COMMUNITY AND TECHNICAL COLLEGES
Washington State Board

ctcLink

# Human Capital Management

# Tax Updates C-E Overview

# CONTENTS


Introduction ..... 3
Payroll ..... 3
Updated Federal / State Tax Table ..... 3
Updated Garnishment Rules Table ..... 4
Federal Tax Data Form Version Modifications ..... 5
Federal Tax Data Lock-In Letter ..... 7
Automatic Tax Default Changes ..... 9
Garnishment Stop Date Days ..... 10
Zero Net Pay Configurable Options for View & Print ..... 11
2021 W-2 Year End Reporting ..... 12
2021 1099-R Annual Reporting ..... 13
Washington Long-Term Care Insurance ..... 13
Employee State Tax Data Changes ..... 15
ESS Paycheck/Pay Advice PDF ..... 17
Quarterly Reporting ..... 18

# Introduction

The Image/Upgrade Overview Document is intended to provide ctcLink users with a summary of the changes that will be made in the system as a result of the upcoming image or PeopleTools upgrade implementation. Oracle releases multiple PeopleSoft updates, called images, for each pillar every year. Each Image contains bug fixes and features that are important for PeopleSoft to work well. PeopleTools upgrades update the underlying framework of the system. There are minimal changes that are noticeable to the end users. Below is an overview of the changes that you can expect to see as part of this upgrade.

# Payroll

## HCM Encryption Framework

A new HCM Encryption Framework has been delivered to encrypt and mask the bank account numbers stored in the database for direct deposit, garnishment, and source bank account numbers. Depending on the patches applied and various table settings, the account numbers could be masked or unmasked on various pages and reports that are part of the Payroll for North America product.

At this time, this framework will not be implemented at ctcLink HCM.

## Updated Federal / State Tax Table

**Federal (State=$U)** - A new table entry effective-dated 01/01/2022 includes the increase in the Social Security taxable wage base from $142,800 to $147,000 for 2022. The Social Security tax rate on wages and tips remains unchanged at 6.2% for both employees and employers for 2022. https://www.ssa.gov/oact/cola/cbb.html

**AZ** - Effective-dated 01/01/2022, the Arizona state minimum wage is increased from $12.15 to $12.80 per hour. https://www.azica.gov/labor-minimum-wage-main-page

**CA** - A new table entry effective-dated 01/01/2022 includes the following changes:

1. The taxable wage base for California State Disability Insurance is increased from $128,298 to $145,600.

2. The California State Disability Insurance employee tax rate decreased from 0.012000 to 0.011000.

https://edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm

3. The California state minimum wage is increased from $14.00 to $15.00 per hour. https://www.dir.ca.gov/dlse/faq_minimumwage.htm

**ID** - Effective 7/7/2021, the table is updated with a new row, which includes Idaho withholding tax changes published by the Idaho State Tax Commission. The new row also decreases the supplemental wage rate from 0.069250 to 0.065000.

https://tax.idaho.gov/pubs/EPB00744_07-07-2021.pdf

**MN -** Effective 01/01/2022, the Minnesota state minimum wage is increased from $10.08 to $10.33 per hour. http://www.dli.mn.gov/business/employment-practices/minimum-wage-minnesota

**OR** - Effective 01/01/2022, the Oregon state unemployment taxable wage base is increased from $43,800 to $47,700 for 2022. https://www.oregon.gov/EMPLOY/Businesses/Tax/Pages/Current-Tax-Rate.aspx

**WA** - A new table entry effective-dated 01/01/2022 includes the following changes:

1. For 2022, the following values are changed for the Washington Paid Family and Medical Leave program. This functionality is not used and college-specific deduction codes are used instead.
    a. The premium rate is increased from 0.004000 to 0.006000;
    b. The taxable wage base increases from $142,800 to $147,000, based on the increase in the Social Security OASDI maximum taxable wage base for 2022.

        https://www.ssa.gov/oact/cola/cbb.html
2. The Washington state minimum wage is increased from $13.69 to $14.49 per hour. https://www.lni.wa.gov/workers-rights/wages/minimum-wage/index

3. The Washington state unemployment taxable wage base is increased from $56,500 to $62,500 for 2022. https://www.esd.wa.gov/newsroom/2020-average-annual-wage

4. The table entry is updated with a new row dated 01/01/2022, in which the Additional Rates page displays a new tax class: Long Term Care – EE. The new tax class is used to calculate the employee tax for the Washington Long-Term Care Insurance program.

## Updated Garnishment Rules Table

**GA** - Effective 1/1/2021, a new rule STUDENT PV is delivered for use with private student loans in the State of Georgia. This new rule functions similarly to the Federal garnishment rule for student loans ($U-STUDENT2), with the following difference: Exemption Variables: Exemption Percentage 1 = 85.00.

http://www.ciclt.net/sn/leg/l_detail2.aspx?ClientCode=aoc&L_State=ga&L_Session=2019-2020&L_ID=2060620

**NM** - Effective 7/1/2021, a new rule is delivered for New Mexico state tax levy orders. The maximum amount exempt from garnishment is the greater of: 75 percent of disposable earnings; or the amount by which weekly disposable earnings exceed 40 times the New Mexico state minimum hourly wage.
https://www.nmlegis.gov/Legislation/Legislation?Chamber=H&LegType=B&LegNo=98&year=21

**NY -** The description of Garnishment Rule “GEN - 90%XPG” has been changed to “General 90% Exclude Prior Garn.” Prior to the modification, the description was "Clone of GEN - 90% rule".

# Federal Tax Data Form Version Modifications

In order to support Form W-4P (2022) and Form W-4R (2022), Tax Update 21-E delivers updates to the Federal Tax Data page for employees and payees. Payees are defined as persons who are in 1099-R companies. A 1099-R company is a company with Tax Report Type selection of 1099R on the Company Table.

