Oracle Fusion Cloud Human Resources

What federal and regional taxes are available for the US?

FA Latest

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Contents

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1 What Federal and Regional Taxes Are Available for the US

You use the organization calculation cards to define federal and regional tax calculation rules at the payroll statutory unit (PSU) and legal reporting unit (LRU) levels.

Note: For tax calculation purposes, you must designate your LRUs as tax reporting units (TRUs).

Info you set for a PSU applies to all TRUs attached to it. Info you set for a TRU overrides the info you set for its parent PSU.

You can set these values using the Legal Entity Calculation Cards task from your implementation project. With this task, you create or configure an organization calculation card for the PSU.

You can configure the options for these taxes.

At these levels	These are the available taxes
Federal	• Federal income tax (FIT) • Federal Unemployment Tax Act (FUTA) • Medicare • Social Security (SS)
State	• State disability insurance (SDI) • State family leave insurance (FLI) • State income tax (SIT) • State long term care (LTC) • State medical leave insurance (MLI) • State unemployment insurance (SUI)
Local	• City taxes • County taxes • School district income tax

You can override these tax values at the TRU level using the Legal Reporting Unit Calculation Cards task. For further info, see Configure Organization Calculation Cards for the US in the Help Center.

Before you configure federal and regional taxes, must have defined and configured these components.

- Your US legislative data group (LDG)
- A legal address for the legal entity
- Any jurisdictions required for the legal entity

- All the appropriate PSU and TRU calculation cards

2 Federal Taxes

Calculation Rules for Federal Taxes

You can define the following calculation rules on the organization cards.

Tax type	What you can select	What it does
Federal income tax (FIT)	Supplemental Tax Calculation Method	Indicates how the process taxes supplemental earnings. You can select the following. • **Aggregation** • **Flat Percentage** Do this from **Calculation Component Details** for the FIT component.
	Tax Withholding Rules	Taxes all earnings based on withholding rules. You can select the following. • **All states** • **Only states under state tax rules** If you select this, you must add those states in **Regional Component Group**. Do this from **Calculation Component Details** for the FIT component.
	Enable Period-to-Date Tax Calculation	By default, multiple regular payroll runs in the same period are taxed as if they're individual payments. When you set this to **Yes**, multiple payroll runs are taxed as if they're paid as one payment. This option can possibly increase the tax bracket. Do this from **Calculation Component Details** for the FIT component. **Note:** This applies to state income tax (SIT) as well.
	Aggregate Overtime Premium Rate for all TRUs within the PSU	Determines how to calculate the premium overtime rate of multiple tax reporting units (TRUs) under the same payroll statutory unit (PSU). Do this on the **Overtime Rules** calculation component.

Tax type	What you can select	What it does
	Enforce Federal Income Tax Look-Back Rule	Determines if the payroll process withholds FIT from the employees' supplemental earnings using the aggregate tax method instead of the flat rate. Do this from **Enterable Calculation Values on Calculation Cards** for the FIT component.
Medicare	Self-Adjustment Method	Evaluates the earnings and tax amounts to ensure they're correct with a given tax rate. When all subject earnings reach the annual maximum limit, the payroll process no longer calculates the tax.
Federal unemployment insurance (FUTA)	Employer Self-Adjustment Method	Evaluates the earnings and tax amounts to ensure they're correct with a given tax rate. When all subject earnings reach the annual maximum limit, the payroll process no longer calculates the tax.
	Federal Unemployment Employer Rate override	If you have locations in a FUTA credit reduction state, your FUTA rate might change. FUTA credit reduction rates are predefined for each of the states that require a credit reduction and are updated annually. In certain circumstances, you must override these rates. Use the Calculation Value Definitions task to set an override rate.
Social Security	Self-Adjustment Method	Evaluates the earnings and tax amounts to ensure they're correct with a given tax rate. When all subject earnings reach the annual maximum limit, the payroll process no longer calculates the tax.
Limit taxes	Federal Tax Limit Enforcement Level	Define how the payroll process tracks limits for federal taxes.
	State Tax Limit Enforcement Level	Define how the payroll process tracks limits for state taxes.

To define these calculation rules:

1. Start the Legal Entity Calculation Cards task from your implementation project, and open the card.
2. Select **Federal**.
3. Provide the effective date, and select the appropriate calculation component.
4. In **Details**, set the values you want to use.
5. Click **Save and Close**.

Federal Income Tax Look-Back Rule

The federal income tax (FIT) look-back rule helps define how the payroll process calculates an employee's FIT withholding.

When enabled, the process evaluates the employee's FIT withholding across the prior and current years. If it finds they haven't withheld FIT from their wages, it taxes any supplemental earnings using the aggregate tax method instead of the flat rate.

How you manage this rule for your organization

This rule is enabled by default. To disable it or re-enable it for your organization:

1. Start either the Legal Entity Calculation Cards or Legal Reporting Unit Calculation Cards task from your implementation project.

   Settings on the tax reporting unit card override those on the payroll statutory unit card.
2. Select the organization card for editing.

   Create it if it doesn't exist.
3. Enter an effective date, and select **Federal**.
4. Select **Federal Income Tax**.
5. Click **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. For **Enforce Federal Income Tax Look-Back Rule**, select **Yes** or **No** as appropriate.
8. Click **Save and Close**.

How you manage this rule for an individual employee

To set this rule for an individual employee:

1. From **My Client Groups**, click **Payroll**.
2. Start the **Calculation Entries** task.
3. Search for the employee, and open their Tax Withholding card for editing.
4. Open the **Federal** component for editing.
5. In **Withholding Exception**, select whether you are enforcing the FIT look-back rule.
6. Click **Save and Close**.

Federal Unemployment Tax Act Calculations

The payroll process supports the calculation of Federal Unemployment Tax Act (FUTA) liabilities.

There are several configurations you can perform in support of these calculations.

What you can do	What this means	How you do it
Override the FUTA credit reduction rate	FUTA credit reductions rates are predefined for each of the states that require a credit reduction. They are updated annually during end-of-year legislative updates. If a state continues to have an outstanding loan through November, an additional 0.3% credit reduction might apply. An additional benefit cost rate add-on tax might also potentially apply. In certain circumstances, you must override these rates.	1. Start the Calculation Value Definitions task. 2. Perform an advanced search for the name that contains **Credit Reduction** in your legislative data group (LDG). Be sure to search with the effective date that you want to update the rate. 3. Select the appropriate FUTA reduction rate from the search results. 4. From the **Actions** menu, select **Add Row**. 5. Enter values for **From Value**, **To Value**, and **Rate**. 6. Click **Submit** and **Done**.
Override the FUTA rate	You can override the standard FUTA rates at the payroll statutory unit or tax reporting unit levels.	1. Navigate to one of the following from your implementation project, depending on which level you're configuring. ◦ Legal Entity Calculation Cards ◦ Legal Reporting Unit Calculation Cards 2. Start the Calculation Rules for Tax Reporting and Payroll Statutory Unit task. 3. Enter the appropriate effective as-of-date. 4. Click **Federal Unemployment Calculation Component**. 5. Select **Enterable Calculation Values on Calculation Cards**. 6. Click **Create**. 7. Select **Federal Unemployment Employer Rate** for the name. 8. Enter the rate as a decimal. For example, enter 1% as **0.01**. 9. Save and submit.
Override the FUTA standard value definitions	The standard value definitions for FUTA tax and FUTA wage limit are predefined. You can view these definitions and override their values at the LDG level.	1. Start the Calculation Value Definitions task. 2. Search for **Federal Unemployment Tax**. 3. Select either the rate or wage limit link. 4. In **Calculation Values**, add an effective dated row. 5. Enter the new info. 6. Save and submit.
Perform a tax adjustment for employees impacted by a FUTA rate change	You set the FUTA tax self-adjustment configurations on the organization calculation cards. The Department of Labor typically announces the year's FUTA credit reduction rates in the November to December time frame. Despite the rate being announced late in the year, you're responsible for ensuring the new rate is applied to the full year's taxes. The payroll process doesn't self-adjust if the employees have already reached their wage limit or have been terminated.	1. Run the US Tax Balance Adjustment flow. This flow creates a balance adjustment batch. The batch uses the same name as the flow you used when you ran the process. 2. Download the batch to the HCM Data Loader (HDL). There's no separate audit report. 3. Verify the batch through HDL.

What you can do	What this means	How you do it
	Use the US Tax Balance Adjustment flow for any employee requiring FUTA tax adjustment due such a rate change.	4. Run the Transfer Batch Process. 5. Run the Adjust Multiple Balances process.

Related Topics

- Configure Organization Calculation Cards for the US
- Overview of Balance Adjustments for the US
- US Tax Balance Adjustment Flow

3 State and Regional Taxes

Calculation Rules for Regional Taxes

You can define the following regional calculation rules on the payroll statutory unit (PSU) organization card.

Tax Type	What you can select	What it does
State disability insurance (SDI)	Self-Adjustment Method	Evaluates the earnings and tax amounts to ensure they're correct with a given tax rate. When all subject earnings reach the annual maximum limit, the payroll process no longer calculates the tax.
	SDI Employee Rate override	Sets the rate override for those states where the employee pays SDI.
State family leave insurance (FLI)	Exempt from Family Leave Insurance	For eligible states, identifies all employees in the PSU as exempt.
	Family Leave Insurance Wage Limit	For eligible states, sets the wage limit for this PSU.
	FLI Employee Percentage	For eligible states, sets the percentage for employee FLI contributions.
	FLI Employer Percentage	For eligible states, sets the percentage for employer FLI contributions.
State medical leave insurance (MLI)	Exempt from MLI Employer Liability	For eligible states, identifies this PSU as exempt.
	MLI Employee Percentage	For eligible states, sets the percentage for employee MLI contributions.
	MLI Employer Percentage	For eligible states, sets the percentage for employer MLI contributions.
State long term care (LTC)	Exempt From Long Term Care Insurance	For eligible states, identifies all employees in the PSU as exempt.
	Long Term Care Insurance Employee Percentage	For eligible states, sets the percentage for employee LTC contributions.
	Long Term Care Insurance Wage Limit	For eligible states, overrides the wage limit for this PSU.

Tax Type	What you can select	What it does
State income tax (SIT)	Calculate PA Resident Tax for Non-PA Work Location	For Pennsylvania PSUs, enables the calculation of Pennsylvania resident taxes for employees working in locations out of the state.
	City Tax Withholding Rule	Indicates if all earnings are taxed based on the defined city tax withholding rule.
	County Tax Withholding Rule	Indicates if all earnings are taxed based on the defined county tax withholding rule.
	Resident Wage Accumulation	Identifies the appropriate resident wage accumulation method. The payroll process automatically withholds for all states using the default action for each state.
	Supplemental Tax Calculation Method	Indicates how the payroll process taxes supplemental earnings. You can select the following. • Aggregation • Alternate Flat Rate • Annualized Previous Aggregations • Default Method • Flat Rate • Flat Rate Combined • Percentage of Federal Tax • Tiered Flat Rate • Tiered Flat Rate, Multiple Tables
	TCD Combined Filing Proxy	For registered combined filers for Pennsylvania Act 32 taxes, specifies the Tax Collection District (TCD) combined-filing proxy.
	Enable Period-to-Date Tax Calculation	Taxes multiple payroll runs as if they're paid as one payment. You configure this at the FIT level. For further info, see Calculation Rules for Federal Taxes in the Help Center.
State unemployement insurance (SUI)	Credit Employer SUI Wages Earned in Other States	Enforces how the payroll process calculates SUI wage credits for employee transfers. For example, some don't give credit for SUI paid in other work states.

Tax Type	What you can select	What it does
	Self-Adjustment Method	Evaluates the earnings and tax amounts to ensure they're correct with a given tax rate. When all subject earnings reach the annual maximum limit, the payroll process no longer calculates the tax.
	SUI Employee Rate override	Sets the rate override for those states where the employee also pays SUI.
	SUI Employer Rate override	Sets the rate override. Employer contribution payments under the SUI compensation laws vary based on each employer's experience with unemployment. The employer experience rate varies for every employer and changes over time. In general, the less involuntary unemployment your workers experience, the lower your rate. **Note:** For states that have taxes in conjunction with SUI or SDI, you must increase your SUI or SDI employer rates appropriately. Carefully examine your state-issued rate notifications to determine if the state has included these special taxes in the overall rate notification. For example, the following special taxes are cases where this kind of SUI rate adjustment would be required. • Kentucky SUI Service Capacity Upgrade Fund • Massachusetts SUI Workforce Training Fund • Nevada SUI Career Enhancement Program • Nevada SUI Bond Obligation Assessment • South Carolina SUI Administration Contingency Assessment
	SUI Wage Limit for Employer	Establishes SUI wage limits at the TRU and PSU levels. For further info, see Wage Limits for State Unemployment Insurance in the Help Center.

Tax Type	What you can select	What it does
County Tax	Resident wage accumulation	Identifies the appropriate resident wage accumulation method.
	Taxation threshold hours	Sets the number work hours after which the payroll process begins calculating and withholding taxes. This field is informational.
City Tax	Resident wage accumulation	Selects the appropriate resident wage accumulation method.
	Taxation threshold hours	Sets the number work hours after which the payroll process begins calculating and withholding taxes. This field is informational.

