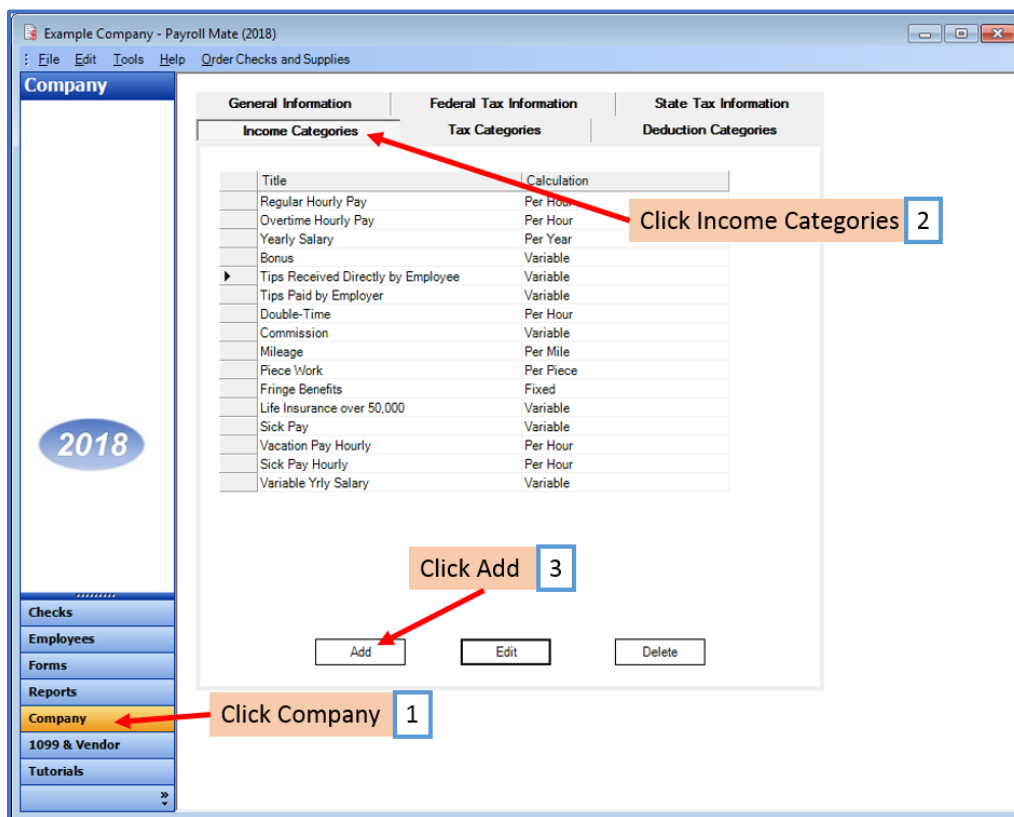


# How to Set Up Housing Allowance (In-Kind) inside Payroll Mate

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.

Clergy Housing (In-kind) is used to report the value of a house, furnishings, utilities and etc. that are furnished to a duly ordained minister as part of the minister's pay. These amounts are typically exempt from income tax but subject to self-employment tax (calculated and paid by the minister) and will not affect the net pay.

1. Click Company from Shortcuts
2. Click Income Categories
3. Click Add



4. Enter Title

5. Select Pay Type from drop-down menu

6. Enter W2 Box 14 Abbreviation

7. Checkmark to Omit from Net Pay and Edit Taxes and Deductions as needed

Clergy Housing (In-Kind) is excluded from net pay. Typically, this income will be exempt from the following: Federal income tax, Social Security, Medicare, and Federal Unemployment. Uncheck taxes/deductions when creating the income. Mark W2 box 14. This will exclude it from W2 Boxes 1,3,5/941, it will be included in W2 Box 14.

Note: You cannot rely on this tutorial for tax advice and will need to consult a tax professional if you are unsure how deductions should be set up.

State tax laws vary. Please consult your tax advisor to determine if any state taxes are affected by this payroll item and update your setup accordingly.