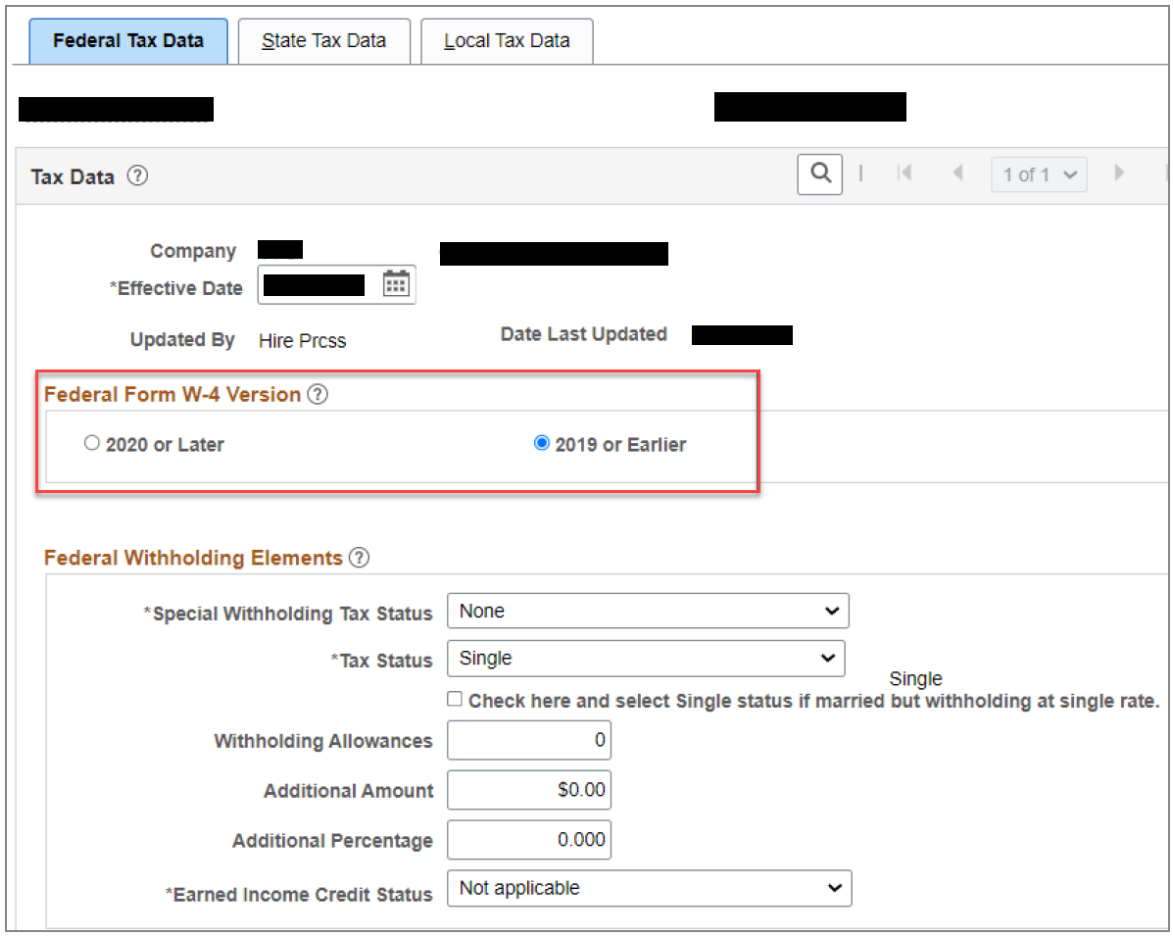
To enable W-4P/W-4R information to be entered on the Federal Tax Data page, the following changes are delivered in Tax Update 21-E:

- The label “Federal W-4 Form Version” is changed to “Federal Form Version”.
- The Federal Form W-4 Version radio buttons are converted to a drop-down list. The radio buttons “2019 or Earlier” and “2020 or Later” are converted to “W-4 – 2019 or Earlier” and “W-4 – 2020 or Later” in the Form Version drop-down list.
- On 01/01/2022, when the 2022 Federal Forms W-4P and W-4R become effective, the Form Version drop-down list will display “W-4P - 2022 or Later” and “W-4R - 2022 or Later” if the payee is in a 1099-R company.
- The Federal Withholding Elements group box will display the Federal Withholding Elements applicable to the Form Version selected.

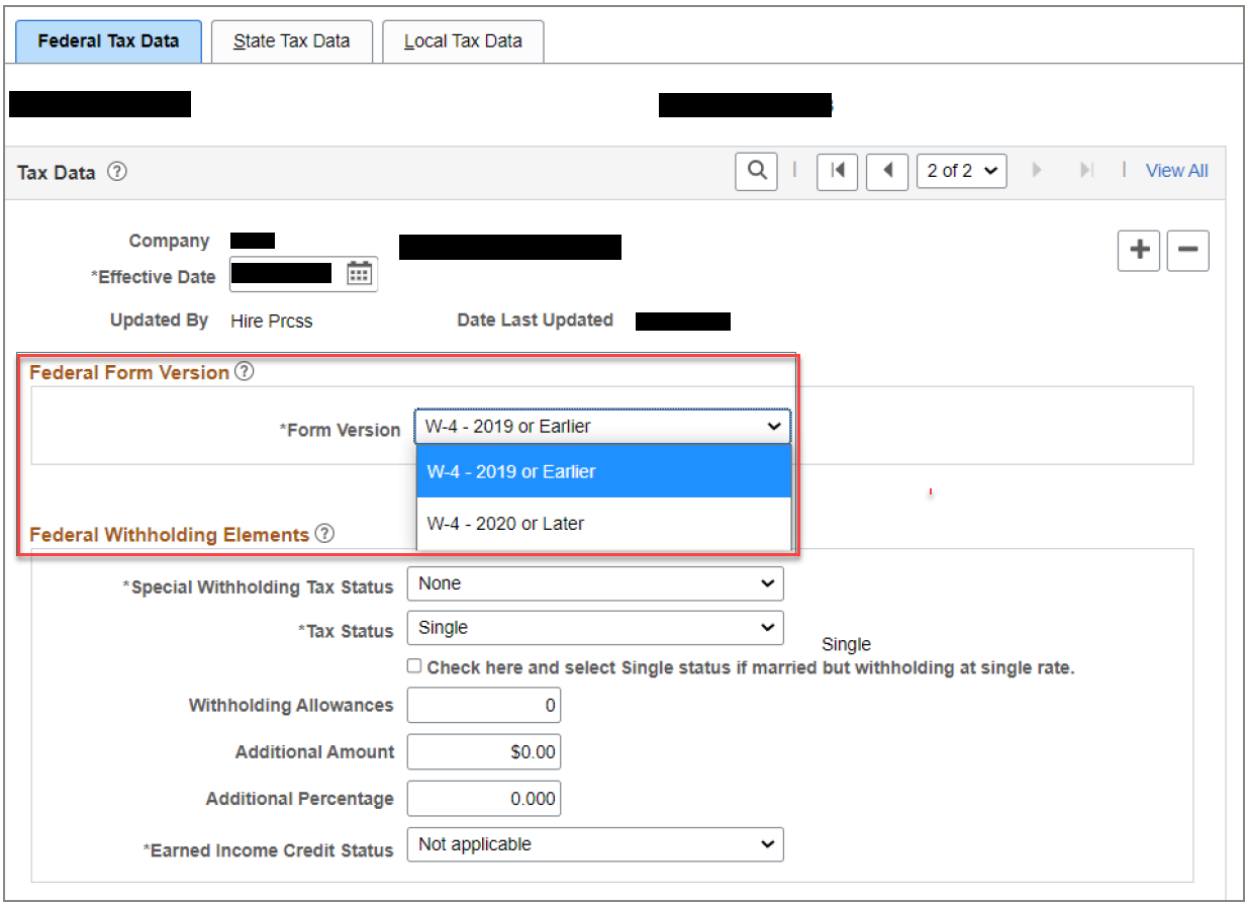
## Navigation

NavBar > Navigator > Payroll for North America> Employee Pay Data USA > Tax Information > Update Employee Tax Data, Federal Tax Data

## Image: Update Employee Tax Data – Before Tax Update Was Applied



### Image: Update Employee Tax Data – After Tax Update Was Applied




### QRG

9.2 Entering U.S. Employee Tax Data

## Federal Tax Data Lock-In Letter

The Lock-In Letter Details section on the Federal Tax Data page is modified to support the redesigned lock-in letter for Federal Form W-4 version 2020 or Later. Changes to lock-in letter fields are carried over to the corresponding Federal Withholding Elements fields. While a lock-in letter is in place, a change to a field in the Federal Withholding Elements group box that results in a decrease of an employee's withholding tax is not allowed.

