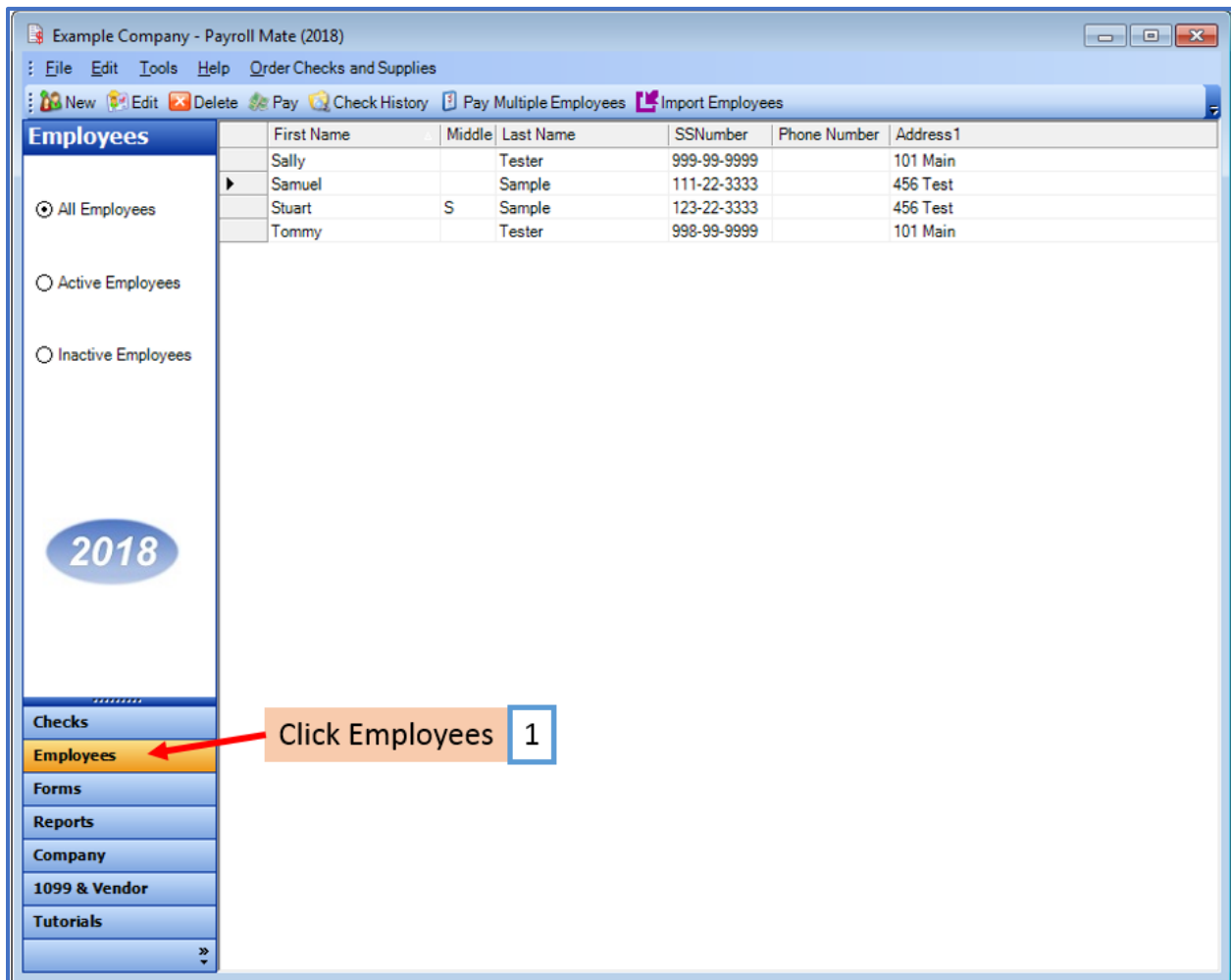


# How to Set Up an Employee that is Exempt from Taxes inside Payroll Mate

This tutorial is for information purposes only. It is your responsibility to make sure the payroll setup is correct. Consult your accountant or tax advisor if you are unsure how a certain payroll item or your payroll in general should be set up.