8. Click OK

The screenshot shows the 'Income Details' dialog box with the following fields and options:

- Title:** Housing Allowance In Kind (Callout 4)
- Abbreviation:** Hous InKind
- Type:** Per Year (Callout 5)
- W-2 Box 12 Code:** (Empty)
- W-2 Box 14 Abbreviation:** House (Callout 6)
- Reported tips (to edit this box, delete this income and re-create)
- Omit from Net Pay (Callout 7)
- Inactive
- Taxes Applied:**
  - Federal Income Tax
  - Social Security (Employee)
  - Social Security (Employer)
  - Medicare (Employee)
  - Medicare (Employer)
  - Fed Unemployment (Employee)
  - State Income Tax
  - State Unemployment (Employee)
- Deductions Applied:**
  - 401K (Employee)
  - 401K (Employer)
  - Health Insurance
  - Box 12 data
  - Dependent Care FSA
  - Medical FSA
  - Health Saving Acct HSA
  - Cafeteria Plan

Buttons: OK (Callout 8), Cancel

New Housing Allowance In-Kind income category is now in the list of Income Categories

The screenshot shows the 'Example Company - Payroll Mate (2018)' interface. On the left is a navigation menu with 'Company' selected. The main area displays a table of income categories under the 'General Information' tab. The table has columns for 'Title' and 'Calculation'. The 'Housing Allowance In Kind' entry is highlighted with a red box, and a red arrow points to it from an orange callout box that says 'Housing Allowance In Kind income category is now in list'. Below the table are 'Add', 'Edit', and 'Delete' buttons.

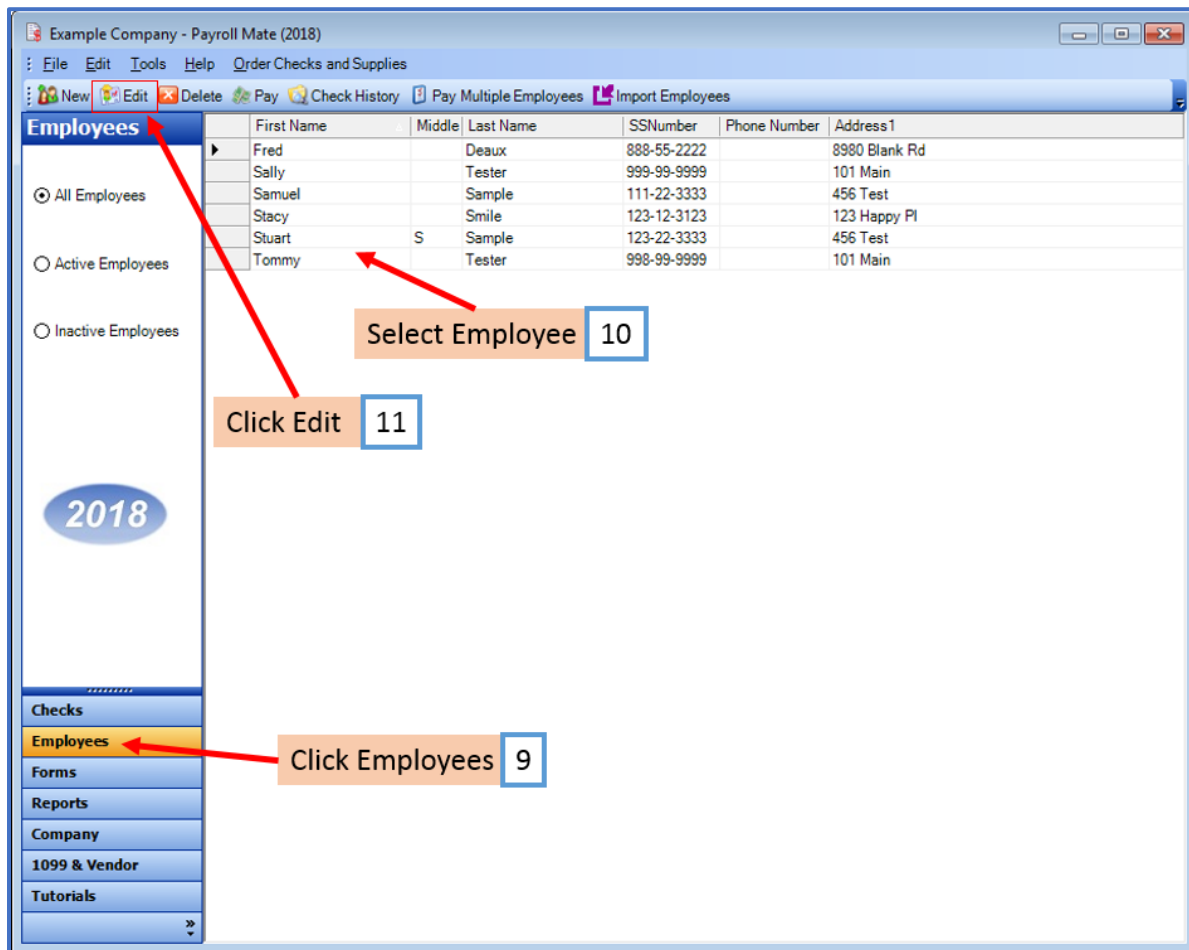
| Title                              | Calculation |
|------------------------------------|-------------|
| Regular Hourly Pay                 | Per Hour    |
| Overtime Hourly Pay                | Per Hour    |
| Yearly Salary                      | Per Year    |
| Bonus                              | Variable    |
| Tips Received Directly by Employee | Variable    |
| Tips Paid by Employer              | Variable    |
| Double-Time                        | Per Hour    |
| Commission                         | Variable    |
| Mileage                            | Per Mile    |
| Piece Work                         | Per Piece   |
| Fringe Benefits                    | Fixed       |
| Life Insurance over 50,000         | Variable    |
| Sick Pay                           | Variable    |
| Vacation Pay Hourly                | Per Hour    |
| Sick Pay Hourly                    | Per Hour    |
| Variable Yrly Salary               | Variable    |
| Holiday Pay                        | Per Hour    |
| Retroactive Pay                    | Variable    |
| Severance Pay                      | Variable    |
| Housing Allowance Cash             | Per Year    |
| Housing Allowance In Kind          | Per Year    |