The following fields are added to the Federal Tax Data page:

- Withholding Status: Single, Married, or Head of Household
- Withholding Rate: Standard withholding rate or Higher withholding rate
- Annual Withholding Reductions (Form W-4 line 3)
- Other Income (Form W-4 line 4(a))
- Deductions (Form W-4 line 4 (b))

- Additional Amount (Form W-4 line 4(c))

Changes to lock-in letter fields are carried over to the corresponding Federal Withholding Elements fields.

If an employee's Form W-4 Version = "2020 or Later" and there is an existing lock-in letter, the product modifications will result in the new fields within the Lock-In Letter Details group box being blank with the exception of the "Letter Received" checkbox.

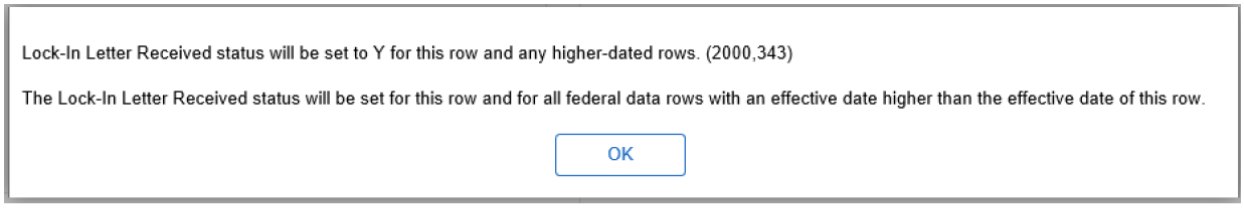
The blank new fields have no impact on the tax calculation. However, local ctcLink administrators are advised to review the tax data of every employee who has a lock-in letter in place and update the fields based on the current lock-in letter in effect.

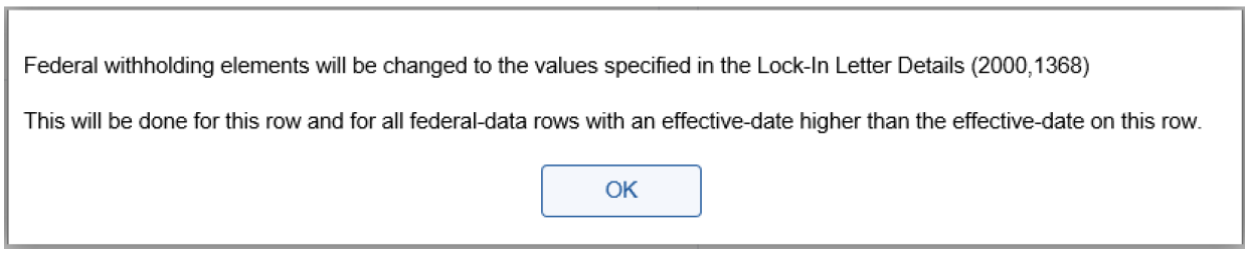
## Navigation

NavBar > Navigator > Payroll for North America> Employee Pay Data USA > Tax Information > Update Employee Tax Data, Federal Tax Data

## Image: Update Employee Tax Data - Snippet from Federal Tax Data page

After applying this patch, adding a new lock-in letter by selecting the "Letter Received" checkbox prompts two new messages.



### QRG

9.2 Entering U.S. Employee Tax Data

## Automatic Tax Default Changes

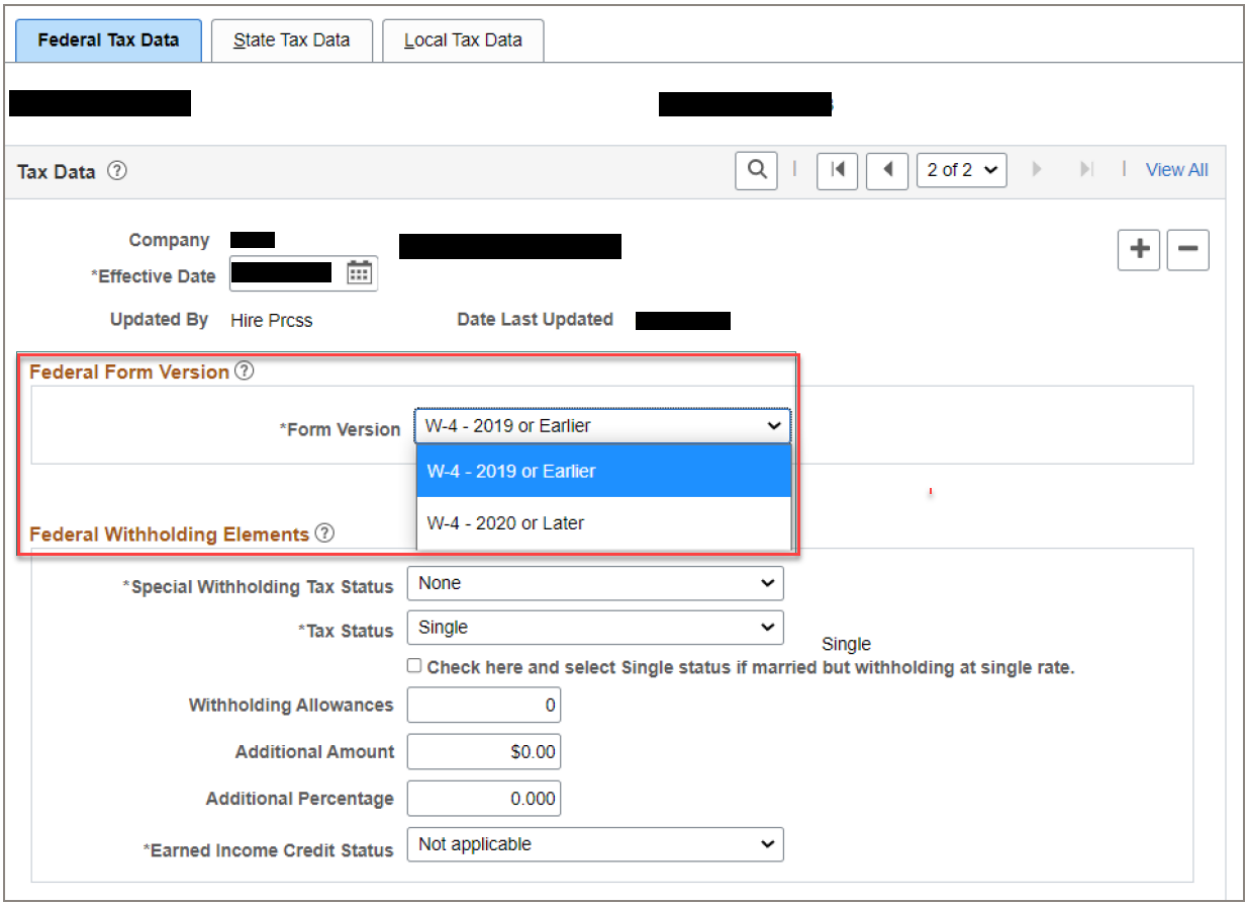
The Automatic Tax Update feature has been updated to synchronize the federal tax record and new lock-in letter record when an employee is rehired.

