entered to the prompt on the following start screen:



This utility will change the local tax code for all the Time Card lines where there is an "Indirect" payroll department.

The Work Local Tax code assignment is based on the entered Employee user-defined field on the start screen.

If the user-defined field does not have a valid tax code or is blank, the custom routine will not change the local tax code on the time card line.

Work Local Tax Code

Work Local Tax Code – windows lookup and validation into Employee User-Defined entry.

NOTE: the custom routine validates the tax code to the income tax table prior to re-assigning the time card lines. If the tax code is not valid, the routine does not change the local tax code within Time Card Entry.

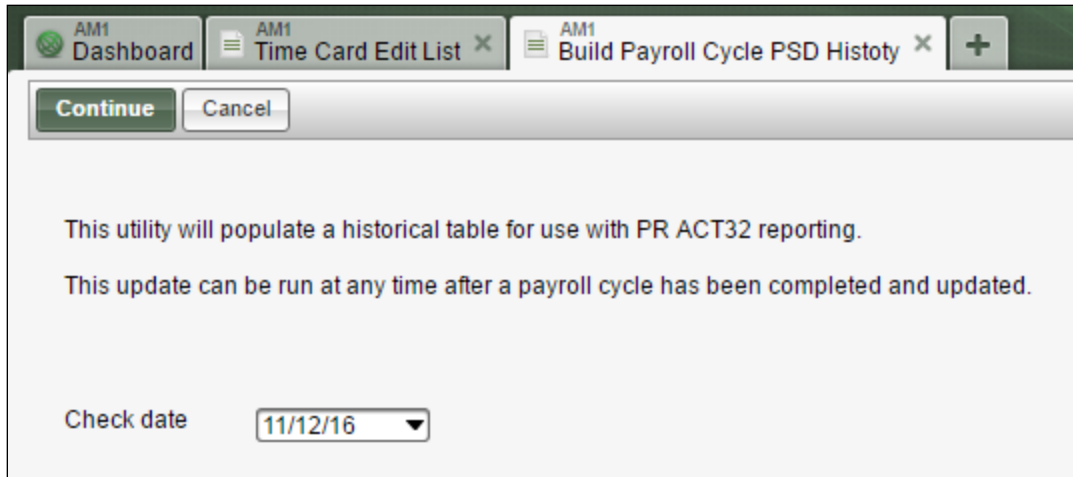
This routine should be run immediately **AFTER** Time Card Entry and **BEFORE** Check Calculation.

3. Check Calculation
4. Calculation Reports

5. Check Print
6. Pay Cycle Reports, Auto Deposit, and Update Payroll

Build PSD History

There is a custom payroll historical build process that should be run **AFTER** the payroll cycle has been updated. This custom history build takes historical data by check date and work location to be used later for reporting to the local agencies.



NOTE: the custom build process updates income tax codes which have a **PSD code assigned to them**. If the tax code has the “exclude from export” box checked, the programming does not create a record within the historical table for that taxing jurisdiction.

Listed below are the components of the historical table:

1. Company Code
2. Employee #
3. Social Security Number
4. First Name
5. Middle Name
6. Last Name
7. Address1 – pull from Employee Maintenance
8. Address2 – same as above
9. City – same as above
10. State – same as above
11. Zip – same as above
12. Check #
13. Check Type
14. Check Date
15. Period Ending Date
16. Job / Site Tax Code
17. Location PSD Code (six digit code assigned from custom table for the particular tax code from Job / Work Order Site / Employee User-defined)
18. Employee Resident Income Tax Code
19. Employee Resident PSD Code
20. Tax Code & PSD Code of tax withheld
21. Taxable Earnings (Subject To or Pretax) – grouped by Location PSD Code
22. Tax withheld – grouped by Location PSD Code
23. Total Hours – grouped by Location PSD Code
24. User Id – person who ran the custom update process
25. Date – creation date for each historical transaction
26. Status – “Original” when transaction is created via the custom update

Crystal Report from Custom Historical Table

Since there has been no clear cut requirements regarding reporting format, Dexter + Chaney has created a custom Employee PSD export report format which dumps all the columns within the custom historical table so that It can easily be exported to Excel. The data on the export format is grouped by Work Local PSD code followed by employee code (ascending order).