You will need to apply the housing allowance (In Kind) pay income to each employee as needed

9. Click Employees from Shortcuts

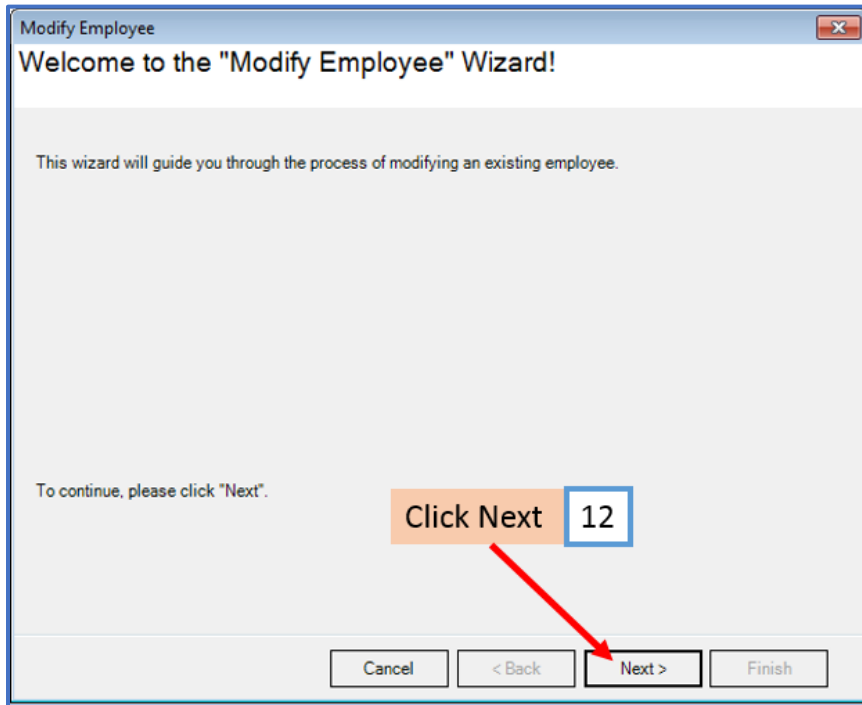
10. Select an employee from the list of employee's names