This change has introduced the following issue: When an employee is transferred or rehired in another company and Federal Form Version is “W-4 - 2019 or Earlier” for Company “A”, the Automatic Tax Update is copying the Federal Form Version “W-4 - 2019 or Earlier” tax data from Company “A” to the new tax records created for Company “B”. Hence, local ctcLink administrators are advised to review the tax data for the impacted employees and update tax data as needed.

### Navigation

NavBar > Navigator > Payroll for North America> Employee Pay Data USA > Tax Information > Update Employee Tax Data, Federal Tax Data

### Image: Update Employee Tax Data




### QRG

9.2 Entering U.S. Employee Tax Data

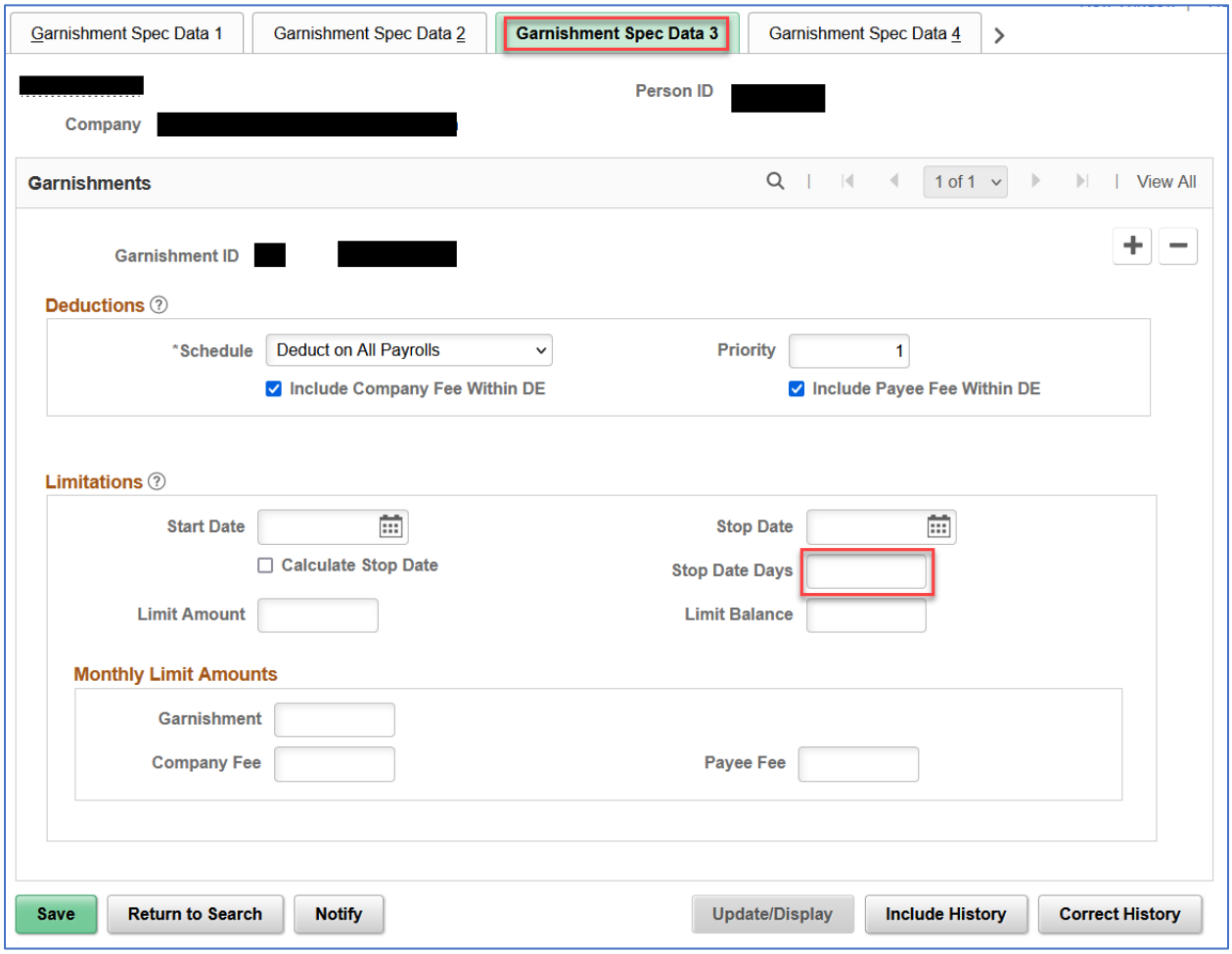
# Garnishment Stop Date Days

Multiple Cobol programs have been modified to expand the Garnishment Stop Date Days to four digits on the Garnishment Spec3 tab. Prior to the modifications, the Garnishment Stop Date Days could accommodate a maximum of three digits.

## Navigation:

NavBar > Navigator > Payroll for North America> Employee Pay Data USA > Create Garnishments, Garnishment Spec Data 3