To define these calculation rules:

1. To define them at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To define them at the tax reporting unit (TRU) level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.
2. In **Component Groups**, select the appropriate regional component.

   Create it if it doesn't exist.
3. Provide the effective date, and select the appropriate calculation component.
4. In **Calculation Component Details**, set the values you want to use.

   You must click **Save** before you can add any county or city rules.
5. Repeat these steps to define the appropriate values at the county and city levels.

How the Payroll Process Determines the Employee Work State

For some state taxes, such as unemployment insurance (SUI) and disability insurance (SDI), the payroll process must determine the employee's state of employment.

> **Note:** Retirees aren't subject to unemployment or disability taxes. Therefore the following hierarchy doesn't apply to them.

How the work state is determined

The payroll process uses this hierarchy based on the derived jurisdictions on employee's Tax Jurisdictions card and the assignments and associations set on their Tax Withholding card.

1. If the employee is designated as work-at-home, it checks for an Override calculation component in Resident Tax Jurisdictions on the Tax Jurisdictions card.
   - If there is, it uses the state identified on the override component.
   - If there's no override, it uses the state associated with the person's residence tax address, as set in the **Resident Tax Jurisdictions** calculation component.
2. If the employee isn't work-at-home, the process uses the state associated with their primary work tax address, as set in **US Taxation** component on their Tax Withholding card.

   Note: If there's no primary assignment associated with the tax reporting unit (TRU), the payroll process applies this hierarchy to the assignment with the lowest assignment ID associated with that TRU.

How Tax Addresses Are Determined for the US

The employee resident and work tax addresses used by the payroll process are determined by this hierarchy.

Work Tax Address

Address source	Priority	How you set it
Work-at-Home = Yes	1	Use the Change Assignment task to set **Work at Home** on the person's assignment.
Assignment-level location override	2	Use **Work Tax Address** on person's assignment record to override the location address assigned to the person. You can update this by navigating to the Change Assignment task under Employment.
Location override address	3	Use the Locations task to define an address of **Location override** type. This overrides the location's main address.
Location address	4	Use the Locations task to define the main address. You set a person's location on their assignment.

Resident Tax Address

Address source	Priority
US Resident Tax Address	1

Address source	Priority
Home Address	2

State Tax Withholding Rules

State Tax Withholding Rules

The US Oracle Payroll Tax Engine (USOPTE) provides the tax rule data that determines:

- What resident state taxes the payroll process withholds for employees
- When it withholds them

Each state has its own withholding and reciprocity rules.

These tax withholding rules determine the available resident wage accumulation rules. The federal and state withholding forms provide the default tax withholding info for the payroll process.

Here's how you can change these rules.

What you want to do	How you do it
Define default state and local withholding	By default, the payroll process calculates state and local deductions based on the definitions provided by USOPTE. You can set these defaults at the organization level and then set overrides for individual employees. For further info, see How to Configure Default State and Local Tax Withholding in the Help Center.
Set the state and resident wage accumulation rules at the organization level	1. Start the Legal Entity Calculation Cards or Legal Reporting Unit Calculation Cards task. 2. Select which resident wage accumulation rule the payroll process uses when calculating state income taxes (SIT). For further info, see How to Add Regional Tax Withholding Info to Employee Tax Cards in the Help Center.
Set the state and resident wage accumulation rules for individual employees	Use the Calculation Entities task to set resident wage accumulation rules at the state and local levels on the employee's tax card. This overrides the value you set at the organization level. For further info, see How to Set the State Resident Wage Accumulation Rule in the Help Center.

How to Configure Default State and Local Tax Withholding

By default, the payroll process calculates state and local deductions based on the definitions provided by USOPTE.

You can find this value	In this task
Home Address	Person
Resident Tax Address	Person
Location	Employment
Working at Home	Employment
Work Tax Address	Employment

Organization-level configuration

To override these values for your organization:

1. Start the Legal Entity Calculation Cards or Legal Reporting Unit Calculation Cards tasks.
2. Set the overrides.
3. Use the Calculation Entities task to configure employee tax cards.
4. Click **Create Default State and Local Withholding** to define regional components based on organization card defaults.

Employee-level configuration

You can create regional components on a person's tax card that are based on their work and resident addresses.

1. Open the person's Tax Withholding card for editing.
2. In **Withholding Details**, click **Add Tax Withholding** and select **Create Default State and Local Withholding**.

   This creates the regional components based on the employee's home and work locations.

How to Add Regional Tax Withholding Info to Employee Tax Cards

You can manually add any appropriate State, County, and City components to a person's Tax Withholding card. These components help identify and configure the relevant states in **Calculation Card Overview** on the card.

1. Open the person's Tax Withholding card for editing.
2. In **Withholding Details**, click **Add Tax Withholding** and select **Add Withholding Information**.
3. Use **State**, **County**, and **City** to search for the appropriate jurisdictions. Select the locations you require, and migrate them into the **Selected** box.
4. Click **Apply** when finished.

How to Set the State Resident Wage Accumulation Rule

You can select which resident wage accumulation rule the payroll process uses when calculating state income tax (SIT).

What you want to do	How you do it
Set the rule on a payroll statutory unit (PSU)	1. Start the Legal Entity Calculation Cards task, and open the organization calculation card for editing. 2. In **Component Groups**, select **Regional**. 3. In **Calculation Components**, select **State Income Tax**. 4. In **Calculation Component Details**, expand **State Income Tax Organization Information**. 5. Click **Edit** and then either **Update** or **Correct**. 6. Select the appropriate value for **Resident Wage Accumulation**. For further info, see the following section. 7. Click **Save and Close**.
Set the rule on a tax reporting unit (TRU)	1. Start the Legal Reporting Unit Calculation Cards task, and open the organization calculation card for editing. 2. In **Component Groups**, select **Regional**. 3. In **Calculation Components**, select **State Income Tax**. 4. In **Calculation Component Details**, expand **State Income Tax Organization Information**. 5. Click **Edit** and then either **Update** or **Correct**. 6. Select the appropriate value for **Resident Wage Accumulation**. For further info, see the following section. 7. Click **Save and Close**. This overrides any values on the parent PSU card.
Set the rule for an individual employee	1. Start the Calculation Cards task, and open the person's Tax Withholding card for editing. 2. In **Withholding Details**, select the link for the appropriate state. 3. Click **Edit** and then **Update** or **Correct**. 4. In **State Tax Additional Information**, select the appropriate value for **Resident Wage Accumulation**. 5. Click **Save and Close**. This overrides any values on the PSU or TRU cards.

When using the **Only states under state tax rules** withholding rule for federal income tax (FIT), select the appropriate **Resident Wage Accumulation** rule for each state.

If you're using this FIT withholding rule	It does this	And you can select this for Resident Wage Accumulation
All states	Default withholding rule for all states.	The payroll process automatically withholds for all states using the default action for each state.
Only states under state tax rules	From the states you have configured on the card, this identifies which you're withholding resident taxes. For each state you add, you select the appropriate resident wage accumulation rule.	The field displays the values appropriate for the selected state. Select one. • Calculate tax independent of all other jurisdictions • Credit resident tax by work tax, accumulate wages if taxed • Credit resident tax by work tax, always accumulate wages • No resident tax if work or residence mismatch, accrue if taxed • No resident tax if work tax greater than zero • No resident tax if work tax greater than zero, always accrue • No resident tax if work tax on nonresident, accrue if taxed • No resident tax if work tax on nonresident, always accrue • Use default action

For further info, see Oracle Cloud Human Capital Management for United States: Courtesy Tax Implementation (2138998.1) on My Oracle Support.

State Courtesy Taxes

What are courtesy withholding taxes?

In some states, if an employee resides in a different city, county, or state and works in another, they might be required to pay taxes for both localities.

As their employer, you might not be required to withhold and deposit taxes for both.

> **Note:** Individual local and state taxation rules vary. Consult with the appropriate tax authorities for complete compliance info on whether you're required to withhold.

Here's how the courtesy tax withholding hierarchy works

Before you can set up your organization for courtesy withholding, you need to understand the hierarchy courtesy taxes use. Configurations at lower levels override those at higher levels.

1. First it checks the configuration on the payroll statutory unit (PSU).
2. Then it checks the tax reporting unit (TRU).
   Entries here override the PSU.
3. Then it checks the employee Tax Withholding card.
   Entries here override both the TRU and PSU.

Configure Courtesy Tax Withholding

You can configure the rules that determine when the payroll process deducts courtesy taxes.

You can change this behavior through the following.

1. You can change the state withholding rules.
2. You can change the county and city withholding rules.
3. You can set overrides at the employee level.

These instructions are a generic reference. They don't apply to taxation in all circumstances, such as Indiana county and Pennsylvania Act 23 jurisdictions.

State Limit Taxes

What Are Limit Taxes

The payroll process enforces most tax limits at the payroll relationship level. This means it tracks them across the tax reporting units (TRUs) within their parent payroll statutory unit (PSU).

By default, the payroll process enforces the maximum wage and tax limits for all federal limit taxes at the PSU level. For state limit taxes, it does this at the TRU level.

However, you can override how the process tracks these limits.

> **Note:** If you must have multiple PSUs, and you want the payroll process to access person-level balances across them, you can import balances from one PSU to another. For further info, see Oracle Cloud Human Capital Management for United States: Balance Adjustments (1600728.1) on My Oracle Support.

How Payroll Relationships Affect Limit Taxes

A payroll relationship is the association between a person and a payroll statutory unit (PSU). It represents the highest level of balance aggregation.

Employees working in multiple tax reporting units (TRUs) under the same PSU would have a single payroll relationship. The payroll process would have access to payroll relationship-level balances that span multiple TRUs through their parent PSU.

Employees working in multiple PSUs must have multiple payroll relationships, one for each. In these cases, their person-level balances can't span across their payroll relationships.

How to Configure Federal Limit Taxes

Federal limit taxes include Social Security and Federal Unemployment Tax Act (FUTA). If you have multiple tax reporting units (TRUs) associated with your payroll statutory unit (PSU), the payroll process enforces the limits across all of them.

For example, this is a common configuration if you're using a common paymaster.

However, you can override this default and track your federal-level limit taxes by individual TRU.

Perform this configuration before your first payroll run of the calendar year.

> **Note:** This procedure involves configuring your **Federal Income Tax** calculation component. Because FIT isn't a limit tax, this won't impact your calculation of FIT. This solution was designed as a matter of convenience.

1. Start the Legal Reporting Unit Calculation Cards task from your implementation project.
2. Search for and select your TRU calculation card.

   Do this for each of your TRU cards.
3. In **Calculation Card Overview**, click **Federal**.
4. Click **Federal Income Tax**.
5. Click **Enterable Calculation Values on Calculation Cards**.
6. Click **Add**.
7. In **Display Value**, search for and select **Federal Tax Limit Enforcement Level**.
8. In **Value**, enter **Tax Reporting Unit**.
9. Click **OK**.
10. Click **Save and Close**.

How to Configure State Limit Taxes

By default, the payroll process tracks all state taxes with limits at the individual tax reporting unit (TRU) level, such as state unemployment insurance (SUI), state disability insurance (SDI), family and medical leave insurance (FMLI), and long-term care (LTC).

However, you can override this default and track your state-level limit taxes at the parent payroll statutory unit (PSU) level.

Perform this configuration before your first payroll run of the calendar year.

1. Start the Legal Entity Calculation Cards task from your implementation project.
2. Search for and select your PSU calculation card.
3. In **Component Groups**, select the state node of the tax you're configuring.

   Create it if it doesn't exist.
4. In **Calculation Components**, select the tax you're configuring.

   Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. In **Display Value**, search for select **State tax limit enforcement level**.
8. In **Value**, select the limit tax enforcement level.
9. Click **OK**.
10. Click **Save and Close**.

To apply an enforcement level for all state taxes:

1. Open the PSU calculation card for editing.
2. In **Component Groups**, select **Federal**.
3. In **Calculation Components**, select **Federal Income Tax**.
4. Select **Enterable Calculation Values on Calculation Cards**.
5. Click **Create**.
6. In **Display Value**, search for select **State tax limit enforcement level**.
7. In **Value**, select the limit tax enforcement level.
8. Click **OK**.
9. Click **Save and Close**.

State Reciprocity Agreements

What Are State Reciprocity Agreements

Some states have reciprocity agreements where the employee can claim nonresident status in those states. This allows the employee to have their resident state tax withheld instead of their work state tax.

To accomplish this, you must set **Nonresident** on their tax card to **Yes**.

To allow the employee to claim nonresident status:

1. Start the Calculation Entries task.

2. Search for the person, and open their tax card for editing.
3. In **Regional**, open the employee's state regional component for editing.
4. In **State Tax Additional Information**, identify the person as a nonresident.
5. Click **Save and Close**.