The report start screen looks similar to the following example:

The screenshot displays the 'Employee PSD History Report' configuration screen. On the left, a sidebar shows 'SAVED SELECTIONS' with a 'Standard Template' option and a 'Save Current' button. The main content area has two tabs: 'Preview' (active) and 'My Reports'. Below the tabs, the report title 'Employee PSD History Report' is shown. The 'Selections' section contains three dropdown menus: 'Employee code' (set to ALL), 'Job / WO local' (set to ALL), and 'Resident local' (set to ALL). Below these are date pickers for 'From' and 'To', with 'To' set to 12/12/16. The 'Format' section has two radio buttons: 'Report' (selected) and 'Export'.

Employee Code – windows lookup and Super Select option available

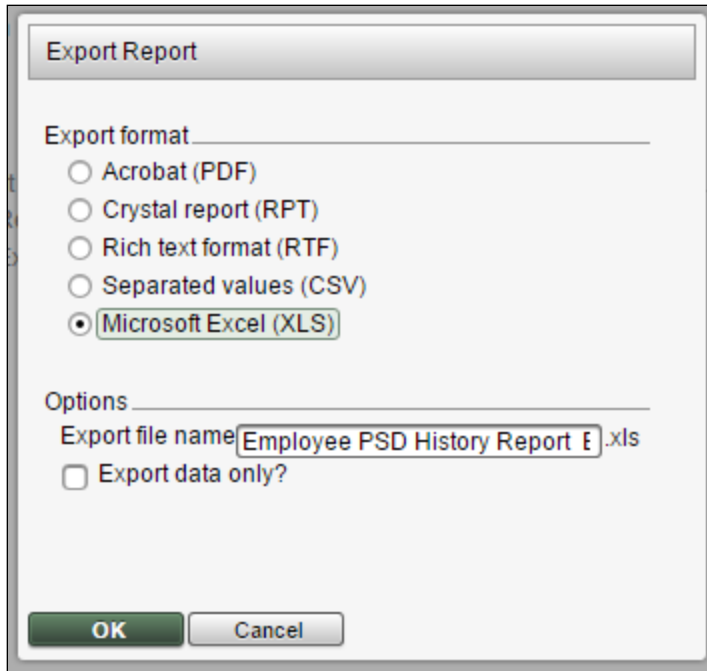
Job / WO Local – windows lookup into Income Tax table and Super Select option available

Resident Local - windows lookup into Income Tax table and Super Select option available

Start / End Check Dates - if one month is to be exported, enter in the first check date of the month thru the last date of the month.

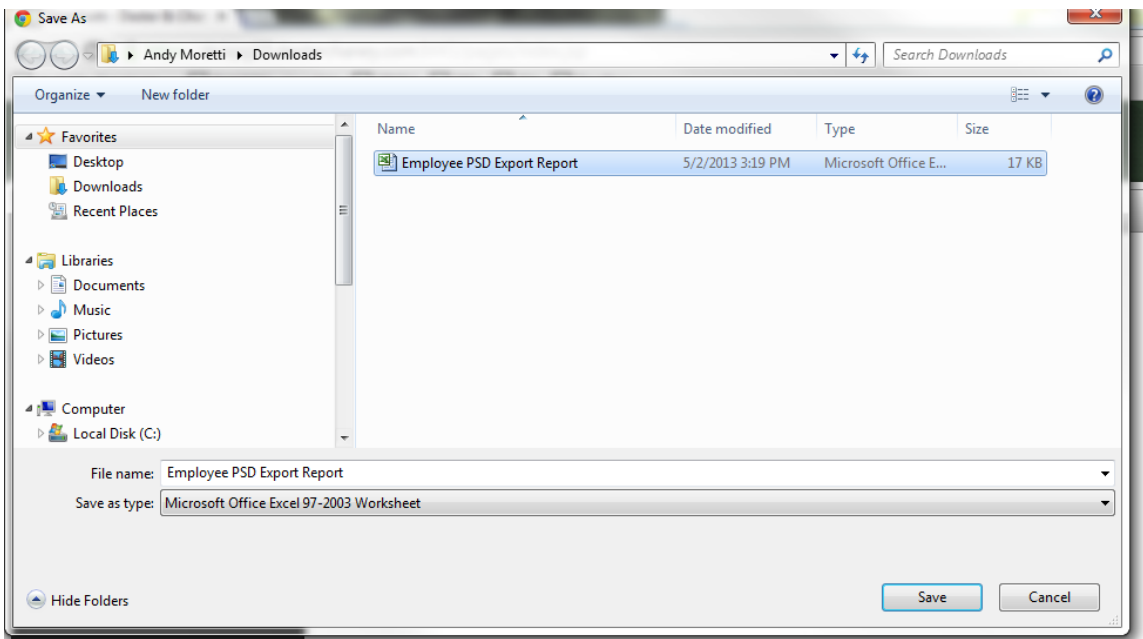
Report / Export – default is report. This is for internal use only.

The following V14 standard export screen is displayed once the <export> button is selected:



The export format should be changed to “Microsoft Excel” and select the <Ok> button.

Based on the browser settings (i.e. – picture is from Google Chrome), the Excel spreadsheet is saved to the “default” browser download folder. The filename can be changed above to a different name (if needed).



Once the file is downloaded, it can be opened via Excel and changed accordingly.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
1	Emp.	Check	Social	First	Middle	Last	Street	Street	City	State	Zip Code	Zip Ext.	Check	Period	Location	Location	Resident	Resident	Tax	Tax	Taxable	Tax	Total
2	PISMAV	8756	456448334	Maue		Pistrang							11/05/2016	11/05/2016	060206	060206	011109	011109	011109	011109	560.00	6.44	16.00
3	PISMAV	8756	456448334	Maue		Pistrang							11/05/2016	11/05/2016	060208	060208	011109	011109	011109	011109	560.00	6.44	16.00
4	MOYJAL	E01518	654328543	Jamie		Moyer	99 Mlepehour Street		Redmond	WA	98052		11/05/2016	11/05/2016	069603	069603	011109	011109	011109	011109	1,320.00	15.18	40.00
5	PISMC	8757	233423544	Michael		Pistrang							11/05/2016	11/05/2016	060206	060206	510101	510101	510101	510101	840.00	42.00	20.00
6	PISMC	8757	233423544	Michael		Pistrang							11/05/2016	11/05/2016	060208	060208	510101	510101	510101	510101	840.00	42.00	20.00
7																							
8																							

Custom Historical Maintenance

If data is posted and is incorrect, the records can be changed using the “Employee PSD Historical Maintenance” option. Changes are not made to any of the standard Spectrum Payroll tables.

Once the Employee Code, Check Number, and Check Type fields are populated, the Location PSD Code defaults a value into this field:

Employee code: PISMAV Mauve Pistrang

Check number: 8756

Check type: R

P/E date: 11/05/16

Check date: 11/05/16

Resident tax code	Resident PSD	Tax withheld ID	Tax withheld PSD	Taxable earnings	Tax withheld	Total hours
011109	011109	011109	011109	560.00	6.44	16.00
011109	011109	011109	011109	560.00	6.44	16.00

The above screen allows the user to change the first four fields in case the PSD code assignment was made in error. Users cannot change any amount fields.

The success of reporting the proper amounts to the correct taxing authority relies on the following:

1. Accuracy of the PSD code input in the custom tax maintenance table
2. Selection of the correct “Type” code (Resident vs. Non-Resident) – custom build routine to create Resident Tax Table Maintenance tax flag entries.
3. Employee’s Resident local Tax Table code assignment
4. Work Location (Job or Work Order Site) tax code assignment
5. Running the Time Card Local Tax utility for admin lines prior to check calculation
6. Comparing the tax percentages after check calculation (State Wage and Tax Listing) to make sure the correct tax is being recorded.
7. Running the custom Historical build process after the payroll cycle has been updated and before a new payroll cycle is created.