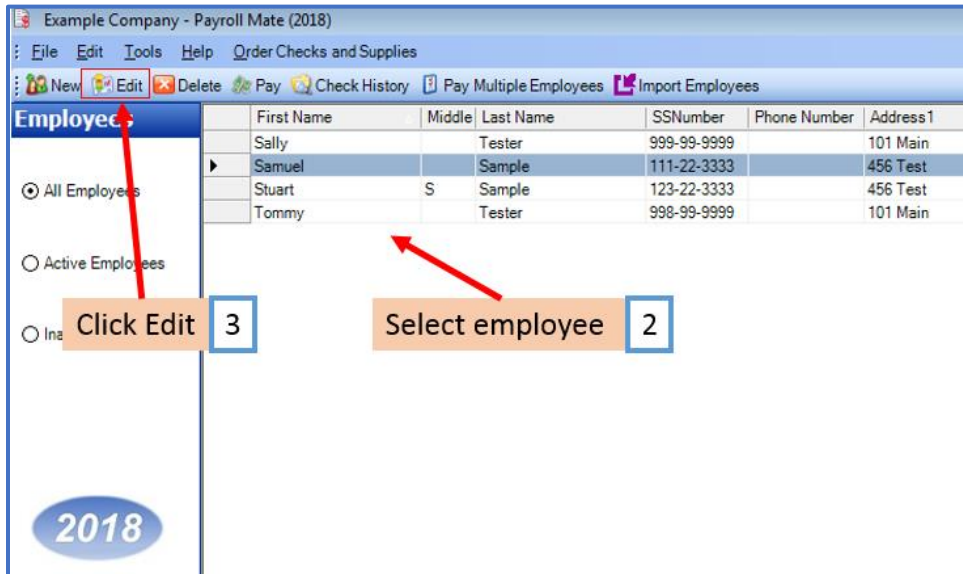
Make sure you have the correct Company open inside Payroll Mate

1. Inside Payroll Mate Software, Click Employees from shortcuts menu



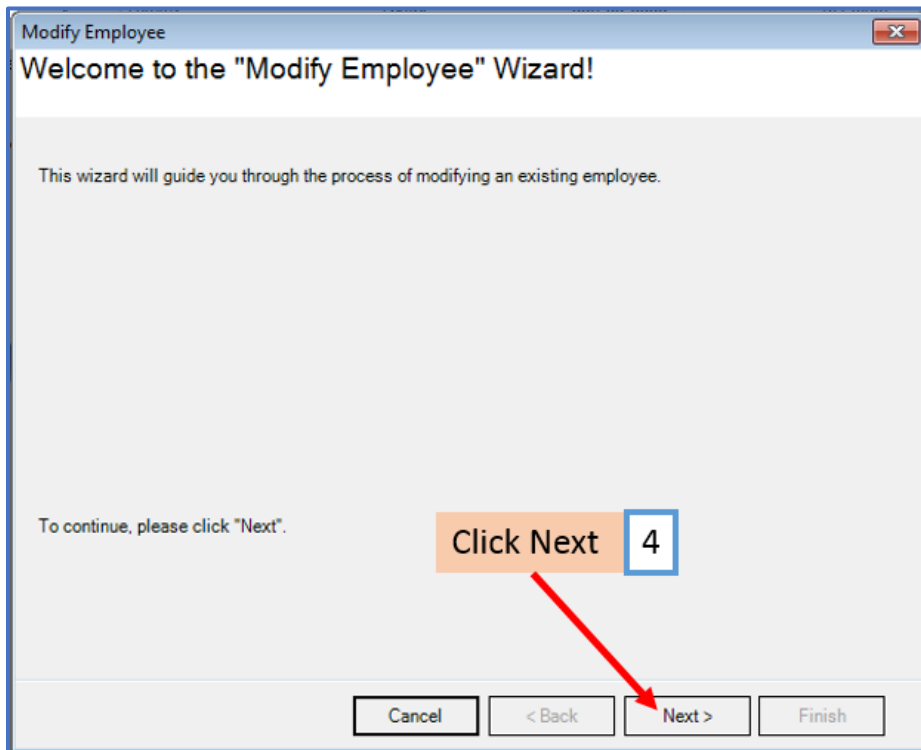
2. Select employee to edit

3. Click Edit



This will open the Modify Employee Wizard

4. Click Next



5. Click Next

Modify Employee

### General Information

Name: Samuel [ ] Sample [ ]  
Address 1: 456 Test  
Address 2: [ ]  
City: Chicago  
State: IL [ ]  
Zip Code: 60605  
Social security number: 111-22-3333  
Telephone Number: [ ]  
Fax Number: [ ]  
E-mail Address: [ ]  
 Inactive  
Memo: [ ]