11. Click Edit

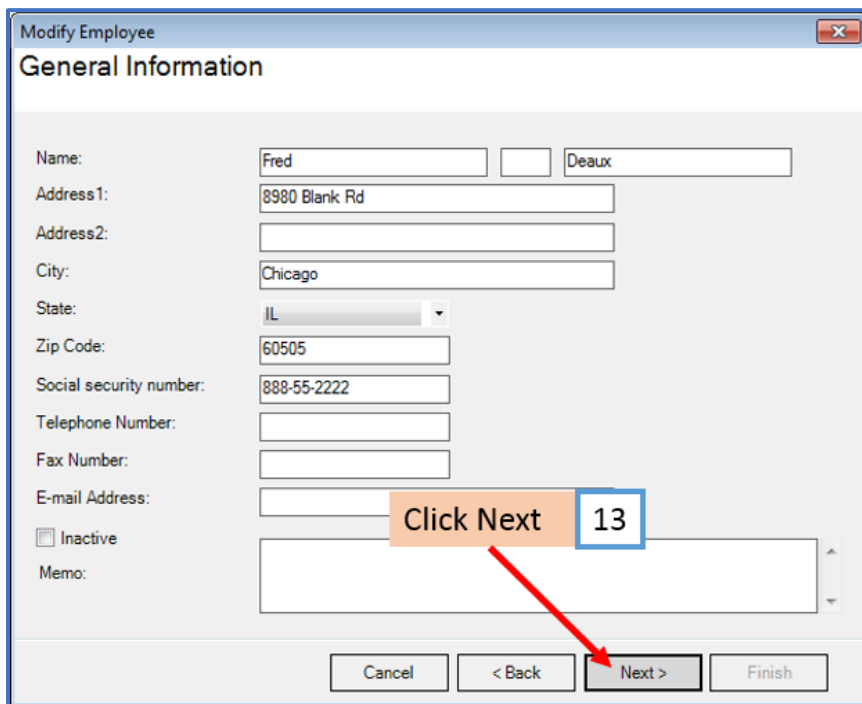


The Modify Employee Wizard will appear on the screen

12. Click Next



13. Click Next



14. Click Next

Modify Employee

### Tax Setup

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

Click Next 14

Cancel < Back Next > Finish

15. Checkmark to select housing allowance in-kind income as applicable

16. Click Next

Modify Employee

### Incomes

|   |             |           |
|---|-------------|-----------|
| <input checked="" type="checkbox"/> Regular Hourly Pay        | [Per Hour]  | 20.0000   |
| <input type="checkbox"/> Overtime Hourly Pay                  | [Per Hour]  | 0.00      |
| <input type="checkbox"/> Yearly Salary                        | [Per Year]  | 0.00      |
| <input type="checkbox"/> Double-Time                          | [Per Hour]  | 0.00      |
| <input type="checkbox"/> Mileage                              | [Per Mile]  | 0.00      |
| <input type="checkbox"/> Piece Work                           | [Per Piece] | 0.00      |
| <input type="checkbox"/> Fringe Benefits                      | [Fixed]     | 0.00      |
| <input type="checkbox"/> Vacation Pay Hourly                  | [Per Hour]  | 0.00      |
| <input type="checkbox"/> Sick Pay Hourly                      | [Per Hour]  | 0.00      |
| <input type="checkbox"/> Holiday Pay                          | [Per Hour]  | 0.00      |
| <input type="checkbox"/> Housing Allowance Cash               | [Per Year]  | 6000.0000 |
| <input checked="" type="checkbox"/> Housing Allowance In Kind | [Per Year]  | 6000.0000 |
| <input type="checkbox"/> Bonus                                | [Variable]  |           |

Checkmark to select Housing Allowance In Kind income and enter amount 15

Click Next 16

Cancel < Back Next > Finish

17. Click Next

The screenshot shows a window titled "Modify Employee" with a sub-header "Taxes". A list of tax items is displayed, each with a checked checkbox and a "[Percentage]" label. The items are: Federal Income Tax, Social Security (Employee), Social Security (Employer), Medicare (Employee), Medicare (Employer), Fed Unemployment (Employer), State Income Tax, State Unemployment (Employer), Local Income Tax, State Disability Insurance (Employee), State Disability Insurance (Employer), NY Disability, and Chicago City Tax. At the bottom, there are four buttons: "Cancel", "< Back", "Next >", and "Finish". A red arrow points from a callout box to the "Next >" button. The callout box contains the text "Click Next" and the number "17" in a blue box.