## Image: Garnishment Spec Data 3




## QRG

9.2 Assigning Garnishments to Employees

# Zero Net Pay Configurable Options for View & Print

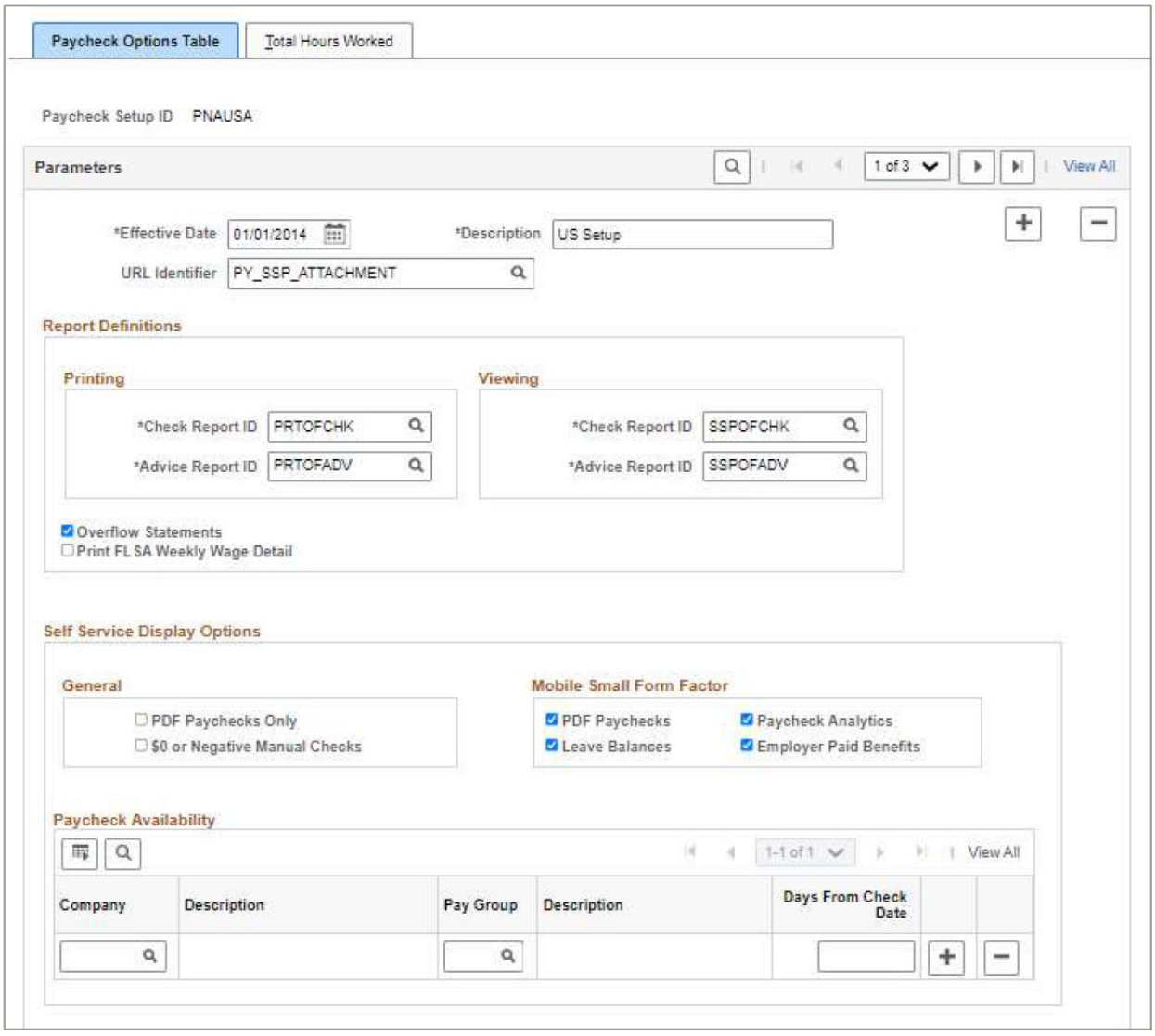
Tax Update 21-D delivers new functionality that allows SBCTC to configure the Self Service display options for zero net pay paychecks, zero net pay manual paychecks, and negative manual paychecks with and without earnings.

The checkbox $0 or Negative Manual Checks is removed from the Self Service Display Options – General group box and replaced with two new group boxes, Zero Net Pay Paychecks and Negative Manual Paychecks. There is a new Suppress Print page to specify options to stop the printing of zero net pay paychecks with and without earnings.

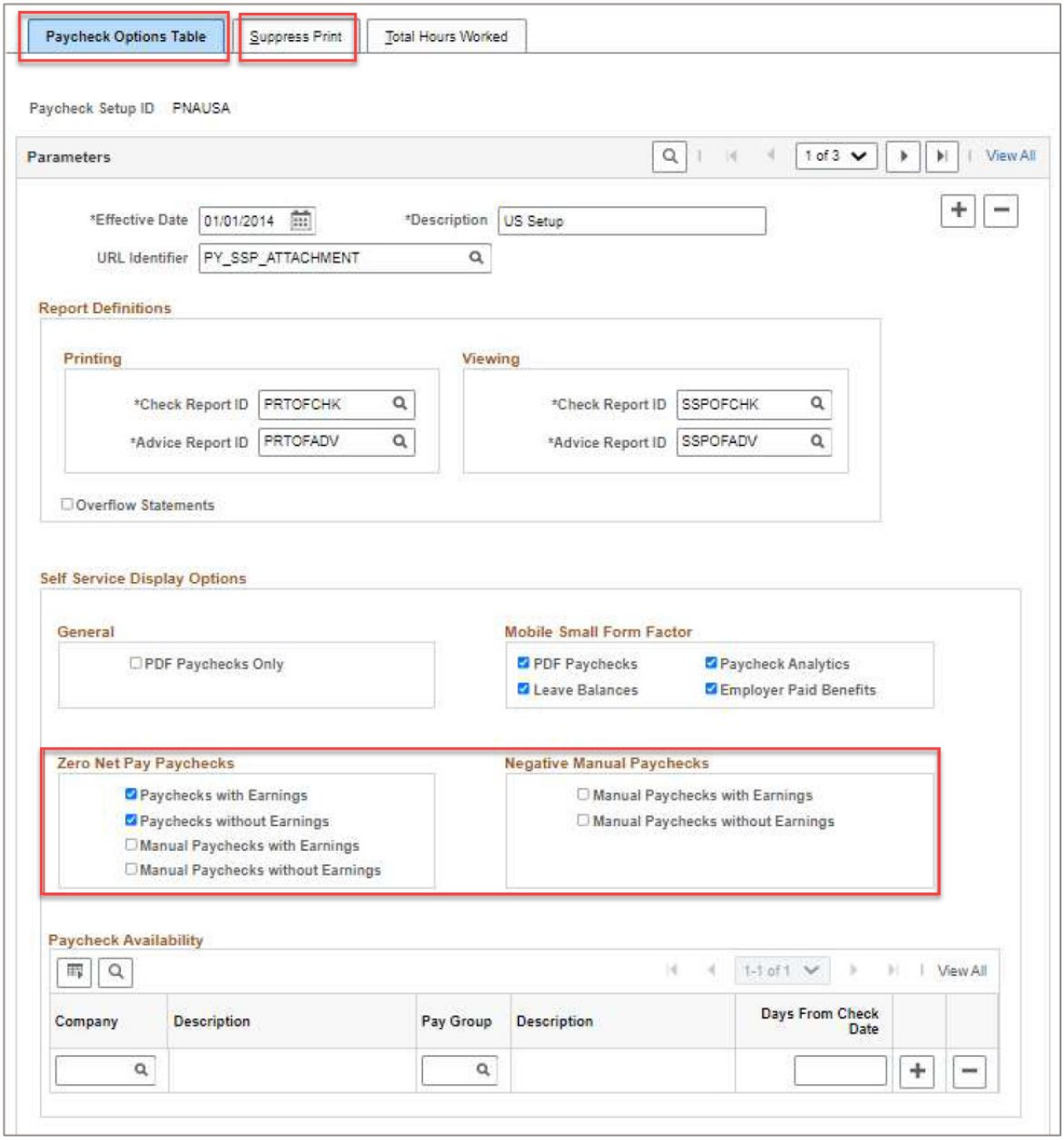
## Navigation

Set Up HCM > Product Related > Payroll for North America > Payroll Processing Controls > Paycheck Options Table

## Image: Paycheck Options Table – Before Tax Update Was Applied



### Image: Paycheck Options Table – After Tax Update Was Applied




### QRG

N/A

## 2021 W-2 Year End Reporting

Multiple product updates have been delivered to support U.S. Form W-2 and W-2c processing for year-end 2021:

1. Tax Form Definitions and print parameters have been updated for 2021.

2. 2021 PDF templates for U.S. Form W-2 that are produced with BI Publisher.
3. 2021 Data Source and Report Definitions.
4. 2021 Tax Form BI Publisher Options.
5. The processes have been modified to separately report six different categories of wages in Form W-2 Boxes 14S1 - 14S6 to support the provisions of the Families First Coronavirus Response Act (FFCRA), as amended by the COVID-Related Tax Relief Act of 2020, and the American Rescue Plan Act (ARPA) of 2021.