For example, Illinois and Kentucky have a reciprocity agreement. An employee living in Illinois and working in Kentucky would only have to pay Illinois state income tax (SIT). On this employee's tax card, for their work state node (KY), you identify them as a nonresident, excluding them from KY SIT calculations.

Pennsylvania and Maryland Reciprocity

There's a reciprocity agreement for local taxation of Maryland residents working in Pennsylvania. For further info, see Pennsylvania Local Earned Income Tax in the Help Center.

State Unemployment Insurance

State Unemployment Insurance Tax

To properly calculate tax withholding, you must set the state unemployment insurance (SUI) employer rates.

You define them on the payroll statutory unit (PSU) calculation card, and it applies to all associated tax reporting units (TRUs). You can then set overrides for TRUs and individual employees.

What kind of rate info you want to track	How you track it
Employer and employee rates	To enter the SUI rate: 1. Start the Legal Entity Calculation Cards. 2. Enter an effective as-of date. 3. Search for and select for editing an existing PSU calculation card, or create one. 4. In **Calculation Card Overview**, select **Regional**. 5. If entries for the state don't already exist, click **Create** and select the state name. 6. In **Calculation Components**, select the state's State Unemployment row. 7. In **Details**, select **Enterable Calculation Values on Calculation Cards**. 8. Select **State Unemployment Employer Experience Rate**, and click **Edit**. Click **Create** if the row doesn't already exist. 9. In **Edit Calculation Values**, enter the rate and click **OK**. 10. Repeat these steps to set the SUI employee rate. 11. Click **Save**. **Note:** When you enter a SUI rate for a selected state, you must also provide component details for the state disability insurance (SDI) and state income tax (SIT). For further info, see Configure Organization Calculation Cards for the US in the Help Center.
Wage base rates	The payroll process maintains the state-specific SUI limits when: 1. An employee has a change in their work state

What kind of rate info you want to track	How you track it
	2. It's within the same TRU. This includes granting applicable credit for the wages earned in the other state. **Note:** Not all states allow this credit. In these cases, the payroll process doesn't calculate the credit. For further info, refer to your state tax authority. After those limits are reached, the payroll process stops the SUI deductions. It automatically adjusts the new state's SUI limit for the SUI wages you paid in the other state. You can override how the process manages SUI wage limit credits at the PSU and TRU levels. For further info, see Limit Credits for State Unemployment Insurance in the Help Center.
Midyear SUI rate changes	For states that regularly perform midyear changes to their SUI tax rates, configure your organization card to use the quarterly self-adjustment method. By checking each quarter individually to determine adjustments, the payroll process maintains the integrity of the calculations before the change. For further info, see Self-Adjustment Methods for Tax Withholding in the Help Center.
Wage limit configuration	Your legislative data group provides the predefined wage limits for state unemployment insurance (SUI). You can override these limits at the payroll statutory unit (PSU) and tax reporting unit (TRU) levels. For further info, see Wage Limits for State Unemployment Insurance in the Help Center.
Tax limit configuration	By default, the payroll process tracks all state taxes with limits at the individual TRU level, such as SUI and SDI. However, you can override this default and track your state-level limit taxes at the parent PSU level. For further info, see Limit Taxes in the Help Center.

Related Topics

- Federal and Regional Taxes for the US
- Limit Credits for State Unemployment Insurance
- What Are Limit Taxes
- Wage Limits for State Unemployment Insurance
- Configure Organization Calculation Cards for the US
- Self-Adjustment Methods for Tax Withholding

Limit Credits for State Unemployment Insurance

If an employee has a change in their work state within the same tax reporting unit (TRU), the payroll process automatically handles the state-specific state unemployment insurance (SUI) limits, including granting applicable credit for the wages earned in the other state.

> **Note:** Not all states allow this credit. In these cases, the payroll process doesn't calculate the credit. For further info, refer to your state tax authority.

Once those limits are reached, the payroll process stops the SUI deductions. It automatically adjusts the new state's SUI limit for the SUI wages you paid in the other state. This means SUI wage base rate overrides aren't necessary.

How to configure your organization

You can change how the payroll process grants or denies SUI wage credits. You can set these overrides at the PSU and TRU levels.

1. To set it for a PSU, start the Legal Entity Calculation Cards task from your implementation project.

   To set it for a TRU, start the Legal Reporting Unit Calculation Cards task from your implementation project.

   Values you set at lower levels override those at higher levels.
2. Select **State Unemployment** for the state you're updating.

   Add it if doesn't already exist.
3. Click **Enterable Calculation Values on Calculation Cards**.
4. Click **Add**.
5. From **Display Value**, **select Credit Employer SUI Wages Earned in Other States**.

   For states that also have employee SUI tax, such as Pennsylvania, do this for **Credit Employee SUI Wages Earned in Other States** as well.
6. For those states that give credit, enter **N** in **Value** to revoke it.

   For those states that don't give wage credit, enter **Y** to begin granting it.
7. Click **OK**.
8. Click **Save and Close**.

How to configure individual employees

For the states of Maryland, North Carolina, Oregon and Washington, you can also update this info on the employee's tax card if they work in those states.

1. From **My Client Groups**, click **Payroll**.
2. Click **Calculation Cards**.
3. Search for and select the person.
4. Open their Tax Withholding card for editing.
5. Select **Edit** for the state component you're editing.
6. In **Withholding Exemption**, identify if the state grants SUI wage credits.
7. Click **Save and Close**.

How to configure the self-adjustment settings

For states that regularly perform midyear changes to their SUI tax rates, configure your organization card to use the quarterly self-adjustment method. By checking each quarter individually to determine adjustments, the payroll process maintains the integrity of the calculations prior to the change.

Wage Limits for State Unemployment Insurance

Your legislative data group (LDG) provides the predefined wage limits for state unemployment insurance (SUI).

You can override these limits at the payroll statutory unit (PSU) and tax reporting unit (TRU) levels.

1. To set this override at the PSU level, start the Legal Entity Calculation Card task from your implementation project.

   To set it for a TRU, start the Legal Reporting Unit Calculation Card task.

   Limits you set at lower levels override those at higher levels.
2. Search for and select the calculation card.
3. In **Component Groups**, expand **Regional**.
4. Select the state node.

   Add it if doesn't exist.
5. Select **State Unemployment** for the state you're updating.
6. Click **Enterable Calculation Values on Calculation Cards**.
7. Click **Add**.
8. In **Display Value**, select either **SUI Wage Limit for Employer** or **SUI Wage Limit for Employee**, as appropriate.
9. In **Amount**, enter the new wage limit.

   This must be a positive number.
10. Click **OK**.
11. Click **Save and Close**.

Related Topics
- Federal and Regional Taxes for the US
- State Unemployment Insurance Tax
- Configure Organization Calculation Cards for the US
- Creating Calculation Cards for Deductions at Different Levels for the US

Hours Worked for State Unemployment Insurance

How to Calculate Hours Worked from Balances for the US

Calculation of worked hours is required for state unemployment insurance (SUI) reporting. You report this data in positions 423-426 of the W record for SUI_ER tax codes on the quarterly tax file.

You can use balances to define what hours to include for SUI reporting. There are two balances for accumulating the hours worked for state unemployment reporting.

Balance name	What it does
SUI Eligible Hours	This balance has no predefined feeds. If you don't define a feed, the payroll calculation doesn't accumulate hours for this balance nor the State Worked Hours balance. You must define the balance feeds using the elements with hours that are eligible for reporting of state unemployment at the start of a quarter. During payroll calculation, this balance accumulates the hours for any state using the elements fed to it. If you perform these configurations after the start of the quarter, they apply to the hours worked on the subsequent payroll runs only. You must perform balance adjustments to the State Worked Hours balance to resolve this shortfall.
State Worked Hours	When you define a balance feed for SUI Eligible Hours, the payroll process accumulates the hours appropriately and feeds them to this balance. During payroll calculation, this balance accumulates based on: • SUI Eligible Hours balance • SUI state • Wage basis rules defined for the SUI state • Setting of the SUI state specific value definition **Note:** The run result method was discontinued effective January 1, 2023.

Using these balances and their associated wage basis rules and value definitions, you can control what hours are reported on the quarterly tax file.

Note: The quarterly file for SUI reporting includes only quarter-to-date hours. It doesn't include year-to-date hours.

How you can use wage basis rules

The Component Group Rules task provides the **State Unemployment Hours** component under the **Regional** component group. Use this component to define any wage basis rule overrides for calculating hours worked. Because there are no predefined wage basis rules for hours worked accumulation, all hours fed to the SUI Eligible Hours balance are accumulated.

The payroll process applies these wage basis rules to the State Worked Hours balance accumulation during its calculations. It doesn't apply them to the SUI Eligible Hours balance.

How you can use value definitions

State and territory-based calculation value definitions are available in support of calculating hours worked based on balances.

These value definitions use this naming convention.

```
<state abbrev> SUI Include Hours Worked in All States
```

Use them to define if hours worked in other states contribute to the SUI state worked hours.

The default for these value definitions is to allow hours in other states to contribute to the given SUI state worked hours. The payroll process accumulates these hours in the SUI state's State Worked Hours balance. If you change a state's default value definition, the process accumulates only the hours for that state into the balance.

> **Note:** This value definition setting has no impact on SUI Eligible Hours balance accumulation.

For example, assume an hourly employee is paid in a weekly pay period and their SUI state is California. They have 32 regular hours in California and 8 regular hours in Idaho. You have fed your regular hours element to the SUI Eligible Hours balance. You have left the default for the CA value definition to allow accumulation of hours from other states.

In this case:

1. The payroll process feeds 32 hours to California's SUI Eligible Hours balance.
2. It feeds 8 hours to Idaho's SUI Eligible Hours balance.
3. As a result, it feeds 40 hours to California's State Worked Hours balance (32 CA hours + 8 ID hours).

   Because California is the person's SUI state, no SUI wages or worked hours are accumulated for Idaho.

How you perform the configuration

Perform these configurations effective as of a calendar quarter start or calendar year start. If you perform them after the start of the quarter, they apply to the hours worked on the subsequent payroll runs only. You must perform balance adjustments to the State Worked Hours balance to resolve this shortfall.

> **Note:** By default, the payroll process accumulates all hours fed to the SUI state's Eligible Hours balance. As a result, it accumulates those hours into the State Worked Hours balance.

You can override this behavior using:

- Regional wage basis rules
- Value definitions

To calculate hours worked based on balances:

1. Define balance feeds to SUI Eligible Hours with a proper effective date. Determine which elements with hours that you want to feed to the balance, such as salary elements, overtime elements, vacation elements, and so on.

   You don't need to feed the State Worked Hours balance. It already has a feed predefined and is populated during payroll calculation by the State Unemployment Hours element.

   > **Note:** You can use this element for balance adjustments to the State Worked Hours balance. If you create your own balance adjustment element, then you would need to define a feed for it to the State Worked Hours balance.

2. Define wage basis rules if any of your SUI states require exclusion from certain types of earnings hours.

   This configuration is necessary if you're feeding SUI Eligible Hours from an Earnings element that has hours counted for some states but not others.

   Some states have specific requirements for what type of hours to include for state unemployment reporting. For all other states and territories, there is no special requirement of what to include.

State	Regular hours	Overtime hours	Vacation hours	Sick hours	Holiday hours
DC	X	X			
MA	X	X	X	X	X
MN	X	X	X	X	X
OR	X	X			
RI	X	X	X		X
WA	X	X	X		X
WY	X	X			

   An X indicates the hours are subject to state unemployment reporting for that state.

3. Review the state-specific Hours Worked value definitions, and update them as needed to account for hours worked in other states.

   For example, by default, Illinois allows hours worked in other states to contribute to the hours worked for Illinois. You would perform these steps to exclude hours worked in other states.

   a. From **My Client Groups**, click **Show More**.
   b. Click **Calculation Value Definitions** under **Payroll**.
   c. Select your US legislative data group (LDG), and enter **State Unemployment** as the value definition group.
   d. As the name, enter the 2-character abbreviation of the state you're changing plus `SUI Include Hours Worked in All States.`

      For example, to view the value definition for Illinois, enter **IL SUI Include Hours Worked in All States**.
   e. Click **Search**.
   f. Click the value definition in the search results.
   g. Enter an appropriate effective as-of date.
   h. In **Calculation Values**, click **Add Row**.
   i. Enter the following to exclude hours worked in other states.

For this column	Enter this
From Value	0
To Value	999999999
Text	N

   j. Click **Submit**.

How to Track Weeks Worked for State Unemployment Reporting

Some states require weeks worked for state unemployment insurance (SUI) reporting. The quarterly tax file reports this info on the W record for SUI_ER tax codes in positions 420-421. The payroll process derives weeks worked from the SUI hours reported on the quarterly tax file.

However, you can alternatively use the State Worked Weeks balance to track this info by performing balance adjustments on this balance.

1. The quarterly tax filing extract first checks this balance for a non-zero value.
2. If there is a value in this balance, the extract passes it on the quarterly tax file for the appropriate state.

   If it finds no value, it derives the weeks worked from the SUI hours reported on the quarterly tax file.

   If the hours worked is less than 40, it sets weeks worked to 1.