| Item  | Type         |
|---|--------------|
| <input checked="" type="checkbox"/> Federal Income Tax                    | [Percentage] |
| <input checked="" type="checkbox"/> Social Security (Employee)            | [Percentage] |
| <input checked="" type="checkbox"/> Social Security (Employer)            | [Percentage] |
| <input checked="" type="checkbox"/> Medicare (Employee)                   | [Percentage] |
| <input checked="" type="checkbox"/> Medicare (Employer)                   | [Percentage] |
| <input checked="" type="checkbox"/> Fed Unemployment (Employer)           | [Percentage] |
| <input checked="" type="checkbox"/> State Income Tax                      | [Percentage] |
| <input checked="" type="checkbox"/> State Unemployment (Employer)         | [Percentage] |
| <input checked="" type="checkbox"/> Local Income Tax                      | [Percentage] |
| <input checked="" type="checkbox"/> State Disability Insurance (Employee) | [Percentage] |
| <input checked="" type="checkbox"/> State Disability Insurance (Employer) | [Percentage] |
| <input checked="" type="checkbox"/> NY Disability                         | [Percentage] |
| <input checked="" type="checkbox"/> Chicago City Tax                      | [Percentage] |

18. Click Next

The screenshot shows a window titled "Modify Employee" with a sub-header "Deductions". A list of deduction items is displayed, each with a checked checkbox, a label, and a value in a text box. The items are: 401K (Employee) with a "[Percentage]" label and value "4.000000", 401K (Employer) with a "[Percentage]" label and value "2.000000", Health Insurance with a "[Fixed]" label and value "25.000000", and Box 12 data with a "[Percentage]" label and value "1.500000". At the bottom, there are four buttons: "Cancel", "< Back", "Next >", and "Finish". A red arrow points from a callout box to the "Next >" button. The callout box contains the text "Click Next" and the number "18" in a blue box.

| Item   | Type         | Value     |
|--|--------------|-----------|
| <input checked="" type="checkbox"/> 401K (Employee)  | [Percentage] | 4.000000  |
| <input checked="" type="checkbox"/> 401K (Employer)  | [Percentage] | 2.000000  |
| <input checked="" type="checkbox"/> Health Insurance | [Fixed]      | 25.000000 |
| <input checked="" type="checkbox"/> Box 12 data      | [Percentage] | 1.500000  |

19. Click Next

Modify Employee

### Direct Deposit

Include in Direct Deposit Process

Banking Information

Account Type:

Bank Routing Number:

Account Number:

Click Next 19

Cancel < Back Next > Finish

20. 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

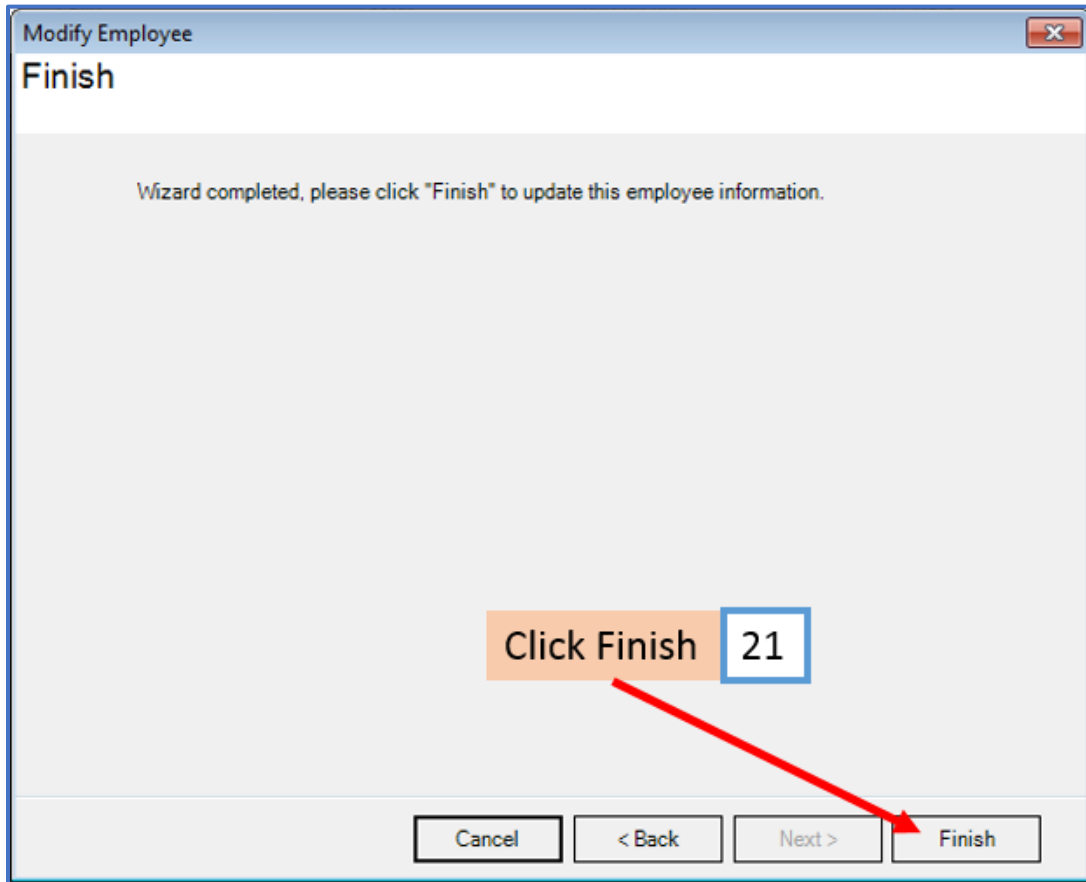
Click Next 20

Cancel < Back Next > Finish



21. Click Finish

Note: Your information will not be saved if you do not click Finish



Repeat steps 9-21 for each applicable employee

22. When creating a new payroll check for the employee the new income category will be visible

Check Details

General Information Pay Frequency: Weekly (52 Pay Periods)

Employee: Deaux, Fred Begin Date: May 21, 2018

Check #: 10 Pay Date: May 21, 2018 End Date: May 21, 2018

Recalculate

Income Details

| Income:                   | Rate:     | Type:    | Quantity: | Amount: | YTD:    |
|---------------------------|-----------|----------|-----------|---------|---------|
| Regular Hourly Pay        | 20.0000   | Per Hour | 30.0000   | 600.00  | 1300.00 |
| Housing Allowance In Kind | 6000.0000 | Per Year | N/A       | 115.38  | 115.38  |

Vacation / Sick Hours

|                   | Amount: | YTD: |
|-------------------|---------|------|
| Vac. hours earned | 4.62    | 4.62 |
| Vac. hours used   | 0.00    | 0.00 |
| Sick hours earned | 4.62    | 4.62 |
| Sick hours used   | 0.00    | 0.00 |

Tax Details

| Tax:                                  | Amount: | YTD:   |
|---------------------------------------|---------|--------|
| Federal Income Tax                    | 56.92   | 125.36 |
| Social Security (Employee)            | 37.20   | 80.60  |
| Medicare (Employee)                   | 8.70    | 18.85  |
| State Income Tax                      | 28.51   | 61.77  |
| Local Income Tax                      | 0.00    | 0.00   |
| State Disability Insurance (Employee) | 0.00    | 0.00   |
| NY Disability                         | 0.60    | 1.20   |
| Chicago City Tax                      | 0.60    | 1.30   |
| Cook County Tax                       | 43.50   | 94.25  |
| Social Security (Employer)            | 37.20   | 80.60  |
| Medicare (Employer)                   | 8.70    | 18.85  |

Deduction Details

| Deduction:       | Amount: | YTD:  |
|------------------|---------|-------|
| 401K (Employee)  | 24.00   | 52.00 |
| Health Insurance | 25.00   | 50.00 |
| Box 12 data      | 9.00    | 19.50 |
| Medical FSA      | 25.00   | 25.00 |
| 401K (Employer)  | 12.00   | 26.00 |

Housing Allowance In Kind 22

Other Optional Details

Check Summary

|              | Amount: | YTD: | Total Incomes: | Total Taxes: | Total Deductions: | Net Pay: |
|--------------|---------|------|----------------|--------------|-------------------|----------|
| Hours Worked | 0.00    | .00  |                |              |                   |          |
| Weeks Worked | 0.00    | .00  |                |              |                   |          |
|              |         |      | This Check:    | 176.03       | 83.00             | 340.97   |
|              |         |      | YTD:           | 383.33       | 146.50            | 770.17   |

MEMO:

OK Cancel