



ACCPAC[®]
Pro Series[™]

2004 Payroll Update Plan
September 1st, 2004



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Table of Contents

Payroll Update Plan Overview	4
Message to Payroll Update Plan Subscribers	5
What's New in the Payroll Update Plan	6
Payroll Checklist - Before You Begin	7
Installing the Payroll Update Plan	8
About the Payroll Update Plan	10
Federal Tax Changes	10
January 1st, 2004	10
Earned Income Credit Rates	10
State Tax Subscription Changes	11
September 1st, 2004	11
July 1st, 2004	11
January 31st, 2004	12
January 1st, 2004	12
Instructions for Specific States	14
New Jersey	14
Maryland	14
Michigan	15
Rhode Island	15
Vermont	15
West Virginia	16

Payroll Update Plan Overview

This guide contains instructions for using and installing the Pro Series September 1st, 2004 Payroll Update Plan (PUP) files.

 We suggest that you read this guide in its entirety before proceeding.

ACCPAC uses “builds” to provide updates to programs between major product releases. To find out which build you are using, start Pro Series and select **Help ▶ Technical Information**. Note the build number found in the **System Build** field.

The September 1st Payroll Update Plan (PUP) supports the following products:

- Pro Series 6.5 (all Builds)
- Pro Series 7.1 (all Builds)
- Pro Series 7.2 (all Builds)
- Pro Series 7.3 (all Builds)

Payroll program updates, released during the year, should be installed as soon as possible after receiving the files.

Message to Payroll Update Plan Subscribers

Dear ACCPAC Payroll Update Plan Subscriber:

This CD (or download) contains the ACCPAC Pro Series September 1st, 2004 Payroll Update Plan (PUP) program updates. You must install these updates to correctly calculate and report your 2003 Federal and States taxes.

If you have any questions, please contact your Authorized Solution Provider or the Technical Support Department at 800-944-1000.


Sincerely,

ACCPAC Technical Support

What's New in the Payroll Update Plan


The Payroll Update Plan (PUP) files are available on CD or for download from the ACCPAC Web site. The download feature allows for timely access to all of the Payroll updates.

 This Payroll Update Plan includes any Federal Magnetic Media changes that apply.

 It is important to verify that you are using the most current versions of the Payroll tax updates.


If you have any questions about downloading PUP files, please contact ACCPAC Client Care at 800-773-5445 (Monday-Friday from 6 a.m to 5 p.m PST). You can also e-mail them at clientcare@accpac.com, or send a fax to 604-207-3655.

The section titled [“State Tax Subscription Changes” on page 11](#) contains updated information.

 Updated information is highlighted in yellow.

Payroll Checklist - Before You Begin

Use the checklist below as a guide to updating your State and Federal taxes.

- ✓ Read this guide.
 - ✓ Install the September 1st, 2004 update as soon as possible after downloading the files.
 - ✓ Anytime an update is received, backup all of your data files after clearing all users and all flags from your Pro Series installation. Then proceed with installing the update.
 - ✓ Before installing the Payroll Update, please check the **Readme.txt** file corresponding to your Pro Series version (for example, PRTX71I.txt) for any late-breaking program changes or corrections that may be required.
 - ✓ Install Payroll Update Plan files in the following order:
 1. The September 1st, 2004 Payroll Update Plan tax update files. See [“Installing the Payroll Update Plan” on page 8](#) for more information.
 2. If you are generating Magnetic Media, you must install your latest Magnetic Media update after installing the tax update files.
-  ACCPAC’s state tax formulas calculate SWT (State Withholding Tax) only. You should contact your accountant or state tax franchise board for SDI, SUTA, and local tax rates. Taxes and tax rules change often, so it is to your benefit to consult your accountant.