   The maximum weeks worked is 13.

School District Taxes

School District Income Taxes

For states that levy school district income taxes, an employee's resident tax address determines their school district. Once derived, both the Tax Jurisdictions and Tax Withholding cards inherit this value at the appropriate levels.

> **Note:** You can disable the Tax Withholding card sync with the **Calculation Card Jurisdiction Sync** value definition if you don't want the card to derive the local tax jurisdictions. If you've disabled the sync process, you must manually populate the school district on the Tax Withholding card. Depending on the state, you set it in either the state or county component. For example:
>
> - You enter Kentucky school districts on the county component.
> - You enter Ohio school districts in the state component.
> - For Pennsylvania Act 32 jurisdictions, you enter the school district on the **Pennsylvania PSD** component.

To change a person's school district tax info, use the Calculation Entries task to update the person's Tax Withholding card.

Voluntary Plan Disability Insurance

Voluntary Plan Disability Insurance

You can provide Voluntary Plan Disability Insurance (VPDI) for employees who have opted out of the state disability plan. VPDI plans use the same taxability rules, exemptions, and self-adjustment method as the state disability insurance (SDI) plan.

However, there are some areas you should consider.

- Changing disability plans
- Enabling VPDI tax withholding
- Configuring VPDI rates and wage limits
- Configuring VPDI for individual employees

When you can change disability plans

Whether you're implementing VPDI or reverting to the state plan, you can make this switch only at the beginning of the calendar year. If you change the plan after running the first payroll of the year, you must perform the balance adjustments to move the wages and taxes to the appropriate balances.

How to enable VPDI tax withholding for your organization

You can set VPDI at these levels.

- Payroll statutory unit (PSU)
- Tax reporting unit (TRU)

  This overrides settings on the PSU card.

To enable VPDI for your organization:

1. To configure this plan at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   Use the Legal Reporting Unit Calculation Cards task to configure it at the TRU level.
2. In **Component Groups**, select the California state regional node.
3. In **Calculation Component**, select **State Disability**.
4. Select **Enterable Calculation Values on Calculation Cards**.
5. Click **Create**.
6. Search for and select **Default Disability Plan** as the display value.
7. In **Value**, select the private plan type.
8. Click **Save**.
9. Click **Create** again.
10. To set the rate, search for and select one of these display values.

    - **VPDI Employee Rate**
    - **VPDI Employer Rate**

    To set the wage limit, search for and select one of these display values.

    - **VPDI Employee Wage Limit**
    - **VPDI Employer Wage Limit**
11. Enter the rate or wage limit, and click **Save**.

How to configure VPDI rates and wage limits

To configure your VPDI plan:

1. To configure the plan at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   Use the Legal Reporting Unit Calculation Cards task to configure it at the TRU level.
2. In **Component Groups**, select the California state regional node.
3. In **Calculation Component**, select **State Disability**.
4. Select **Enterable Calculation Values on Calculation Cards**.
5. Click **Create**.
6. To set the rate, search for and select one of these display values.

   - **VPDI Employee Rate**
   - **VPDI Employer Rate**

To set the wage limit, search for and select one of these display values.

- **VPDI Employee Wage Limit**
- **VPDI Employer Wage Limit**

7. Enter the rate or wage limit, and click **Save**.

How to configure VPDI for individual employees

You can enable or disable VPDI for individual employees by configuring their Tax Withholding card.

1. Start the Calculation Entries task, and open the person's tax card for editing.
2. Open the state component for editing.
3. Identify the person as either eligible or exempt from VPDI.
4. Save your work.

California Taxes

California Wage Plan Code

You set the California wage plan code at the following levels.

- Payroll statutory unit (PSU)
- Tax reporting unit (TRU)
- Reporting Information Calculation Card

How to set the code on the PSU

Use the Legal Entity HCM Information task to set the wage plan code at the PSU level.

1. From **My Client Groups**, click **Workforce Structures**.
2. Click **Manage Legal Entity HCM Information**.
3. Select **Payroll Statutory Unit**.
4. Select **California**.
5. Specify the wage plan code.
6. Click **Submit** and then **Done**.

How to set the code on the TRU

The code you set at the TRU level overrides the code you set for the PSU.

Use the Legal Reporting Unit HCM Information task to set the wage plan code at the TRU level.

1. From **My Client Groups**, click **Workforce Structures**.
2. Click **Manage Legal Reporting Unit HCM Information**.
3. Select **Tax Reporting Unit**.
4. Select **California**.
5. Specify the wage plan code.
6. Click **Submit** and then **Done**.

How to set the code for individual employees

You set the code on an employee's Reporting Information calculation card. This overrides the values you set for the PSU and TRU.

Colorado Taxes

Colorado Annual Withholding Allowance

The Colorado form includes an annual withholding allowance. However, the payrol process can determine this amount in multiple ways.

The Tax Withholding card determines the amount in this order.

1. Captures the value as entered on the Colorado component of the tax card.

   To ensure accurate withholding, whenever an employee wants to change their Federal withholding, they must:

   a. Update the Federal tax withholding on their Tax Withholding card.

      This can be either manually through Self Service or performed by their Payroll Administrator.

   b. Use Self Service to update their **Annual Withholding Allowance** on the Colorado component of the card.
2. If no value was entered, or if the card doesn't have a Colorado component, the payroll process derives the amount based the person's latest federal filing status since 2020.
3. If the person hasn't updated their federal filing status since 2019, the process uses the default amount.

   This default can change yearly. For further info, see Colorado's state tax authority website.

Colorado Family and Medical Leave Insurance

The Colorado Family and Medical Leave (FAMLI) is the state’s implementation of family medical leave insurance (FMLI). It provides paid leave to all Colorado workers. It is funded 50% by the employer and 50% by the employee.

This tax consists of these components.

- Family Leave Insurance Employee
- Family Leave Insurance Employer

Before you implement Colorado FMLI, there are some areas you need to consider.

- What are the employee eligibility criteria
- How to override the tax rate
- How to opt out your organization
- How to exclude individual employees
- How to cost Paid Family and Medical Leave taxes
- What wage basis rules it follows

What are the employee eligibility criteria

To be eligible for the Colorado FLI tax, an employee must have:

1. Valid tax card with a tax reporting unit (TRU) association
2. Colorado identified as one of the following.
    - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
    - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override the legislative rates and percentages

To override the legislative tax rates and percentage distribution between employee and employer components:

1. To change this tax at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

    Use the Legal Reporting Unit Calculation Cards task to change this tax at the TRU level.

    Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, select the Colorado state regional node.

    Create it if it doesn't exist.
4. In **Calculation Components**, select **State FLI**.

    Create it if it doesn't exist.
5. Click **Enterable Calculation Values on the Calculation Card**.
6. Add the **FLI Combined Rate**, and set the appropriate value.

    You can also override these values.
    - **FLI Employee Percentage**
    - **FLI Employer Percentage**
    - **Family Leave Insurance Wage Limit**
7. Save your work.

How to opt out your organization

There are cases where you want to exempt an organization from this tax. For further info, see the Colorado state tax authority website.

To opt out an organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

    To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, choose the **Colorado** state regional node.
4. In **Calculation Components**, choose **State FLI**.

    Create it if it doesn't exist.
5. Select **Enterable Calculation Values on the Calculation Card**.

6. Click **Create**.
7. Search for and select the appropriate calculation value.
    - **FLI employee tax exemption**
    - **FLI employer tax exemption**
8. In **Value**, select the appropriate exemption status.
9. Save your work.

Exclude Individual Employees

To exclude an individual employee from this tax:

1. Use the Calculation Entries task to open the person's Tax Withholding card editing.
2. Open the Colorado component for editing.
3. In **Withholding Exemption**, select the appropriate exemption for **Family Leave**.
4. Save your work.

How to cost the tax

To process FLI taxes, cost the following predefined elements using the FLI Tax Calculated or Tax Calculated input value.

- Family Leave Insurance Employee Tax
- Family Leave Insurance Employee Tax Not Taken
- Family Leave Insurance Employer

What wage basis rules it follows

When configuring the wage basis rules for Colorado FMLI, find them under **State FLI** in the Component Group Rules task.

Connecticut Taxes

Connecticut Paid Family and Medical Leave

The Connecticut Paid Family and Medical Leave program is the state's implementation of family medical leave insurance (FMLI). It provides employees working in Connecticut paid time off to care for themselves or a family member.

This tax consists of the Family Leave Insurance Employee component.

Before you implement Connecticut FMLI, there are some subjects you should consider.

- What is the employee eligibility criteria
- How to override the legislative rates and percentages
- How to opt out your organization
- How to exclude individual employees
- How to cost the tax

- What wage basis rules it follows

For further info, see the following sections.

What are the employee eligibility criteria

To be eligible for the Connecticut FLI tax, an employee must have:

1. Valid tax card with a tax reporting unit (TRU) association
2. Connecticut identified as one of the following.
    - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
    - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override the legislative rates and percentages

To override the legislative tax rates and percentage distribution between employee and employer components:

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

    To override at the TRU level, start the Legal Reporting Unit Calculation Cards task.

    Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, click **Connecticut**.
4. In **Calculation Components**, select **State FLI**.

    Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Add the **FLI Combined Rate**, and set the appropriate value.

    You can also override these values.

    - **FLI Employee Percentage**
    - **FLI Employer Percentage**

    Enter the values as percentages. For example, enter 50% as **50**. The sum of these percentages must equal 100%.
7. Save your work.

How to opt out your organization

There are cases where you want to exempt an organization from these taxes. For further info, see the Connecticut state tax authority website.

To opt out an organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

    To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, choose the Connecticut state regional node.
4. In **Calculation Components**, choose **State FLI**.

Create it if it doesn't exist.

5. Select **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. Search for and select the appropriate calculation value.
    - **FLI Employee Percentage**
    - **FLI Employer Percentage**
8. In **Value**, select the appropriate exemption status.
9. Save your work.

How to exclude individual employees

To exclude an individual employee from these taxes:

1. Use the Calculation Entries task to open the person's Tax Withholding card for editing.
2. 2. Open the Connecticut component for editing.
3. In **Withholding Exemption**, select the appropriate exemption for **Family Leave**.
4. Save your work.

How to cost the tax

To process FLI taxes, cost these predefined elements using the FLI Tax Calculated input value.

- Family Leave Insurance Employee Tax
- Family Leave Insurance Employee Tax Not Taken

What wage basis rules it follows

When configuring the wage basis rules for Connecticut FMLI, find them under **State FLI** in the Component Group Rules task.

Delaware Taxes

Delaware Paid Family and Medical Leave Insurance

Delaware Paid Family and Medical Leave (FMLI) program is intended to provide employees working in Delaware paid time off to care for themselves or a family member.

This tax uses these components.

- Family Leave Insurance employee
- Family Leave Insurance employer
- Medical Leave Insurance employee
- Medical Leave Insurance employer
- Parental Leave Insurance employee
- Parental Leave Insurance employer

Before you implement Delaware FMLI, there are some areas you should consider.

- What is the employee eligibility criteria
- How to override the legislative rates and percentages
- How to reclassify employees
- How to opt out your organization
- How to exclude individual employees
- How to cost the tax
- What wage basis rules it follows

What is the employee eligibility criteria

To be eligible for the Delaware FMLI tax, an employee must have:

1. Valid tax card with a tax reporting unit (TRU) association
2. Delaware identified as one of the following.
    - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
    - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override legislative rates and percentages

To override the legislative tax rates and percentage distribution between the employee and employer components:

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

    To override at the TRU level, start the Legal Reporting Unit Calculation Cards task.

    Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, click **Delaware**.
4. In **Calculation Components**, select **State FLI**.

    Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. To override the total tax rate, search for and select **FLI Combined Rate**.

    To override the annual wage limit of the tax, search for and select **Wage Limit**.

    To override the distribution between the employee and employer rates, use these calculation value pairs.
    - **FLI Employee Percentage** and **FLI Employer Percentage**
    - **MLI Employee Percentage** and **MLI Employer Percentage**
    - **PLI Employee Percentage** and **PLI Employer Percentage**

    Enter them as percentages. For example, enter 50% as **50**. The sum of these percentage pairs must equal 100%.

    The percentages must be the same for all three calculation value pairs.

8. Save your work.

How to reclassify all employees in your organization

You can change FMLI classification at the beginning of the quarter only.

By default, earnings tagged to other work states aren't eligible for Delaware FMLI. To make them eligible for all employees in your organization:

1. To make them eligible at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To make them eligible at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, click **Delaware**.
4. In **Calculation Components**, select **State FLI**.

   Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. Search for and select **Family Leave Reclassification**.
8. Enter **Yes** to make all out-of-state earnings eligible.

   Enter **No** to revoke that eligibility.
9. Save your work.

How to reclassify individual employees

You can change FMLI classification at the beginning of the quarter only.

To make all out-of-state earnings for an individual employee eligibile for FMLI:

1. Open the person's tax card for editing.
2. Open the Delaware component for editing.
3. In **Withholding Exemption**, set **Family Leave Reclassification** to either **Yes** or **No**.
4. Save your work.