## 2021 1099-R Annual Reporting

TAX930PM.SQR creates both (1) the print file for reporting payee payment and tax data on Form 1099-R, and (2) a file to report Form 1099-R data electronically to the IRS. The program is redelivered with modifications to comply with reporting requirements for tax year 2021, as documented in IRS Pub. 1220. https://www.irs.gov/pub/irs-pdf/p1220.pdf

The SQR program has been modified to support updated reporting specifications for the Issuer "A" Record, Payee "B" Record, End of Issuer "C" Record, and State Totals "K" Record on the electronic file for tax year 2021.

# Washington Long-Term Care Insurance

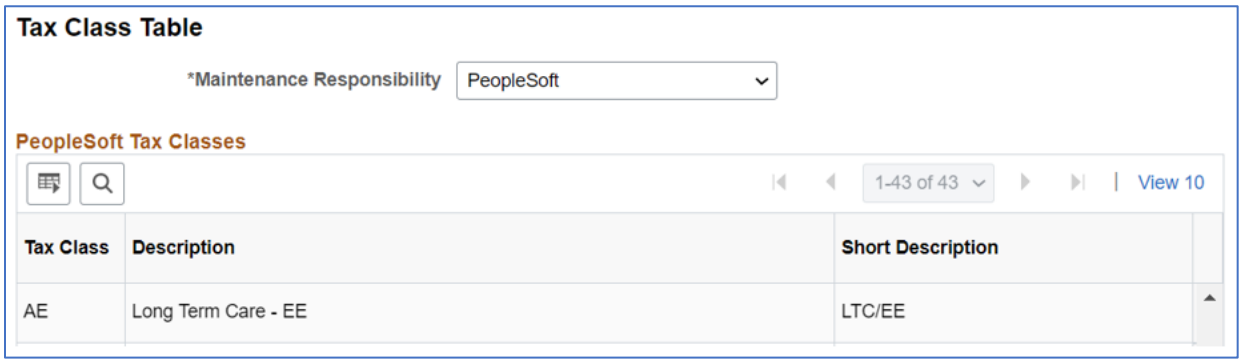
## Tax Class Table

Tax Update 21-E adds new Tax Class AE to the Tax Class Table. Tax Class AE is used for employee deductions for long-term care insurance programs such as WA Cares Fund.

### Navigation

Set Up HCM > Product Related > Payroll for North America > Federal / State Taxes > Tax Class Table

### Image: Tax Class Table




### QRG

N/A

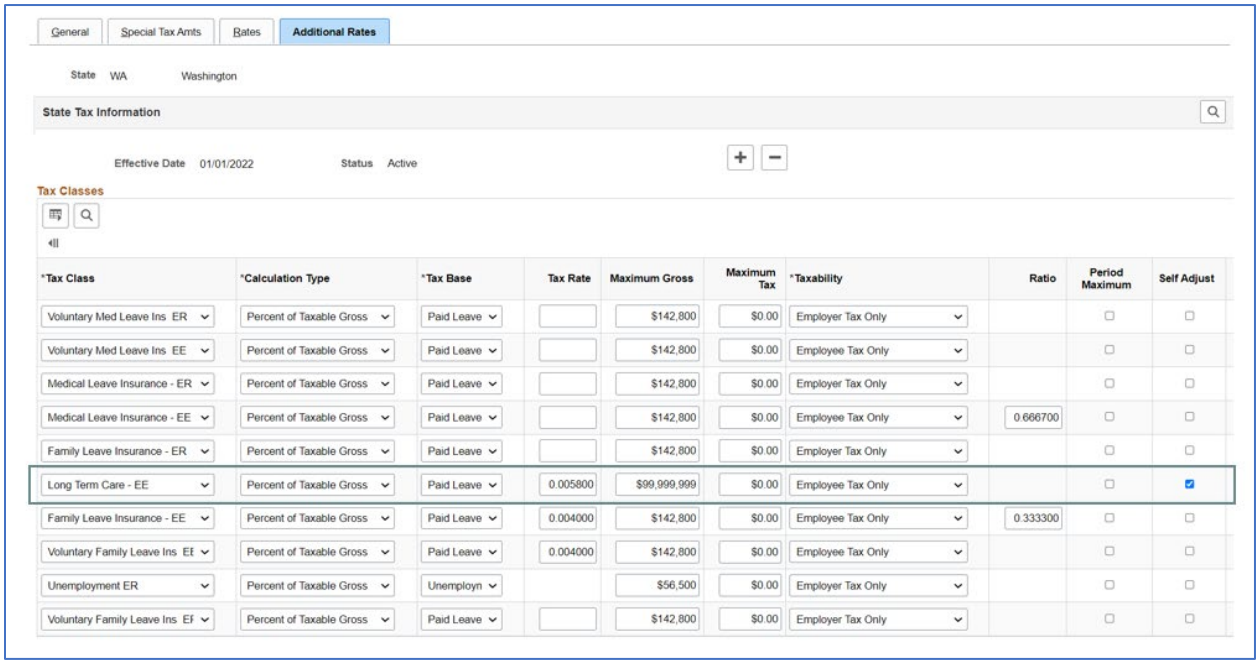
# State Tax Table

Tax Update 21-E delivers an update to the State Tax Table entry for Washington with Effective Date = 01/01/2022, which includes a row for Tax Class “Long Term Care – EE” on the Additional Rates page.