Installing the Payroll Update Plan

To install the September 1st, 2004 Payroll Update Plan:

1. Contact your Solution Provider (or Inside Sales at 800-945-8007) if you have any prior customizations to your Payroll application. Installing this update may overwrite your customizations.
2. Backup your entire Pro Series installation program and data files (not just the payroll data files) before proceeding.
3. Verify that all users have exited Pro Series.
4. Insert the September 1st, 2004 Payroll Tax Update CD, or download the Payroll Update Plan program files from the ACCPAC Web site to your hard drive.
5. Start Pro Series and open System Manager. Choose **Maintain ▶ Payroll Update ▶ Tax Update**.
6. On the Update Payroll Taxes screen, click **Select Companies**. Choose the companies you want to update by moving to each one and pressing **<Spacebar>** (or press **<Ctrl-A>** to select all companies). Press **<Enter>** when you're done.
7. Click **Select Source** and choose the drive letter of your CD-ROM drive (for example, D:\TAX), or navigate to the tax folder containing the downloaded files (for example, C:\AI_TEMP\PRTX71J\TAX). Click **Select** to continue.
8. Click **Update Taxes**. You see the following warning:

"This Payroll Tax Update includes updates to your Payroll program files. Do you wish to install the Payroll program file updates?"

9. Select **Yes** to update tax tables and programs.
10. During the tax update process, if your employer taxes are not set to the current rate, you will be prompted to Recalculate Taxes. For any company other than Company 99, we recommend selecting the **Cancel** option.

If you decide to proceed, please verify the following before recalculating taxes:

- Do you have a full backup of Payroll?
- Have you printed all applicable reports?
- Do you know your old rate(s)?
- Are you willing to affect your previously filed 941 Reports? You may need to print a 941 Exception report for any quarter affected by the recalculations.



IMPORTANT: If your rate has changed, you can return to the Maintain ▶ Taxes menu *after* completing your tax update and use the **Recalc** button to recalculate each tax that has changed (for example, if your old rate was .05%, change it to .06% and then recalculate).

If you are unsure of any of these answers or have questions about the update process, please contact your Solution Provider or ACCPAC Source Solutions Technical Support at (800) 944-1000 for further assistance.

About the Payroll Update Plan

This section contains information on the following topics:

- [“Federal Tax Changes,”](#) following
- [“State Tax Subscription Changes” on page 11](#)

Federal Tax Changes

January 1st, 2004

The Social Security taxable maximum wage base has been increased from \$87,000 to \$87,900 for the calendar year 2004.

Earned Income Credit Rates

The Earned Income Credit rates have been updated, effective January 1st, 2004. If you are running Pro Series, the rates will be updated to those listed below when you install your tax update.

Single or Head of Household

Over	But Not Over	Amount of Payment to be Made
\$0.00	\$7,660.00	20.40% of wages
\$7,660.00	\$14,040.00	\$1,563.00
\$14,040.00		\$1,563.00 less 9.588% of wages in excess of \$14,040.00

Married without Spouse Filing a Certificate

Over	But Not Over	Amount of Payment to be Made
\$0.00	\$7,660.00	20.40% of wages
\$7,660.00	\$15,040.00	\$1563.00
\$15,040.00		\$1563.00, less 9.588% of wages in excess of \$15,040.00

Married with Both Spouses Filing a Certificate

Over	But Not Over	Amount of Payment to be Made
\$0.00	\$3,830.00	20.40% of wages
\$3,830.00	\$7,520.00	\$781.00
\$7,520.00		\$781.00 less 9.588% of wages in excess of \$7,520.00

State Tax Subscription Changes

September 1st, 2004

The State Withholding Tax Tables have been revised for the state of New Jersey, effective September 1st, 2004.

July 1st, 2004

The State Withholding Tax Tables have been revised for the following states, effective July 1st, 2004:

- Idaho
- Michigan

◆ *About the Payroll Update Plan*

January 31st, 2004

The State Withholding Tax Tables have been revised for the following states:

- Connecticut
- Georgia
- Missouri
- Oklahoma
- Rhode Island

Additional State Changes

- The state of Pennsylvania has increased the personal income tax withholding rate from 2.8% to 3.07%, effective January 1st, 2004.
- The state of Michigan retains the current withholding rate of 4%. The proposed rate reduction to 3.9% has been postponed until June 30th, 2004.


January 1st, 2004

The State Withholding Tax Tables have been revised for the following states:

- Arizona
- California
- Maine
- Maryland
- Michigan
- Minnesota
- Montana
- New Mexico
- North Carolina
- North Dakota
- Puerto Rico
- Vermont

Additional State Changes

- The state of California has increased the taxable wage base amount from \$56,916 to \$68,829, and the employee rate from 9% to 1.18% for the calendar year 2004.
- The state of Kentucky has increased the Standard Deduction from \$1,830 to \$1870 for the calendar year 2004.
- The state of Arizona has repealed the \$5 per month minimum withholding requirement.

 All STATE WITHHOLDING TAXES are supported by ACCPAC Payroll Tax Subscriptions. Other state taxes may or may not be supported by ACCPAC, on a case-by-case basis. If you need a special state or local tax formula set up for Payroll, contact your Solution Provider for assistance.

Instructions for Specific States

New Jersey

The state of New Jersey Supplemental Withholding Table uses **Frequency**, **Wage Amount**, and **Number of Exemptions** to determine the withholding amount. Pro Series Payroll currently supports one fixed rate (set to a default of 0.0%) per state.

If you provide supplemental wages for your employees, review the New Jersey Supplemental Withholding Table to determine the required supplemental rate for each employee receiving supplemental wages. You can use an average of the rates shown in the table, or change the rate, according to the table, each time a supplemental wage is issued to an employee.

To view the New Jersey Supplemental Withholding Table online, go to www.state.nj.us/treasury/taxation/pdf/other_forms/git-er/00njwtsp.pdf

Maryland

The State of Maryland includes a local tax in addition to the State Withholding Tax (W-2).

To calculate Maryland taxes, select **Maintain ▶ Employees ▶ Taxes**. In the **Tax ID** field, select “**SWTMD**”. In the **File Status** field, select the tax rate that applies.

Tax Rates				
A 1.25%	C 2.25%	F 3.0%	G 2.60%	H 2.65%
J 2.85%	K 2.95%	M 3.10%	N 3.20%	

There are two additional options under filing status for Maryland:

- “NR” indicates an employee who is not a Maryland resident.

- “DE” indicates a Maryland resident working in Delaware.

Michigan

Before you can calculate taxes for employees who work in Michigan, you must update the employee's record. Select **Maintain ▶ Employees Taxes**, then select an employee. In the **Tax ID** field, select “SWTMI”.

Select **Custom**, and enter the number of Special Exemptions for that employee (you must do this even if the number is zero). You must do this for each employee subject to Michigan state taxes.

If you attempt to calculate taxes for a Michigan employee, and have not entered the number of special exemptions, you receive a warning message telling you that the Michigan state taxes will not calculate correctly.

Rhode Island

The state of Rhode Island does not support percentage of federal tax. Effective as of this update, Pro Series is no longer using the “AA” filing status. If you have an employee who is assigned to filing status “AA”, change the status to:

- SWTRI_M for married employees
- SWTRI_S for single employees

Vermont

Before you can calculate taxes for employees who work in Vermont, you must update the employee's record. Select **Maintain ▶ Employees Taxes**, then select an employee. In the **Tax ID** field, select “SWTVT”. To file using Civil Union withholding, select “**Married and Civil Union**” in the **Filing Status** field, then click **Save**.

◆ *Instructions for Specific States*

The state of Vermont does not support percentage of federal tax. Effective as of this update, Pro Series is no longer using the “AA” filing status. If you have an employee who is assigned to filing status “AA”, change the status to:

- **SWTVT_M** for married employees and civil union
- **SWTVT_S** for single employees



To be consistent with the standard format for all states, please reassign the filing status for Vermont employees using the following formats:

- All employees with a filing status of **SWTVT-M** should be reassigned to filing status **SWTVT_M**.
- All employees with a filing status of **SWTVT-S** should be reassigned to filing status **SWTVT_S**.

West Virginia

The state of West Virginia has a new two-earner percentage method of withholding. Using the optional two earner percentage method of withholding allows for an accurate amount of state income tax to be withheld from an employee with a working spouse or with more than one job.

To use the new optional two earner percentage method of withholding:

1. Select **Maintain** ▶ **Employees** ▶ **Taxes**. Select an employee.
2. In the **Tax ID** field, select “**SWTWV_TE**” and click **Save**.