How to opt out your organization

You can opt out your organization from the employee and employer components of these taxes.

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, click **Delaware**.
4. In **Calculation Components**, select **State FLI**.

   Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Search for and select the appropriate calculation value.

   - FLI Employee Tax Exemption
   - FLI Employer Tax Exemption

- MLI Employee Tax Exemption
- MLI Employer Tax Exemption
- PLI Employee Tax Exemption
- PLI Employer Tax Exemption

7. In **Value**, select the appropriate exemption status.

How to opt out individual employees

To exclude individual employees from all six components of this tax:

1. Open the person's tax card for editing.
2. Open the Delaware component for editing.
3. In **Withholding Exemption**, select the appropriate exemption for **Family Leave**.
4. Save your work.

How to cost the FMLI taxes

To process the FMLI taxes, cost these predefined elements using the FLI Tax Calculated or Tax Calculated input values.

- Family Leave Insurance Employee Tax
- Family Leave Insurance Employee Tax Not Taken
- Family Leave Insurance Employer
- Medical Leave Insurance Employee
- Medical Leave Insurance Employee Not Taken
- Medical Leave Insurance Employer
- Parental Leave Insurance Employee Tax
- Parental Leave Insurance Employee Tax Not Taken
- Parental Leave Insurance Employer

What wage basis rules it follows

When configuring the wage basis rules for Delaware FMLI, find them under **State FLI** in the Component Group Rules task.

Hawaii Taxes and Deductions

Hawaii Certified Disabled Person Exemptions

For employees that qualify, the professional user can identify them as Certified Disabled Person on the Hawaii component of their Tax Withholding card.

These employees are exempt from Hawaii state income tax (SIT).

Employees can see this filing status on their **Hawaii** component but won't be able to change it.

Hawaii Nonresident Military Spouse Exemptions

For employees that qualify, the professional user can identify them as Nonresident Military Spouse on the Hawaii component of their Tax Withholding card.

These employees are exempt from Hawaii state income tax (SIT).

Employees can see this filing status on their **Hawaii** component but won't be able to change it.

Indiana Taxes

Indiana County Income Taxes

An Indiana worker's home and work addresses as of January 1 of the tax year determines their county income taxes. This impacts courtesy taxes and how you manage location changes.

Location changes

If a person changes their work or home location after January 1, use their Tax Withholding card overrides to retain the original residence or employment county for tax reporting purposes.

What you want to do	How you do it
Override the person's home location	1. Open their Tax Withholding card for editing. 2. In **Regional**, open the Indiana component for editing. 3. In **Indiana County of Residence as of Jan 1**, select the employee's original county as of January 1. 4. Save your work.
Override the person's work location	1. Open their Tax Withholding card for editing. 2. In **Regional**, open their Indiana component for editing. 3. In **Indiana County of Principal Employment as of Jan 1**, select the employee's original county as of January 1. 4. Save your work.
Prepare for begin-of-year	Before you can run the first payroll of the new year, you must revert these overrides. As part of your year-begin processes, run the Run Start-of-Year Process and select the Indiana state update data type.

Courtesy taxes

Because of how Indiana determines their county income taxes, Oracle Cloud Payroll for the US doesn’t support courtesy taxes for them. If you enter a value for the county tax withholding rule, the payroll process ignores it.

How the Payroll Process Calculates Indiana County Taxes

Employees working or living in Indiana, might be subject to Indiana county taxation. Use their Tax Withholding card to set their county of residence or employment as of January 1.

These values must be up-to-date before you run the first payrolls of the calendar year.

How the county tax is determined

To determine Indiana county tax eligibility, the payroll process uses this hierarchy based on the employee's residence or work county.

1. As of January 1, if the employee is living in an Indiana county that has county income tax, the person is subject to that county's resident tax rate until:
    - End of the year
    - They're no longer an Indiana resident
2. If the county where the employee lived hasn't adopted a county income tax, they're subject to the nonresident tax rate of the county in which they were employed on January 1 of the current tax year.
3. If the employee moves to, or works in, another Indiana county after January 1, their county status doesn't change until the next calendar tax year.
4. If the employee moves to, or works in, a state other than Indiana, they're no longer subject to Indiana taxes.

Kentucky Taxes

Kentucky County Income Taxes

Boone and Campbell counties have special requirements for their county income tax withholding.

County	County income tax processing
Boone	Splits its payroll withholding into these taxes, each with its own wage limit and tax cap. • General County Tax • Mental Health Tax
Campbell	Splits its payroll withholding into these taxes, each with its own wage limit and tax cap. • General County Tax • Mental Health Tax • Senior Citizen Tax

When performing tax withholding for employees working in these counties, there are some areas you should consider.

- What is the employee eligibility criterium

- How to override the wage limits
- How to override the tax rates
- How to exclude individual employees
- How to cost the taxes
- What wage basis rules the follow

What is the employee eligibility criterium

The payroll process automatically imposes these taxes on Kentucky employees working in these counties.

How to override the wage limits

You can override the taxes' wage limits on the organization calculation cards.

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To override at the tax reporting unit (TRU) level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, select the Kentucky state regional node.

   Create it if it doesn't exist.
4. In **Calculation Components**, select **???**.

   Create it if it doesn't exist.
5. Click **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. Search for and select one of these values.
   - **County Tax Wage Limit**
   - **Mental Health Tax Wage Limit**
   - **Senior Citizen Tax Wage Limit**
8. Set the new wage limit, and save your work.

How to override the tax rates

You can't override the rates for the Mental Health or Senior Citizen taxes.

For General County Tax, you can set the following on the employee’s Tax Withholding card.

- Nonresident County Tax Regular Amount
- Nonresident County Tax Regular Rate
- Nonresident County Tax Supplemental Amount
- Nonresident County Tax Supplemental Rate
- Resident County Tax Regular Amount
- Resident County Tax Regular Rate
- Resident County Tax Supplemental Amount

- Resident County Tax Supplemental Rate

How to exclude individual employees

You can't exclude a person from individual Boone or Campbell county taxes. To exclude someone from all Kentucky county taxes:

1. Use the Calculation Entries task to open the person's Tax Withholding card for editing.
2. Choose the Campbell, Kentucky county node.
3. Under **County Tax Information**, choose **Yes** for **Exempt from County Income Tax**.

How to cost the taxes

To process these taxes, cost these predefined elements using the Tax Calculated input value.

- County Mental Health Tax Not Taken
- County Miscellaneous Employee Tax
- County Miscellaneous Employee Tax Not Taken
- Work County Income Tax Not Taken
- Work County Mental Health Tax
- Work County Tax

What wage basis rules they follow

By default, local wage basis rules follow state wage basis rules. Because Campbell County's rules differ from Kentucky's, you must create these wage basis rules for all element classifications defined as taxable effective 1-1-2024.

> **Note:** You can use HCM Data Loader to load these rules.

Primary classification	Taxable secondary classifications
Supplemental Earnings	All except: • Deceased Employee Wages • Deferred Compensation Distribution • Job-Related Educational Assistance (if considered a reimbursement) • Jury Duty Pay • Pensions and Annuities
Imputed Earnings	All except: • Domestic Partner Dependent • Group Term Life • Personal Use of Company Car
Pre-Tax Deductions	All

Maine Taxes

Maine Paid Family and Medical Leave Insurance

The Maine Paid Family and Medical Leave (FMLI) program is intended to provide employees working in Maine paid time off to care for themselves or a family member.

This tax uses these components.

- Family Leave Insurance employee
- Family Leave Insurance employer

Before you implement Maine FMLI, there are some areas you should consider.

- What are the employee eligibility criteria
- How to override the legislative rates and percentages
- How to opt out your organization
- How to exclude individual employees
- How to cost the tax
- What wage basis rules it follows

What are the employee eligibility criteria

To be eligible for the Maine FLI tax, an employee must have:

1. Valid Tax Withholding card with a tax reporting unit (TRU) association.
2. Maine identified as one of the following.
    - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
    - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override legislative rates and percentages

To override the legislative tax rates and percentage distribution between the employee and employer components:

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

    To override at the TRU level, start the Legal Reporting Unit Calculation Cards task.

    Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, click **Maine**.

    Create it if it doesn't exist.
4. In **Calculation Components**, select **State FLI**.

    Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.

6. Click **Create**.
7. To change the total tax rate, search for and select **FLI Combined Rate**.

   You can also override these values.

   - **FLI Employee Percentage**
   - **FLI Employer Percentage**

   Enter the values as percentages. For example, enter 50% as **50**. The sum of these percentages must equal 100%.

   To override the annual wage limit for the tax, use **Wage Limit**.
8. Save your work.

How to opt out your organization

You can opt your organization out of employee and employer components of these taxes.

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, click **Maine**.
4. In **Calculation Components**, select **State FLI**.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. Search for and select the appropriate calculation value.
   - **FLI Employee Tax Exemption**
   - **FLI Employer Tax Exemption**
8. In **Value**, select the appropriate exemption status.
9. Save your work.

How to opt out individual employees

To exclude individual employees from all three components of this tax:

1. Open the person's tax card for editing.
2. Open the Maine component for editing.
3. In **Withholding Exemption**, select the appropriate exemption for **Family Leave**.
4. Save your work.

How to cost the FMLI taxes

To process the FMLI taxes, cost these predefined elements using the FLI Tax Calculated or Tax Calculated input values.

- Family Leave Insurance Employee Tax
- Family Leave Insurance Employee Tax Not Taken
- Family Leave Insurance Employer

What wage basis rules it follows

When configuring the wage basis rules for Maine FMLI, find them under State FLI in the Component Group Rules task.

Maryland Taxes

Maryland State and County Tax Withholding

An employee can request an additional tax amount added to their Maryland state tax. You add this amount to the State component of their tax card.

For employees who are exempt from SIT, no additional tax is withheld.

Massachusetts Taxes

Massachusetts Employer Medical Assistance Contribution

Massachusetts Employer Medical Assistance Contribution (EMAC) is used to fund health insurance programs.

There are some areas you should consider.

- What is the employer eligibility criterion
- How to opt out your organization
- How to exclude individual employees
- How to override the contribution rate
- What wage basis rules they follow

What is the employer eligibility criterion

Employers subject to unemployment insurance are also subject to EMAC reporting requirements. Refer to the Massachusetts state tax authority website for guidance on the criteria, exemptions, and applicable rates.

How to opt out your organization

There are cases where you want to exempt an organization from these taxes.

1. To opt-out at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   Use the Legal Reporting Unit Calculation Cards task to opt-out at the tax reporting unit (TRU) level.

   Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, select the Massachusetts state regional node.

   Create it if it doesn't already exist.
4. Select the **State Disability** calculation component.
5. In **State Disability: Details**, select **Calculation Component Details**.

6. Click **Edit**.
7. Expand **State Disability Organization Information**, and select **Bypass collection** as the self-adjustment method.
8. Click **Save and Close**.

Exclude Individual Employees

To exclude the liability for an individual employee:

1. Use the Calculation Cards task to open the person's Tax Withholding card for editing.
2. Open the Massachusetts state component for editing.
3. In **Withholding Exemption**, select **Exempt from wage accumulation and tax withholding** for **State Disability Insurance**.
4. Click **Save and Close**.

How to override the contribution rate

To change the rate:

1. To change these rates at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   Use the Legal Reporting Unit Calculation Cards task to change this rate at the TRU level.
2. In **Component Groups**, select the Massachusetts state regional node.
3. Select the **State Disability** calculation component.
4. In **State Disability: Details**, click **Enterable Calculation Values on the Calculation Cards**.
5. Click **Create**.
6. Select **Medical Assistance Contribution Employer Rate** as the display value.
7. Enter the new rate. For example, enter .34% as **.0034**.

What wage basis rules it follows

Massachusetts EMAC rules follow the Massachusetts State Unemployment wage basis rules.

EMAC employer liabilities are accumulated using the state disability employer balances.

Massachusetts Paid Family and Medical Leave

The Massachusetts Paid Family and Medical Leave Insurance (FMLI) program provides employees working in Massachusetts paid time off to care for themselves or a family member.

These taxes consist of these components.

- Family Leave Insurance Employee
- Medical Leave Insurance Employee
- Medical Leave Insurance Employer

Before you implement Massachusetts FMLI, there are some areas you need to consider.

- What are the employee eligibility criteria
- How to override the legislative rates and percentages

- How to opt out your organization
- How to exclude individual employees
- How to cost the tax
- What wage basis rules they follow

What are the employee eligibility criteria

To be eligible for the Massachusetts FMLI tax, an employee must have.

1. Valid tax card with a tax reporting unit (TRU) association
2. Massachusetts identified as one of these.
    - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
    - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override the legislative rates and percentages

To override the legislative tax rates and percentage distribution between employee and employer components:

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To override at the TRU level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, select the Massachusetts state regional node.

   Create it if it doesn't exist.
4. In **Calculation Components**, select **State FLI**.

   Create it if it doesn't exist.
5. Click **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. To change the total tax rate, search for and select FLI combined rate.

   To override the distribution between the employee and employer rates, use these calculation value pairs.
    - **FLI employee percentage** and **FLI employer percentage**
    - **MLI employee percentage** and **MLI employer percentage**

   Enter them as percentages. For example, enter 50% as **50**. The sum of these percentages must equal 100%.

   To override the annual wage limit, use **Family leave insurance wage limit**.
8. Save your work.

How to opt out your organization

To opt out an organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.

2. Open the calculation card for editing.
3. In **Component Groups**, choose the Massachusetts state regional node.
4. In **Calculation Components**, choose **State FLI**.
5. Select **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. Search for and select **FLI employee tax exemption**.
8. In **Value**, select the appropriate exemption status.
9. Save your work.

How to exclude individual employees

To exclude an individual employee from these taxes:

1. Open the person's tax card for editing.
2. Open the Massachusetts component for editing.
3. In **Withholding Exemption**, select the appropriate exemption for **Family Leave**.
4. Save your work.

How to cost the tax

To process FMLI taxes, cost these predefined elements using the FLI Tax Calculated input value.

- Family Leave Insurance Employee Tax
- Family Leave Insurance Employee Tax Not Taken
- Medical Leave Insurance Employee
- Medical Leave Insurance Employee Tax Not Taken
- Medical Leave Insurance Employer

For further info, see Payroll Costing of Elements for the US in the Help Center.

What wage basis rules it follows

When configuring the wage basis rules for Massachusetts FMLI, find them under **State FLI** in the Component Group Rules task.

Minnesota Taxes and Exemptions

Federal Loan Interest Assessment for Minnesota State Unemployment Insurance

Minnesota's State Unemployment Insurance (SUI) is drawn from its SUI trust fund. If this trust fund is depleted, such as due to payouts during a recession, the state borrows money from the federal unemployment trust fund.

A Federal Loan Interest Assessment is levied to pay interest on that money.

This assessment must be applied to your quarterly unemployment tax due; however, we don't calculate it as part of the payroll process. Work with your third-party tax filing supplier for assistance.

Minnesota Tax Exemptions for Active and Retired Military

Members of the Minnesota National Guard, US military active duty members, and former members receiving military pensions and other military retirement pay are exempt from state taxes.

To set this exemption:

1. Open the person's Tax Withholding card for editing.
2. Click **Regional**.
3. Open the Minnesota component for editing.

   Add this component if it doesn't already exist.
4. In **State Tax Information**, select **Yes** for one of the following.
   - **Minnesota National Guard or an Active-Duty U.S. Military Member**
   - **Military Pensioner or Retiree**

   This sets **Exempt from State Income Tax Withholding** to **Yes**.
5. Click **Submit**.

Minnesota Tax Exemptions for Military Spouses

Spouses of active military personnel station in Minnesota are exempt from state taxes.

To set this exemption:

1. Open the person's Tax Withholding card for editing.
2. Click **Regional**.
3. Open the Minnesota component for editing.

   Add this component if it doesn't already exist.
4. In **State Tax Information**, select **Yes** for **Exemption for Military Spouse**.

   This sets **Exempt from State Income Tax Withholding** to **Yes**.
5. Select the employee's state of residence.
6. Click **Submit**.

Related Topics

- What Is the Tax Withholding Card

Minnesota Tax Exemptions for Native Americans

Native American employees living and working on a reservation are exempt from Minnesota state taxes.

To set this exemption:

1. Open the person's Tax Withholding card for editing.
2. Click **Regional**.

3. Open the Minnesota component for editing.

   Add it if it doesn't already exist.
4. In **State Tax Information**, select **Yes** for **American Indian Living and Working on a Reservation**.

   This sets **Exempt from State Income Tax Withholding** to **Yes**.
5. Optionally enter the reservation name and the person's Certificate of Degree of Indian Blood (CDIB) enrollment number.
6. Click **Submit**.

Related Topics

- What Is the Tax Withholding Card

Missouri Tax Exemptions

Missouri State Tax Reduced Withholding

If the employee enters a reduced withholding value in the Missouri component of their Tax Withholding card, the payroll process treats it as a Residential Amount tax withholding override.

Nebraska Taxes

Nebraska Special Income Tax Withholding

For employers having more than 24 employees, Nebraska state mandates to withhold at least 1.5% of each employee's taxable wages as state income tax (SIT).

This is how you can exempt an organization from special withholding.

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To override at the tax reporting unit (TRU) level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, click **Nebraska**.
4. In **Calculation Components**, select **State Income Tax**.

   Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Search for and select **Ineligible for Special Income Tax Withholding**.
7. Select **Yes** to exempt your organization from special SIT withholding.

   Select **No** to apply special SIT withholding for the organization.
8. Save your work.

New Jersey Taxes

New Jersey Disability Insurance

New Jersey Disability Insurance (SDI) is a tax for most workers whose employment is covered by New Jersey unemployment compensation law.

For employees enrolled in a private disability plan (DIPP) in New Jersey, the DI PP # appears in Box 14 of their W-2 reports.

Use the Legal Reporting Unit HCM Information task to identify your plan type and plan number.

New Jersey Family Leave Insurance

The New Jersey Paid Family Leave program is the state's implementation of family medical leave insurance (FMLI). It provides employees paid time off to care for themselves or a family member.

This tax consists of the Family Leave Insurance Employee component.

Before you implement New Jersey FMLI, there are some issues you need to consider.

- What are the employee eligibility criteria
- How to override the legislative rates and percentages
- How to opt out your organization
- How to exclude individual employees
- How to cost the tax
- What wage basis rules it follows

For further info, see the following sections.

What is the employee eligibility criteria

To be eligible for the New Jersey FMLI tax, an employee must have:

1. Have a valid tax card with a tax reporting unit (TRU) association
2. New Jersey identified as one of the following
    - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
    - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override the legislative rates and percentages

To override the legislative tax rates and percentage distribution between employee and employer components:

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

To override at the TRU level, start the Legal Reporting Unit Calculation Cards task.

Settings at the TRU level override those at the PSU level.

2. Open the calculation card for editing.
3. In **Component Groups**, click **New Jersey**.

   Create it if it doesn't exist.
4. In **Calculation Components**, select **State FLI**.

   Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. To change the total tax rate, search for and select **FLI combined rate**.

   To override the distribution between the employee and employer rates, use **FLI employee percentage** and **FLI employer percentage**. Enter these values as percentages. For example, enter 50% as **50**. The sum of these percentages must equal 100%.
8. Save your work.

How to opt out your organization

To opt out an entire organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, click **New Jersey**.
4. In **Calculation Components**, select **State Disability**.
5. Select **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. Search for and select **FLI employee tax exemption**.
8. In **Value**, enter select the appropriate exemption status.
9. Save your work.

How to exclude individual employees

To exclude individual employees from this tax:

1. Open the person's tax card for editing.
2. Open the New Jersey component for editing.
3. Search for the person, and open their Tax Withholding card for editing.
4. In **Withholding Exemption**, select the appropriate exemption for **Family Leave**.
5. Save your work.

How to cost the tax

To process FLI taxes, cost these predefined elements using the FLI Tax Calculated input value.

- Family Leave Insurance Employee Tax
- Family Leave Insurance Employee Tax Not Taken

What wage basis rules it follows

When configuring the wage basis rules for New Jersey FMLI, find them under **State FLI** in the Component Group Rules task.

New Jersey Local Tax Credits for Residents Working in Pennsylvania

By default, the payroll process doesn't provide local tax credit to New Jersey residents working in Pennsylvania. However, these employees can apply for a Pennsylvania local tax credit when they submit their New Jersey annual returns.

To enable this credit during the payroll run:

1. To enable it at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To enable at the tax reporting unit (TRU) level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.\
2. Open the calculation card for editing.
3. In **Component Groups**, click **New Jersey**.

   Create it if it doesn't exist.
4. In **Calculation Components**, select **State Income Tax**.

   Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. Search for and select **Apply Pennsylvania local tax credit**.
8. In **Value**, select **Yes**.
9. Save your work.

How do I select a private New Jersey Disability Insurance plan type?

If you're a New Jersey employer, to implement a state-approved private plan:

1. Start the Manage Tax Reporting Unit HCM Information task.
2. In **Tax Reporting Unit**, select **New Jersey**.
3. Navigate to **New Jersey W-2 Reporting Rules Overrides**.
4. Select the private plan option for **Disability Plan Type**.
5. Specify the plan number for the private plan.
6. Click **Submit**.

How do I select a private New Jersey Family Medical Leave Insurance plan type?

By default, New Jersey employers use the state-administered Family Medical Leave Insurance (FMLI) plan.

If you're implementing a state-approved private plan, make the following settings at the tax reporting unit (TRU) level.

1. Start the Manage Tax Reporting Unit HCM Information task.
2. In **Tax Reporting Unit**, select **New Jersey**.
3. Navigate to **New Jersey W-2 Reporting Rules Overrides**.
4. Select the private plan option for **Family Leave Insurance Plan Type**.
5. Specify the plan number for the private plan.
6. Click **Submit**.

New York Taxes

New York City Taxes

The payroll process uses the person's resident tax address and values on the respective New York city tax component of their Tax Withholding card to calculate taxes.

The New York component of the tax card includes fields related to New York city tax. The payroll process uses these values only if they aren't defined on the New York city component.

- New York City Additional Tax Amount
- New York City Allowances
- New York City Resident
- Yonkers Additional Tax Amount
- Yonkers Resident

> **Note: Allowances** applies to state tax allowances. Don't use it for New York City or Yonkers allowances. Set the city tax allowances in the applicable city tax card.

New York Family Leave Insurance

The New York Paid Family Leave Insurance program is the state’s implementation of family medical leave insurance (FMLI). It is intended to provide employees working in New York state paid time off to care for themselves or a family member.

This tax consists of the Family Leave Insurance Employee component.

Before you implement New York FMLI, there are some issues you need to consider.

- What are the employee eligibility criteria

- How to override the legislative rates and percentages
- How to opt out your organization
- How to exclude individual employees
- How to cost the tax
- What wage basis rules it follows

For further info, see the following sections.

What are the employee eligibility criteria

To be eligible for the New York FMLI tax, an employee must have:

1. Valid tax card with a tax reporting unit (TRU) association
2. New York identified as one of the following
    - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
    - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override the legislative rates and percentages

To override the legislative tax rates and percentage distribution between employee and employer components:

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To override at the TRU level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, select **New York**.

   Create it if it doesn't exist.
4. In **Calculation Components**, select **State FLI**.

   Create it if it doesn't exist.
5. Select **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. To change the total tax rate, search for and select **FLI combined rate**.

   To override the distribution between the employee and employer rates, use **FLI employee percentage** and **FLI employer percentage**. Enter the values as percentages. For example, enter 50% as **50**. The sum of these percentages must equal 100%.
8. Save your work.

How to opt out your organization

To opt out an entire organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, select **New York**.

4. In **Calculation Components**, select **State FLI**.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. Search for and select **FLI employee tax exemption**.
8. In **Value**, select the appropriate exemption status.
9. Save your work.

How to exclude individual employees

To exclude an individual employee from this tax:

1. Open the person's tax card for editing.
2. Open the New York component for editing.
3. In **Withholding Exemption**, select the appropriate exemption for **Family Leave**.
4. Save your work.

How to cost the tax

To process FMLI taxes, cost these predefined elements using the FLI Tax Calculated input value.

- Family Leave Insurance Employee Tax
- Family Leave Insurance Employee Tax Not Taken

What wage basis rules it follows

When configuring the wage basis rules for New York FMLI, find them under **State FLI** in the Component Group Rules task.

Ohio Taxes

Enter an Ohio School District for Tax Calculation

An employee must complete and submit a Withholding Exemption Certificate that identifies their school district if:

- You hired them as a new employee in Ohio
- They moved into a taxable school district

> **Note:** Not all school districts use allowances. Some use flat rates. The payroll process checks these tax components in this order to determine an employee's Ohio school district.
> 1. OH state tax component on the Tax Withholding card based on the resident tax address
> 2. OH county tax component
> 3. OH city tax component
>
> You don't enter allowances for the school district at the county or city level.

To update the tax card:

1. Start the Calculation Entries task.
2. Search for the employee, and open their Tax Withholding card for editing.

3. Click **Regional**.
4. Open the Ohio component for editing.

   Create it if it doesn't exist.
5. In **State Tax Information**, select the school district of residence.

   If there're multiple valid school districts, it lists them in this order.

   a. Person's US resident tax address
   b. Person's US home address
6. If you don't see the school district you want:

   a. Click **Cancel** to return to the Tax Withholding card.
   b. In **Regional**, open the Ohio city component for editing.

      Add it if it doesn't exist.
   c. Select the school district.
7. If you still don't see the school district, check your US Resident Tax address and US home address to ensure the school district applies to that address.

When does an employee need to provide an Ohio school district for tax calculation?

An employee must complete and submit a Withholding Exemption Certificate that identifies their school district if:

1. You hired them as a new employee in Ohio.
2. They moved into a taxable school district.

Oregon Taxes

Eugene Oregon Community Safety Tax

The Eugene, Oregon community safety tax is automatically deducted from all eligible employees.