## Navigation

Set Up HCM > Product Related > Payroll for North America > Federal / State Taxes > Tax Table

## Image: Tax Table




| *Tax Class | *Calculation Type | *Tax Base | Tax Rate | Maximum Gross | Maximum Tax | *Taxability | Ratio | Period Maximum | Self Adjust |
|---|---|---|---|---|---|---|---|---|---|
| Voluntary Med Leave Ins ER | Percent of Taxable Gross | Paid Leave | | $142,800 | $0.00 | Employer Tax Only | | | |
| Voluntary Med Leave Ins EE | Percent of Taxable Gross | Paid Leave | | $142,800 | $0.00 | Employee Tax Only | | | |
| Medical Leave Insurance - ER | Percent of Taxable Gross | Paid Leave | | $142,800 | $0.00 | Employer Tax Only | | | |
| Medical Leave Insurance - EE | Percent of Taxable Gross | Paid Leave | | $142,800 | $0.00 | Employee Tax Only | 0.666700 | | |
| Family Leave Insurance - ER | Percent of Taxable Gross | Paid Leave | | $142,800 | $0.00 | Employer Tax Only | | | |
| Long Term Care - EE | Percent of Taxable Gross | Paid Leave | 0.005800 | $99,999,999 | $0.00 | Employee Tax Only | | | ☑ |
| Family Leave Insurance - EE | Percent of Taxable Gross | Paid Leave | 0.004000 | $142,800 | $0.00 | Employee Tax Only | 0.333300 | | |
| Voluntary Family Leave Ins EE | Percent of Taxable Gross | Paid Leave | 0.004000 | $142,800 | $0.00 | Employee Tax Only | | | |
| Unemployment ER | Percent of Taxable Gross | Unemployn | | $56,500 | $0.00 | Employer Tax Only | | | |
| Voluntary Family Leave Ins ER | Percent of Taxable Gross | Paid Leave | | $142,800 | $0.00 | Employer Tax Only | | | |

## QRG

N/A

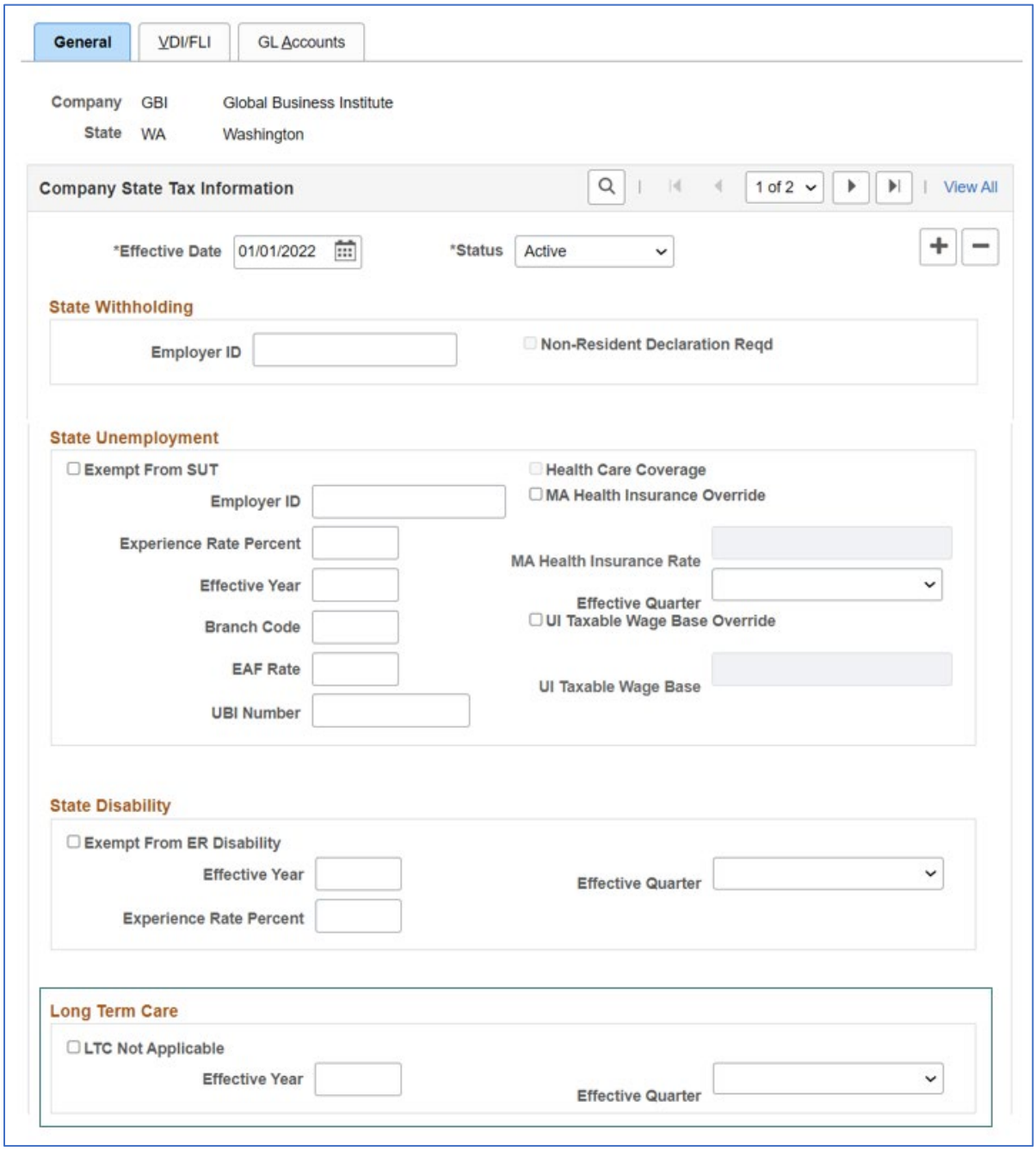
# Company State Tax Table

Tax Update 21-E adds a new Long Term Care group box on the Company State Tax Table – General page. The new Long Term Care group box appears only when State = WA.

## Navigation

Set Up HCM > Product Related > Payroll for North America > Federal / State Taxes > Company State Tax Table

### Image: Company State Tax Table




### QRG

N/A

## Employee State Tax Data Changes

Tax Update 21-E modifies the State Tax Data page to display the new field “LTC Status” when State = WA. The drop-down list for the LTC Status field will display three selections:

| LTC Status | Descriptions of LTC Status selections |
|---|---|
| Exempt | The employee has provided the employer with a written statement of exemption issued by the Washington Employment Security Department, attesting to the fact that the employee is exempt from participation in WA Cares Fund. The employer will not deduct WA Cares Fund premiums from the employee's wages. |
| Not Applicable | WA Cares Fund program requirements do not apply to the employee. Examples include:<br>☐Employees of federal tribes or the federal government.<br>☐Employees subject to a collective bargaining agreement in existence as of October 19, 2017. |
| Subject | The employee is covered by WA Cares Fund as administered by the State of Washington. WA Cares Fund premiums will be deducted from the employee's wages. |

Once the product modifications delivered in Tax Update 21-E are applied, the default LTC Status value for all currently existing Washington employees will be "Not Applicable".