Click Next 5

Cancel < Back Next > Finish

6. Checkmark the taxes for which the employee is claiming an exemption from withholding

Modify Employee

### Tax Setup

Checkmark taxes to be set to zero 6

Federal Income Tax Setup  
Filing Status: Single [ ]  
Number of Allowances: 0 [ ]  
Pay Frequency: Weekly (52 Pay Periods) [ ]  
Additional Federal Withholding: 0.00 [ ]

W-2 Options  
 Statutory Employee  
 Retirement Plan  
 This employee receives Advance EIC payment

Set the following Taxes to zero on the check  
 Federal Income  State Income  SS. & Med. (Employee)  SS. & Med. (Employer)

State Income Tax Setup  
State: IL [ ]  
Additional State Withholding: 0.00 [ ]  
IL-W4 Line 1: 0 [ ]  
IL-W4 Line 2: 0 [ ]

Cancel < Back Next > Finish

7. Click Yes to continue

8. Click Next

Modify Employee

### Tax Setup

Federal Income Tax Setup

Filing Status: Single

Number of Allowances: 0

Pay Frequency: Weekly (52 Pay Periods)

W-2 Options

Statutory Employee

Retirement Plan

This employee receives Adv...

Warning

Checking this box will cause this tax to be set to zero on new checks created for this employee. Are you sure you want to continue?

Yes No

IL-W4 Line 1: 0

IL-W4 Line 2: 0

Cancel < Back Next > Finish

9. Click Next

Modify Employee

### Incomes

Regular Hourly Pay [Per Hour] 23.0000

Overtime Hourly Pay [Per Hour] 0.00

Yearly Salary [Per Year] 0.00

Double-Time [Per Hour] 0.00

Mileage [Per Mile] 0.00

Piece Work [Per Piece] 0.00

Fringe Benefits [Fixed] 0.00

Vacation Pay Hourly [Per Hour] 0.00

Sick Pay Hourly [Per Hour] 0.00

Bonus [Variable]

Tips Received Directly by Employee [Variable]

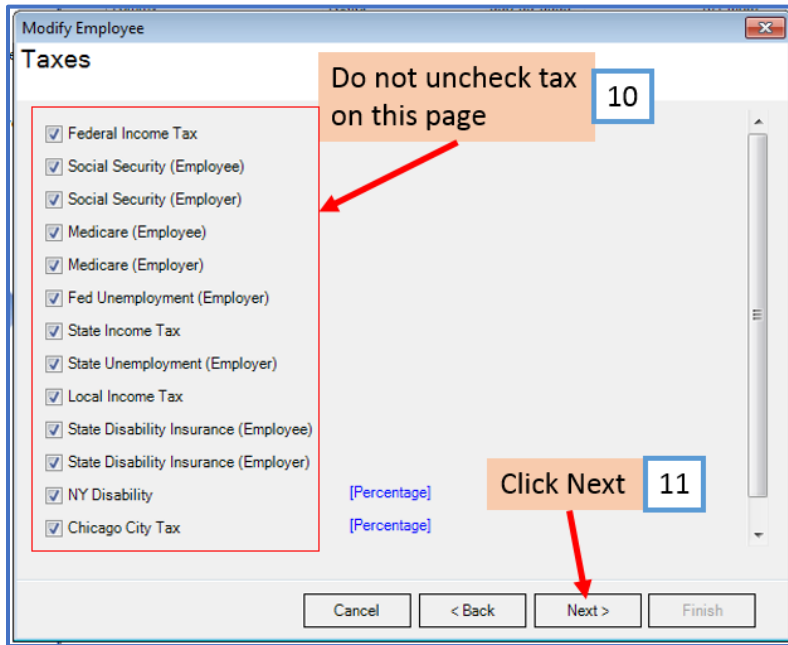
Tips Paid by Employer [Variable]

Commission [Variable]