This tax uses the City Tax component.

For further info, see the Eugene, Oregon tax authority website.

How to opt out your organization

There are cases where you want to exempt an entire organization from this tax.

1. To opt out at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the tax reporting unit (TRU) level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.

2. Open the calculation card for editing.
3. In **Component Groups**, navigate to and select **Eugene**.

   Create it if it doesn't exist. Select **OR** for the state, **Lane** as the county, and **Eugene** as the city.
4. In **Calculation Components**, select **City Tax**.

   Create it if it doesn't already exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. Search for and select **Employee Community Safety Tax Exemption**.
8. Select **Yes** to opt out.

   Select **No** to opt in.
9. Click **OK**.
10. Save your work.

How to exclude individual employees

To exclude an individual employee from this tax:

1. Use the Calculation Entries task to open the person's tax card for editing.
2. Open the **Eugene** regional component for editing.

   Add it if it doesn't exist.
3. In **Other Exemptions**, select the appropriate exemption for **Community Safety Tax**.
4. Save your work.

Oregon Multnomah County Tax

The payroll process applies this tax for employees whose resident tax or work tax address is in Multnomah County.

To opt your entire organization out of this tax:

1. To opt out at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the tax reporting unit (TRU) level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, navigate to and select **Multnomah**.

   Create it if it doesn't exist.
4. In **Calculation Components**, select **County Tax**.

   Create it if it doesn't exist.
5. Click **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. Search for and select **Exempt from Wage Accumulation**.
8. Select **Exempt from tax withholding** to opt out your organization.
9. Click **OK**.
10. Save your work.

Oregon Paid Leave

The Paid Leave Oregon program is the state's implementation of family medical leave insurance (FMLI). It provides employees with the time they need to care for themselves and loved ones. It's funded 40% by the employer and 60% by the employee.

This tax consists of these components.

- Family Leave Insurance Employee
- Family Leave Insurance Employer

Before you implement Oregon paid leave, there are some areas you need to consider.

- What are the employee eligibility criteria
- How to override the legislative rates and percentages
- How to opt out your organization
- How to exclude individual employees
- How to cost the tax
- What wage basis rules it follows

For further info, see the following sections.

What are the employee eligibility criteria

To be eligible for the Oregon Paid Leave tax, an employee must have:

1. Valid tax card with a tax reporting unit (TRU) association
2. Oregon identified as one of the following
    - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
    - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override the legislative rates and percentages

To override the legislative tax rates and percentage distribution between employee and employer components:

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

    To override at TRU level, start the Legal Reporting Unit Calculation Cards task.

    Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, select **Oregon**.

    Create it if it doesn't exist.
4. In **Calculation Components**, select **State FLI**.

    Create it if it doesn't exist.
5. Click **Enterable Calculation Values on the Calculation Card**.

6. Click **Create**.
7. To change the total tax rate, search for and select **FLI combined rate**.

   To override the distribution between the employee and employer rates, use **FLI employee percentage** and **FLI employer percentage**. Enter the values as percentages. For example, enter 50% as **50**. The sum of these percentages must equal 100%.

   To override the annual wage limit, use **Family leave insurance wage limit**.
8. Save your work.

How to opt out your organization

To opt out an entire organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, select **Oregon**.
4. In **Calculation Components**, select **State FLI**.

   Create it if it doesn't exist.
5. Select **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. Search for and select the appropriate calculation value.
   - **FLI employee tax exemption**
   - **FLI employer tax exemption**
8. In **Value**, select the appropriate exemptions status.
9. Save your work.

How to exclude individual employees

To exclude an individual employee from this tax:

1. Open the person's tax card for editing.
2. Open the Oregon component for editing.
3. In **Withholding Exemption**, select the appropraite exemption for **Family Leave**.
4. Save your work.

How to cost the tax

To process FMLI taxes, cost these predefined elements using the FLI Tax Calculated or Tax Calculated input values.

- Family Leave Insurance Employee Tax
- Family Leave Insurance Employee Tax Not Taken
- Family Leave Insurance Employer

What wage basis rules it follows

When configuring the wage basis rules for Oregon Paid Leave, find them under **State FLI** in the Component Group Rules task.

Oregon Portland Metro Tax

The payroll process applies this tax for employees whose resident tax or work tax address is in one of the full or partial geographies in the Metro District.

To opt out an entire organization:

1. To opt out at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the tax reporting unit (TRU) level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, select **Oregon**.

   Create it if it doesn't exist.
4. In **Calculation Component**, select **State Miscellaneous**.

   Create it if it doesn't exist.
5. Select **Enterable Calculation Values on Calculation Cards**.
6. Click **Create**.
7. Search for and select the appropriate calculation value.

Display value	Value
Exempt from Metro Tax	**Yes** ◦ Doesn't accumulate wages or withhold taxes. **No** ◦ Accumulates wages and withholds taxes.
Exempt Metro Tax from partial city withholding jurisdictions	**Yes** ◦ Doesn't accumulate wages. ◦ Doesn't withhold taxes for these jurisdictions. **No** ◦ Accumulates wages. ◦ Withholds taxes for these jurisdictions.
Exempt Metro Tax on supplemental wages below annualized threshold	**Yes - Based on annualized combined wages** ◦ Fully taxes supplemental wages when the annualized regular earnings plus the annualized supplemental earnings exceed the threshold. **Yes - Based on annualized regular and periodic supplemental wages**

Display value	Value
	◦ Fully taxes supplemental wages when the annualized regular earnings plus the periodic supplemental earnings exceed the threshold. **Yes – Based on annualized regular wages** ◦ Fully taxes supplemental wages when the annualized regular earnings exceed the threshold. **No - Supplemental wages taxed on first dollar** ◦ Taxes supplemental wages on the first dollar. ◦ Taxes regular wages are taxed when the annualized amount exceeds $200,000.

8. Click **OK**.
9. Save your work.

Oregon Transit Tax

Oregon transit tax is automatically deducted from all eligible employees.

For further info, see the Oregon Statewide Transit Tax authority website.

Before you implement Oregon transit tax, there are some areas you need to consider.

- What is the employee eligibility criterion
- How to exclude individual employees
- How to cost the tax
- What wage basis rules it follows

For further info, see the following sections.

What is the employee eligibility criterion

Oregon residents and nonresidents who work in Oregon are subject to the tax. There's no wage limit.

How to exclude individual employees

To exclude the wage accumulation and tax for an individual employee:

1. Open the person's tax card for editing.
2. Open the Oregon component for editing.
3. In **Other Exemptions**, select the appropriate exemption for state transit tax.
4. Save your work.

How to cost the tax

To process the Oregon transit tax, cost the following predefined elements using the Tax Calculated input value.

- State Transit Tax
- State Transit Tax Not Taken

What wage basis rules it follows

Oregon State Transit Tax rules follow the Oregon State Income Tax wage basis rules.

Employee contributions are accumulated using the State Transit Tax balances.

Pennsylvania Taxes

How do I configure Pennsylvania local Earned Income Tax?

Before you can process payroll that includes Pennsylvania local Earned Income Tax (EIT), it requires some special configuration.

Watch video

Pennsylvania local EIT may require configuration in these areas.

For this	This is what you need to do
Enable Pennsylvania local earned income tax	1. Configure your locations with the political subdivision (PSD) codes. 2. Configure your organizations for Pennsylvania local tax withholding. 3. Configure your Pennsylvania employee tax cards. 4. If you're registered as a combined filer for Pennsylvania Act 32 taxes, provide your Tax Collection District (TCD) combined-filing proxy.
Enable Pennsylvania and Maryland reciprocity	Configure your organizations and employee tax cards appropriately.
Configure Philadelphia city tax withholding	The payroll process automatically withholds city taxes for people living or working in Philadelphia. However, you must perform some configuration for employees who receive tips.
Adjust balances for Pennsylvania local taxes	If balance adjustments are required for taxes that are subject to Pennsylvania Act 32 reporting, you must perform each adjustment individually for each type of balance (city, school, and local). There are multiple balances that support Pennsylvania Act 32, such as city withheld and local withheld. For further info, see the following on My Oracle Support. • Oracle Cloud Human Capital Management for United States: Balance Adjustments (1600728.1) • Oracle Cloud Human Capital Management for United States: Balance Initialization (1912298.1)
Pennsylvania resident tax for out-of-state work locations	You need to make sure you configure your organizations to calculate Pennsylvania resident taxes for out-of-state workers.
Temporary work assignments in Pennsylvania	For employees who experience a change in work assignment of 3 or more months: 1. At the beginning of the temporary assignment, set the work PSD code to the temporary assignment for the time period needed. 2. When the assignment is complete, change it back.

For this	This is what you need to do
	Work assignments that last fewer than 3 months don't require any configuration.

How do I configure Pennsylvania local taxes?

Employees living and working in Pennsylvania require special configuration and maintenance on their Tax Withholding cards.

You can configure Pennsylvania local taxes in these ways.

In this case	This is what happens
Set up Pennsylvania subdivision (PSD) codes for work locations	Use the Locations task to review and if needed, override the PSD code for each Pennsylvania location.
Allow employees to set their PSD codes through self-service	You can allow employees to enter and update their own resident and work PSD codes on the Pennsylvania PSD component of their Tax Withholding card by enabling self-service. If enabled, this is the form they use to enter the PSD info.
Withhold local courtesy taxes	You can configure your payroll statutory unit (PSU) or tax reporting unit (TRU) to withhold local taxes for Pennsylvania residents who work outside of Pennsylvania as a courtesy.
Configure Pennsylvania and Maryland reciprocity	A reciprocity agreement exists between Pennsylvania and Maryland. You must perform configuration at the organization level to support employees subject to this agreement.
Verify and correct the PSD code for new employees	Use the Calculation Entries task to confirm that new employees are assigned to the correct PSD.
Configure exemptions to local taxes	Use the Calculation Entries task to set exemptions for local income taxes and occupational or head taxes.
Perform balance adjustments	For further info, see Oracle Cloud Human Capital Management for United States: Balance Adjustments (1600728.1) on My Oracle Support.
Verify local withholding accuracy	After processing payroll, use the run results table of the Statement of Earnings (SOE) to verify: • Tax Collection District • Resident PSD code • Work PSD code You can also use the audit report and audit detail from the Third-Party Periodic Tax Extract Audit processes to verify local withholding.
Perform additional maintenance	This involves:

In this case	This is what happens
	• Reviewing employee run results and payslips • Performing manual updates to PSD codes

Pennsylvania Local Services Tax

Employees working in Pennsylvania are subject to the annual Local Services Tax (LST). This tax is withheld based on employment location, for both Pennsylvania residents and nonresidents working in Pennsylvania.

> **Note:** LST is also known as the head tax.

Employees can request an up-front exemption from the LST by submitting the appropriate paperwork to both the Political Subdivision levying the tax and to you, the employer. For further info, see the Pennsylvania employment agency's website.

You implement approved exemptions for individual employees on their tax card. For further info, see Pennsylvania Tax Exemptions in the Help Center.

For multiple employees, use HCM Data Loader. For further info, see Loading US Data Using HCM Data Loader (2558276.1) on My Oracle Support.

Related Topics

- Pennsylvania Tax Exemptions
- https://www.oracle.com/pls/topic/lookup?ctx=fa-latest&id=s20048337
- Loading US Data Using HCM Data Loader

Pennsylvania Tax Exemptions

To exempt multiple employees from Pennsylvania city, school, and Local Services Tax (LST) withholding, use HCM Data Loader (HDL).

For further info, see Loading US Data Using HCM Data Loader (2558276.1) on My Oracle Support.

To exempt individual employees:

1. Use the Calculation Entries task to open the person's Tax Withholding card for editing.
2. Open their Pennsylvania PSD component for editing.
3. Set exemptions for the following.
   - LST
   - City tax
   - School district tax

   > **Note:** In the case of exemptions for Pennsylvania local taxes, don't use the exemption fields in **City Tax Information** of the city component.

4. Save your work.

How the Payroll Process Determines Pennsylvania Political Subdivision Codes

The payroll process uses political subdivision (PSD) codes in the calculation of Pennsylvania local earned income taxes.

The payroll process uses the higher of these rates.

- Resident (city + school)
- Nonresident (city only)

In cases where the rates are the same, the payroll calculation automatically withholds the resident rate.

How resident PSD codes are derived

The payroll process uses this hierarchy to determine an eligible employee's resident PSD code.

1. Checks the resident PSD code on the **Pennsylvania PSD** component (Pennsylvania Residency Certificate) of their Tax Withholding card.
2. If it's unable to derive the resident PSD code, or if you've specified an invalid code on the tax card, the payroll process:
    a. Stops calculation for that employee.
    b. Logs an error in the payroll results.
3. If the residency certificate has multiple date-effective PSD code updates in the same pay period, the payroll process calculates taxes based on the PSD code as of the pay period end date.

How nonresident PSD codes are derived

The payroll process uses this hierarchy to determine an eligible employee's nonresident PSD code.

1. Checks the nonresident PSD code on the **Pennsylvania PSD** component of their Tax Withholding card.
2. If it's unable to derive the nonresident PSD code, or if you've specified an invalid code on the tax card, the payroll process:
    a. Stops calculation for that employee.
    b. Logs an error in the payroll results.
3. If there are multiple PSD codes in the same pay period, the payroll process calculates taxes based on the PSD code as of the pay period end date.

Puerto Rico Taxes and Tax Exemptions

Puerto Rico State Unemployment Special Assessment Tax

The Special Assessment Tax is a tax Puerto Rico imposes in addition to state unemployment insurance (SUI).

For further info, see the Puerto Rico Department of Labor and Human Resources website.

To properly include this tax in your tax calculations, start the Legal Reporting Unit Calculation Cards task from your implementation project. Add this rate to the SUI rate recorded on your tax recording unit's calculation card.

Note: The combined rates can't exceed the federally mandated employer SUI maximum rate of 5.4%.

Related Topics

- How the Payroll Process Determines the Employee Work State
- State Unemployment Insurance Tax
- Set Up US Territories

Puerto Rico Young Entrepreneurs Act

The payroll process automatically exempts taxes for employees eligible for the Puerto Rico Young Entrepreneurs Act.

How you configure Form W-2PR

Form W-2PR displays these earnings as Code E in box 16.

To properly display them, define this balance feed before generating your year-end data.

Element	Input	Add or Subtract	Balance
Residence State Income Tax	PR Exempt Income	Add	W2 Territory Exempt Salary

You can configure boxes 8, 9, and 10 to display the earnings in excess of the act if you set the appropriate feeds to include only those wages.

Exclude Individual Employees

For employees who are opting out of this exemption:

1. Open the person's Tax Withholding Card for editing.
2. Open their Puerto Rico regional component for editing.
3. Set **Young Individual Opting Out of Wage Exemption** to **Yes**.
4. Save your work.

Vermont Taxes

Vermont Child Care Contribution

Vermont Child Care Contribution (CCC) is an employer tax. However, employers can opt to share the cost with their employees.

The state defines the maximum employee/employer split. Employee wages earned in Vermont are subject to this tax.

When implementing this tax, there are some things you should consider.

- What is the employee eligibility criterion
- How to override the legislative rate
- How to override the employee/employer split
- How to opt out your organization
- How to opt out an employee
- How to cost CCC taxes
- What wage basis rules it follows

What is the employee eligibility criterion

The payroll process takes this tax for all people working in Vermont.

How to override the legislative rate

To override the tax withholding rate:

1. To change this tax at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   Use Legal Reporting Unit Calculation Cards task to change this tax at the tax reporting unit (TRU) level.

   Settings at the TRU level override those at the PSU level.
2. In **Component Groups**, select the Vermont state regional node.

   Create it if it doesn't exist.
3. In **Calculation Components**, select **State Miscellaneous**.

   Create it if it doesn't exist.
4. Click **Enterable Calculation Values on the Calculation Card**.
5. Click **Create**.
6. Search for and select **Child Care Contribution Rate**, and set the appropriate value.
7. Save your work.

How to override the employee/employer split

By default, the employer contributes 100% of this tax and the employee 0%.

To change this split:

1. To change the percentages at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   Use Legal Reporting Unit Calculation Cards task to change this tax at the TRU level.
2. In **Component Groups**, select the Vermont state regional node.
3. In **Calculation Components**, select **State Miscellaneous**.
4. Click **Enterable Calculation Values on the Calculation Card**.
5. Click **Create**.
6. Add these calculation components, and set the appropriate values for each.

- **Child Care Contribution Employer Percentage**
- **Child Care Contribution Employee Percentage**

Enter each as a percentage, such as 75% as **75**.

The sum of both must equal 100%, and individual values can't exceed the state mandated maximum. Refer to the Vermont tax authority's website for info on the maximum employee contribution percentage.

7. Save your work.

How to opt out your organization

To opt out your organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. In **Component Groups**, choose the Vermont state regional node.
3. In **Calculation Components**, choose **State Miscellaneous**.
4. Select **Enterable Calculation Values on the Calculation Card**.
5. Click **Create**.
6. Search for and select **Employer Tax Exemption**.
7. In **Value**, select the appropriate exemption status.
   - Exempt from wage accumulation and tax withholding
   - Exempt from tax withholding
   - Not exempt
8. Save your work.

How to exclude an individual employee

To exclude an individual employee from this tax:

1. Open the person's Tax Withholding card for editing.
2. Open their Vermont regional component for editing.
3. In Withholding Exemption, set the appropriate exemption status.
   - Exempt from wage accumulation and tax withholding
   - Exempt from tax withholding
   - Not exempt
4. Save your work.

How to cost the tax

To process CCC taxes, cost these predefined elements using the Tax Calculated input value.

- State Miscellaneous Employer Liability
- State Miscellaneous Employee Tax
- State Miscellaneous Employee Tax Not Taken

What wage basis rules it follows

The Vermont CCC rules are predefined using the **State Miscellaneous** and **Not Withholdable State Miscellaneous** components for VT. You can view them with the Component Group Rules task. The rules are the same as the Vermont SIT withholding wage basis rules.

Washington Taxes

Washington Long-Term Care

Washington Long Term Care Insurance (LTC) is a tax for employees subject to Washington state unemployment insurance (SUI).

When implementing this tax, there are some areas you should consider.

- What are the employee eligibility criteria
- How to override the legislative rate and annual wage limit
- How to opt out your organization
- How to out out individual employees
- How to cost LTC taxes
- What wage basis rules it follows
- How to include the WALTC tax code record in the quarterly tax-filing extract

See the following sections for details.

What are the employee eligibility criteria

To be eligible for the Washington LTC tax, an employee must have:

1. Have a valid tax card with a tax reporting unit (TRU) association
2. Washington identified as their state unemployment insurance (SUI) state on one of these cards
    - Tax Jurisdictions
    - Tax Withholding

How to override the legislative rate and annual wage limit

To override the legislative tax withholding rate and annual wage limit:

1. To change this tax at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

    To override at TRU level, start the Legal Reporting Unit Calculation Cards task.

    Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, select the Washington regional component.

    Create it if it doesn't exist.

4. In **Calculation Components**, select **State LTC**.
   Create it if it doesn't exist.
5. Click **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. To change the tax rate, search for and select **Long term care insurance employee percentage**.
   To change the wage limit, search for and select **Long term care insurance wage limit**.
8. Set the new value, and click **OK**.
9. Save your work.

How to opt out your organization

To opt out your organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.
   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, select the Washington regional component.
4. In **Calculation Components**, select **State LTC**.
5. Select **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. Search for and select **Employee tax exemption**.
8. In **Value**, select the appropriate exemption status.
9. Save your work.

How to exclude individual employees

To exclude an individual employee from this tax:

1. Open the person's Tax Withholding card for editing.
2. Choose the Washington regional component for editing.
3. In **Withholding Exemption**, select the appropriate exemption status for **Long Term Care Insurance**.
4. Save your work.

How to cost the tax

To process LTC taxes, cost these predefined elements using the LTC Tax Calculated input value.

- Long Term Care Employee Tax
- Long Term Care Employee Tax Not Taken

What wage basis rules it follows

When configuring the wage basis rules for Washington LTC, find them under **State LTC** in the Component Group Rules task.

How to include this tax in the quarterly tax-filing extract

For the extract to include a WALTC tax code record, one or more of these conditions must be true.

- **Long Term Care Insurance** on the person's Tax Withholding Card is set to **Exempt from wage accumulation and tax withholding**.

- At least one of these balances are non-zero.
  - Long Term Care Withheld (quarter-to-date dimension)
  - Long Term Care Withheld (year-to-date dimension)
- Washington SUI employer taxable balance is greater than $0.

Washington Paid Family Leave

The Washington Paid Family and Medical Leave program is the state's implementation of family medical leave insurance (FMLI). It provides employees working in Washington paid time off to care for themselves or a family member.

This tax consists of these components.

- Family Leave Insurance Employee
- Medical Leave Insurance Employer

Before you implement Washington FMLI, there are some areas you need to consider.

- What are the employee eligibility criteria
- How to override the legislative rates and percentages
- How to opt out your organization
- How to exclude individual employees
- How to cost the tax
- What wage basis rules it follows

What are the employee eligibility criteria

To be eligible for the Washington FMLI tax, an employee must have:

1. Valid tax card with a tax reporting unit (TRU) association
2. Washington identified as one of the following
   - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
   - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override the legislative rates and percentages

The percentage paid for this tax must equal 100%. The state determines the default split.

To change these percentages:

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To override at the TRU level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.

3. In **Component Groups**, select the Washington regional component.

   Create it if it doesn't exist.
4. In **Calculation Components**, select **State FLI**.

   Create it if it doesn't exist.
5. Click **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. To change the total tax rate, search for and select **FLI combined rate**.

   To override the distribution between the employee and employer rates, use these calculation value pairs.

   - **FLI employee percentage** and FLI **employer percentage**
   - **MLI employee percentage** and **MLI employer percentage**

   Enter them as percentages. For example, enter 50% as **50**. The sum of these percentages must equal 100%.

   To override the annual wage limit, use **Family leave insurance wage limit**.
8. Save your work.

How to opt out your organization

To opt out your organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, select the Washington regional component.
4. In **Calculation Components**, choose **State FLI**.
5. Select **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. Search for and select **FLI employee tax exemption**.
8. In **Value**, select the appropriate exemption status.
9. Save your work.

How to exclude individual employees

To exclude an individual employee from this tax:

1. Open the person's tax card for editing.
2. Choose the Washington regional component.
3. In **Withholding Exemption**, select the appropriate exemption for **Family Leave**.
4. Save your work.

How to cost the tax

To process FMLI taxes, cost these predefined elements using the FLI Tax Calculated or Tax Calculated input value.

- Family Leave Insurance Employee Tax
- Family Leave Insurance Employee Tax Not Taken
- Medical Leave Insurance Employer

What wage basis rules it follows

When configuring the wage basis rules for Washington FMLI, find them under **State FLI** in the Component Group Rules task.

Washington DC Taxes

Washington DC Paid Family Leave

The Washington DC Family Leave Insurance program is the state's implementation of family medical leave insurance (FMLI). It provides employees paid time off to care for themselves or a family member.

This tax consists of the Family Leave Insurance Employer component.

Before you implement DC FMLI, there are some areas you need to consider.

- What are the employee eligibility criteria
- How to override the legislative rates and percentages
- How to opt out your organization
- How to exclude individual employees
- How to cost the tax
- What wage basis rules it follows

For further info, see the following sections.

What are the employee eligibility criteria

To be eligible for the DC FMLI tax, an employee must have:

1. Valid tax card with a tax reporting unit (TRU) association
2. DC identified as one of the following
   - Family leave insurance (FLI) state on the person's Tax Jurisdictions card
   - State unemployment insurance (SUI) state on their Tax Withholding card (if FLI state is undefined)

How to override the legislative rates and percentages

To override the legislative tax rates and percentage distribution between the employee and employer components:

1. To override at the payroll statutory unit (PSU) level, start the Legal Entity Calculation Cards task from your implementation project.

   To override at the TRU level, start the Legal Reporting Unit Calculation Cards task.

   Settings at the TRU level override those at the PSU level.
2. Open the calculation card for editing.
3. In **Component Groups**, select the Washington DC regional component.

   Create it if it doesn't exist.

4. In **Calculation Components**, select **State FLI**.

   Create it if it doesn't exist.
5. Click **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. To change the total tax rate, search for and select **FLI combined rate**.

   To override the distribution between the employee and employer rates, use these calculation value pairs.

   - **FLI employee percentage** and FLI **employer percentage**
   - **MLI employee percentage** and **MLI employer percentage**

   Enter them as percentages. For example, enter 50% as **50**. The sum of these percentages must equal 100%.
8. Save your work.

How to opt out your organization

To opt out your organization:

1. To opt out at the PSU level, start the Legal Entity Calculation Cards task from your implementation project.

   To opt out at the TRU level, start the Legal Reporting Unit Calculation Cards task.
2. Open the calculation card for editing.
3. In **Component Groups**, select the Washington DC regional component.
4. In **Calculation Components**, choose **State FLI**.
5. Select **Enterable Calculation Values on the Calculation Card**.
6. Click **Create**.
7. Search for and select **FLI employee tax exemption**.
8. In **Value**, select the appropriate exemption status.
9. Save your work.

How to exclude individual employees

To exclude an individual employee from this tax:

1. Open the person's tax card for editing.
2. Open the Washington DC component for editing.
3. In **Withholding Exemption**, select the appropriate exemption for **Family Leave**.
4. Save your work.

Cost the Tax

To process FLI taxes, cost this predefined element using the FLI Tax Calculated input value.

- Family Leave Insurance Employer

Wage Basis Rules

When configuring the wage basis rules for DC FMLI, find them under **State FLI** in the Component Group Rules task.

Related Topics

- Configure Organization Calculation Cards for the US
- https://www.oracle.com/pls/topic/lookup?ctx=fa-latest&id=s20048337
- Payroll Costing of Elements for the US
- Tax Withholding Card