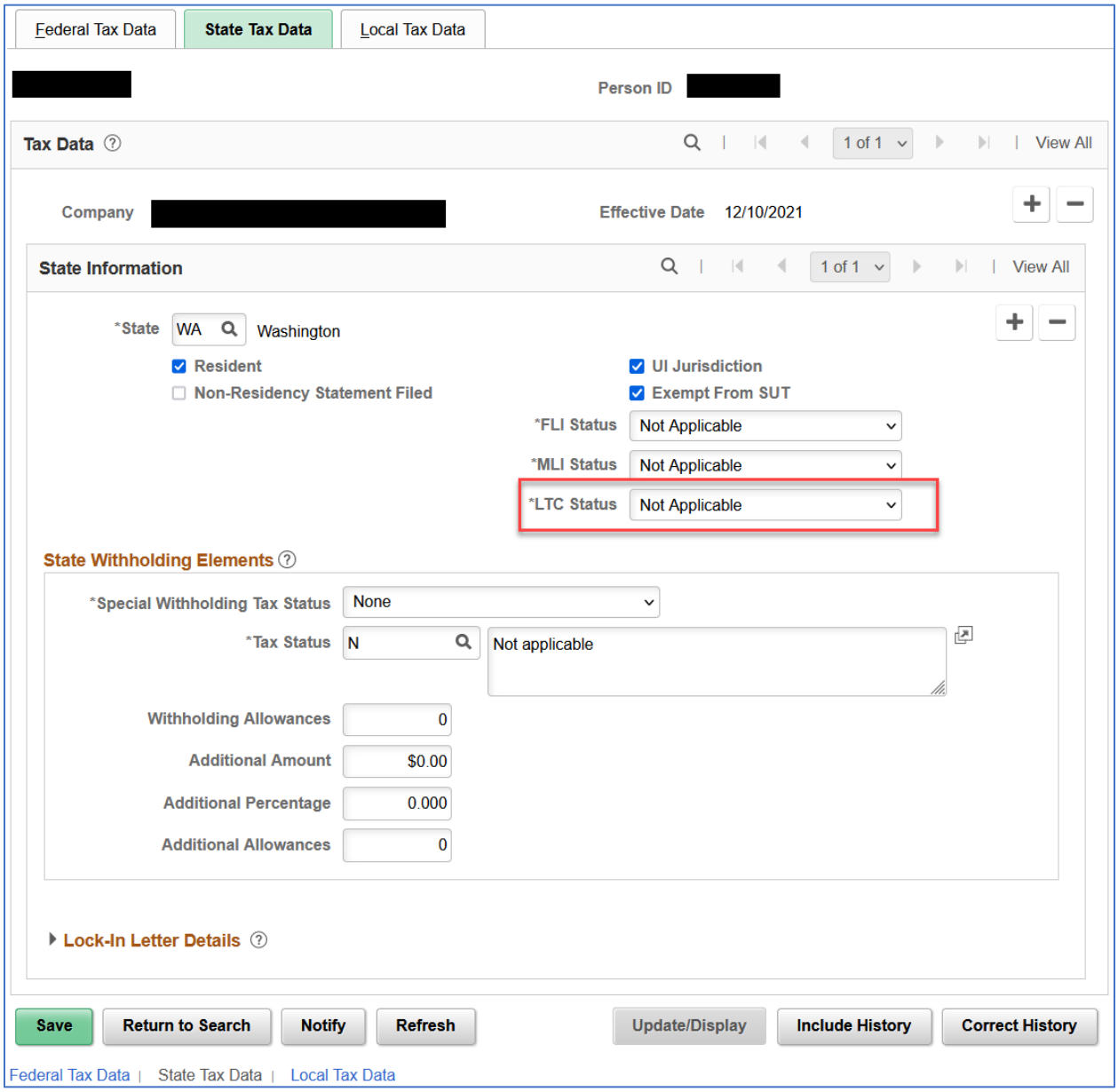
To implement WA Cares Fund payroll deductions for a current employee who is covered by the program, the employee's State Tax Data record for State = WA needs to be updated to change the LTC Status from "Not Applicable" to "Subject".

To designate a current employee as exempt from participation in WA Cares Fund, the employee's State Tax Data record for State = WA needs to be updated to change LTC Status from "Not Applicable" to "Exempt".

## Navigation

NavBar > Navigator > Payroll for North America > Employee Pay Data USA > Tax Information > Update Employee Tax Data, State Tax Data

### Image: State Tax Data




### QRG

[9.2 Entering U.S. Employee Tax Data]

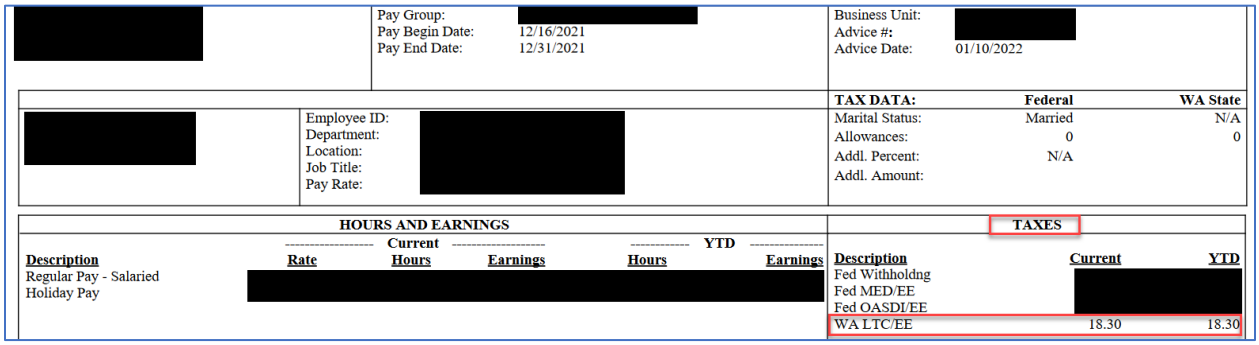
## ESS Paycheck/Pay Advice PDF

Shown below is an example of a PDF wage statement displaying the payroll tax deduction for an employee who is covered by WA Cares Fund.

### Navigation

Employee Self Service > Payroll Tile > Paychecks, view the pay stub PDF

### Image: SSPUSADV.PDF



Pay Group: [redacted]
Pay Begin Date: 12/16/2021
Pay End Date: 12/31/2021

Business Unit: [redacted]
Advice #:
Advice Date: 01/10/2022

[redacted]

Employee ID: [redacted]
Department:
Location:
Job Title:
Pay Rate:

| TAX DATA: | Federal | WA State |
|---|---|---|
| Marital Status: | Married | N/A |
| Allowances: | 0 | 0 |
| Addl. Percent: | N/A | |
| Addl. Amount: | | |

HOURS AND EARNINGS

| Description | Current Rate | Current Hours | Current Earnings | YTD Hours | YTD Earnings |
|---|---|---|---|---|---|
| Regular Pay - Salaried | [redacted] | | | | |
| Holiday Pay | | | | | |

TAXES

| Description | Current | YTD |
|---|---|---|
| Fed Withholdng | [redacted] | |
| Fed MED/EE | | |
| Fed OASDI/EE | | |
| WA LTC/EE | 18.30 | 18.30 |

### QRG

N/A

## Quarterly Reporting

Reporting of WA Cares Fund data to the Washington Employment Security Department will be required on a quarterly basis. Washington ESD has indicated that they are updating their quarterly paid leave reporting system to enable employers to do combined reporting of data for both WA Cares Fund and Washington Paid Family and Medical Leave.

https://wacaresfund.wa.gov/employers/

Updates to quarterly reporting programs will be delivered in a future tax update.

Content is licensed under a Creative Commons Attribution 4.0 International License, unless noted otherwise.

Washington State Board for Community and Technical Colleges