# How to Set Up Local Income Tax in 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.

1. Inside Payroll Mate Software, Click Company from Shortcuts

2. Click Tax Categories

3. Click Add
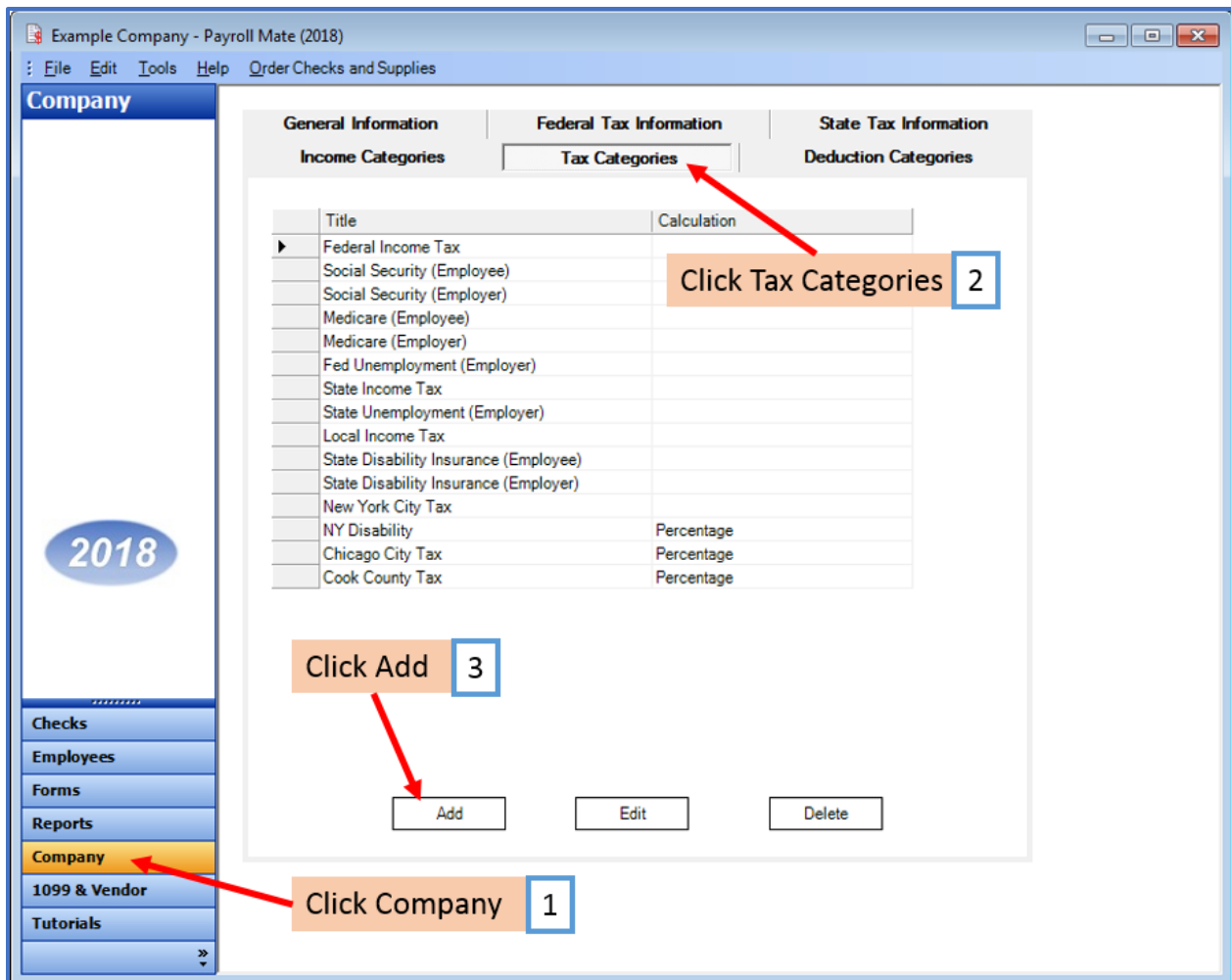
Note: There is a "place holder" listed for Local Income Tax. This built in tax category cannot be edited, a new tax category needs to be created for the correct Local Tax.

4. Complete the Tax information set up (Examples: City, County, School)
   4a. Title the tax, Example: Chicago City Tax
   4b. The abbreviation will automatically be filled in, you can make adjustments if you prefer
   4c. Choose Calculation from the drop-down menu and complete terms (rate, amount, etc)
   4d. Populate the "Wagebase" field if Applicable
   4e. Populate the "Max Amount per Check" field if Applicable
   4f. Select Paid by option
   4g. Enter the W2 Options if Applicable
   4h. Checkmark to use on Local income tax box if Applicable

5. Click OK to save the tax category

5a. New tax is now added to the list of taxes available in the company

Now you will need to apply the tax to your applicable employees

6. Click Employees from Shortcuts

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

8. Click Edit
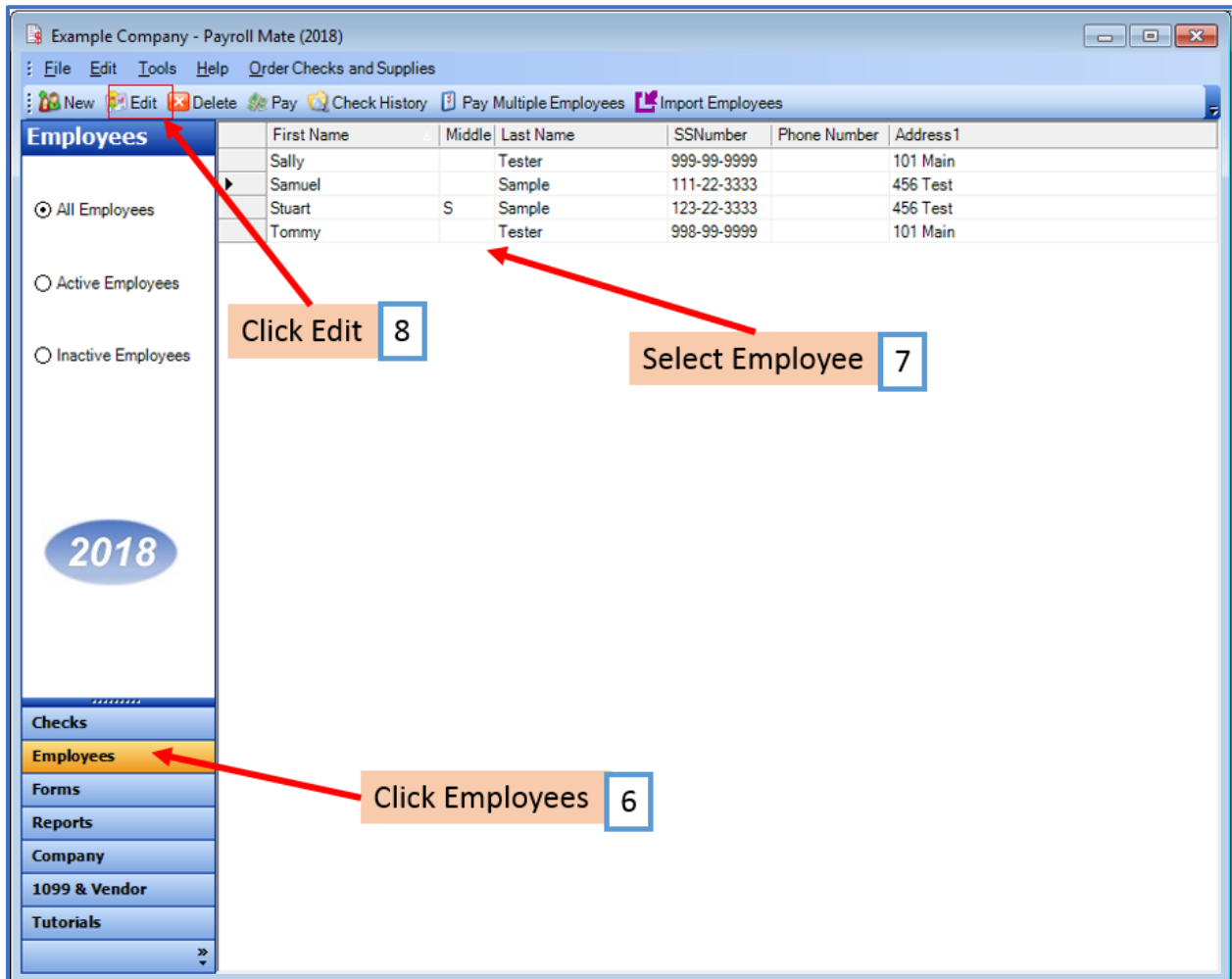
The Modify Employee Wizard will appear on the screen

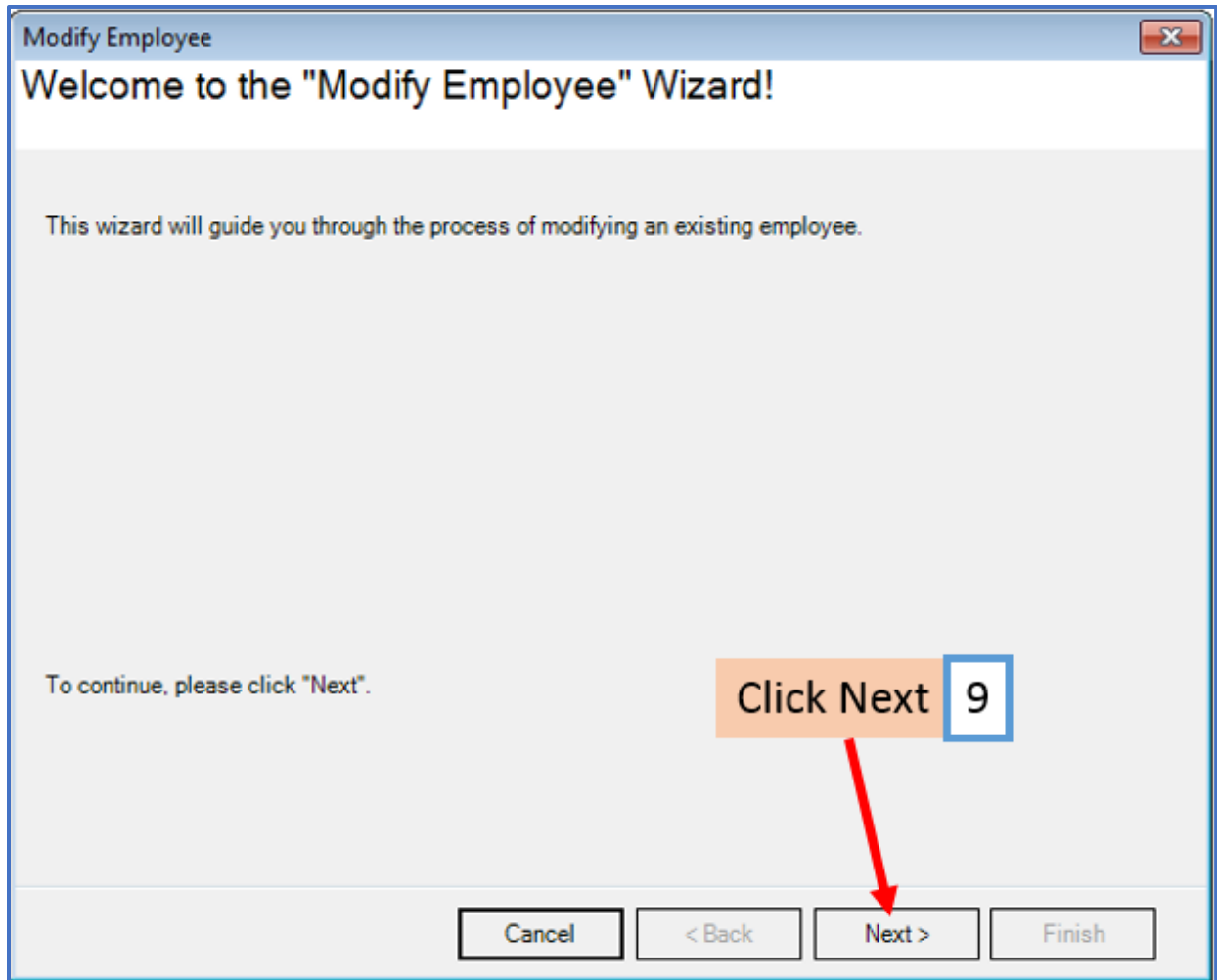9. Click Next through the wizard until you get to the Taxes screen

Modify Employee

Welcome to the "Modify Employee" Wizard!

This wizard will guide you through the process of modifying an existing employee.

To continue, please click "Next".

Click Next 9

| Cancel | < Back | Next > | Finish |

10. Uncheck the built in Local Income Tax category

10a. Checkmark to select the new local tax from the list of taxes

Note: If the new tax does not show in the list for this employee and the employee is set up with a custom income category the custom income will need to be edited to add this new tax. See How to Edit an Income Category tutorial.

11. Click Next until you finish the wizard
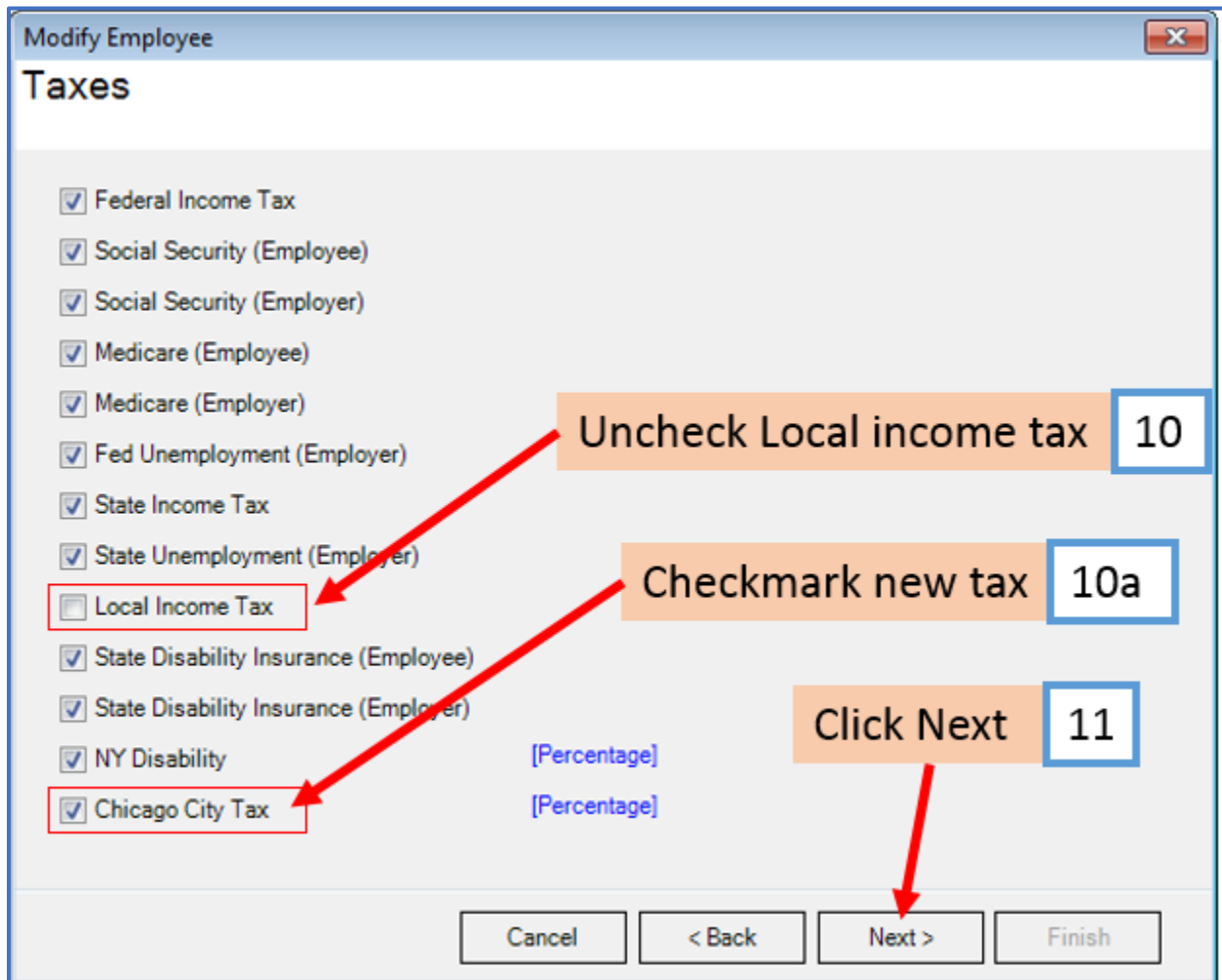
12. Make sure to press Finish
Note: Your information will not be saved if you do not click Finish
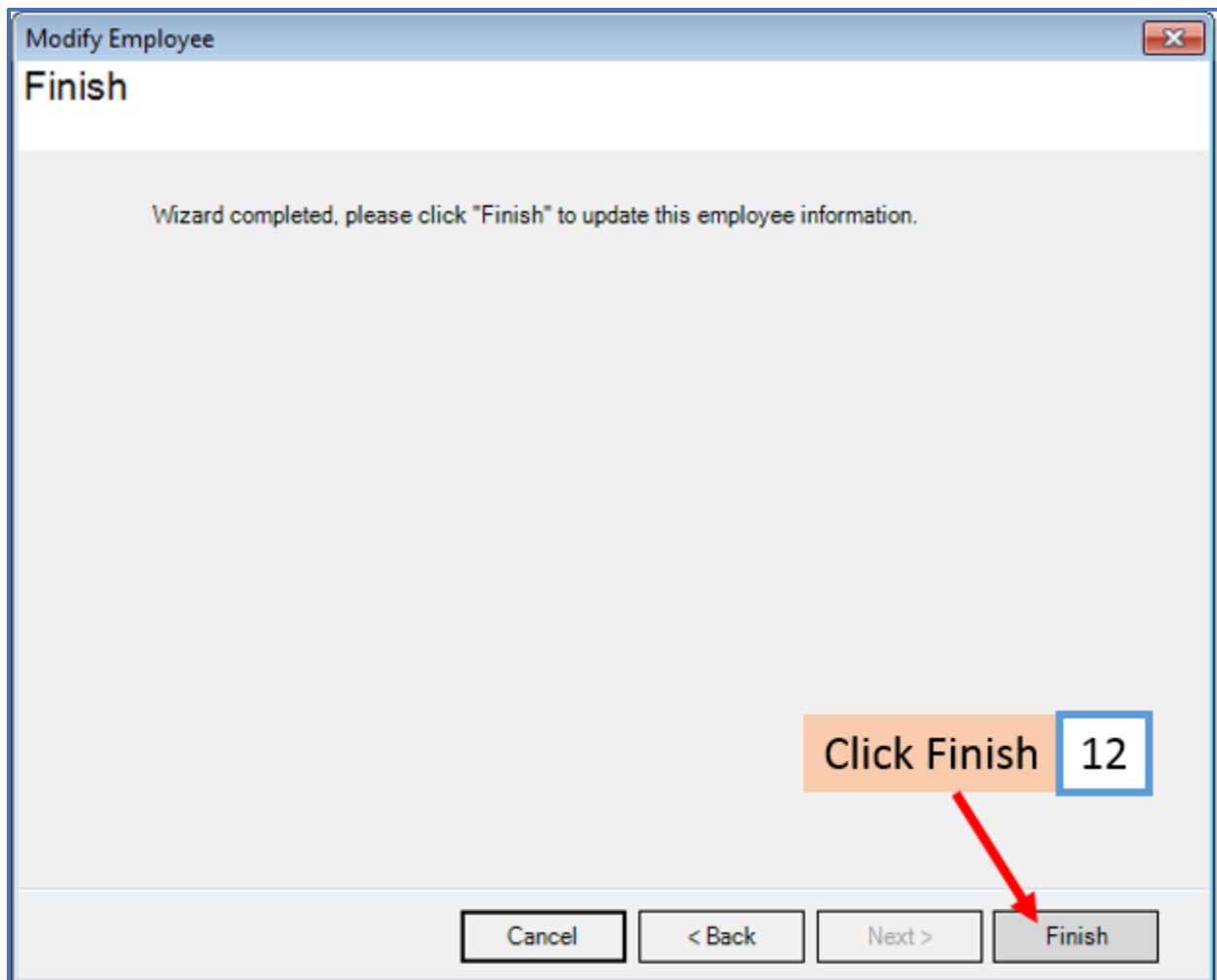
Repeat steps 6-12 for each applicable employee