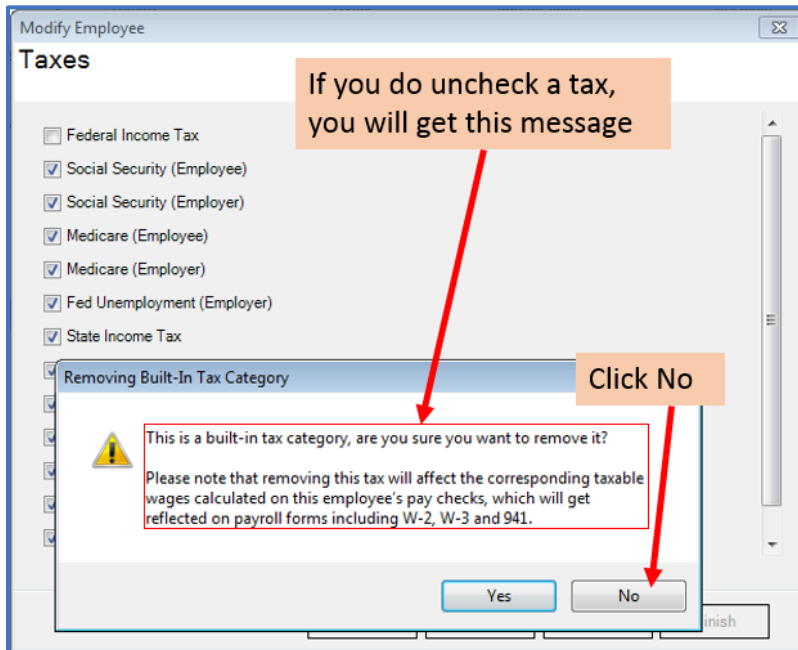
Cancel < Back Next > Finish

10. Do Not uncheck the taxes on the Taxes page

11. Click Next



Note: If you do uncheck a tax, you will get a warning message that removing this tax will affect the taxable wages which will reflect on the W2, W3 and 941 forms. Click No



12. Click Next

Modify Employee

### Deductions

<input type="checkbox"/> 401K (Employee)	[Percentage]	0.00
<input type="checkbox"/> 401K (Employer)	[Percentage]	0.00
<input type="checkbox"/> Health Insurance	[Fixed]	0.00
<input type="checkbox"/> Box 12 data	[Percentage]	1.500000

Click Next 12

Cancel < Back Next > Finish

13. Click Next

Modify Employee

### Direct Deposit

Include in Direct Deposit Process

Banking Information

Account Type	Checking
Bank Routing Number	
Account Number	

Click Next 13

Cancel < Back Next > Finish

14. Click Next

Modify Employee

### Vacation / Sick Hours Settings

Method of Calculating Vacation and Sick Hours:  Per Check  Per Total Hours on Check

Vacation Hours Earned Per Check

Maximum Vacation Hours Earned Per Year  Keep blank for unlimited hours per year; fill with 0.00 for zero hours per year

Sick Hours Earned Per Check

Maximum Sick Hours Earned Per Year  Keep blank for unlimited hours per year; fill with 0.00 for zero hours per year

Click Next 14

Cancel < Back Next > Finish

15. Click Finish

Modify Employee

### Finish

Wizard completed, please click "Finish" to update this employee information.

Click Finish 15

Cancel < Back Next > Finish

The option to manually zero out the taxes on the paycheck is also available inside Payroll Mate

If there is a tax that should be exempt, you can manually zero out the tax amounts when creating the paycheck. Once you zero out the necessary tax amounts, press OK to process the paycheck.

**Check Details** Pay Frequency: Weekly (52 Pay Periods)

General Information  
 Employee: Sample, Samuel Begin Date: April 27, 2018 Recalculate  
 Check #: 6 Pay Date: April 27, 2018 End Date: April 27, 2018

Income Details						Vacation / Sick Hours	
Income:	Rate:	Type:	Quantity:	Amount:	YTD:	Amount:	YTD:
Regular Hourly Pay	23.0000	Per Hour	40.0000	920.00	3634.00	Vac. hours earned	0.00 0.00
						Vac. hours used	0.00 0.00
						Sick hours earned	0.00 0.00
						Sick hours used	0.00 0.00

Tax Details			Deduction Details		
Tax:	Amount:	YTD:	Deduction:	Amount:	YTD:
Social Security (Employee)	57.04	57.04			
Medicare (Employee)	13.34	13.34			
Federal Income Tax	0	108.66			
State Income Tax	45.54	45.54			
Local Income Tax	0.00	0.00			
State Disability Insurance (Employee)	0.00	0.00			
NY Disability	0.60	0.60			
Chicago City Tax	0.92	0.92			
Cook County Tax	66.70	66.70			
Social Security (Employer)	57.04	57.04			
Medicare (Employer)	13.34	13.34			

**If needed - manually override amount and enter \$0 for tax on paycheck**

Other Optional Details		Check Summary				
	Amount:	YTD:	Total Incomes:	Total Taxes:	Total Deductions:	Net Pay:
Hours Worked	0.00	118.00	<u>This Check:</u> 920.00	292.80	0.00	627.20
Weeks Worked	0.00	3.00	<u>YTD:</u> 3634.00	292.80	0.00	3341.20

MEMO: