

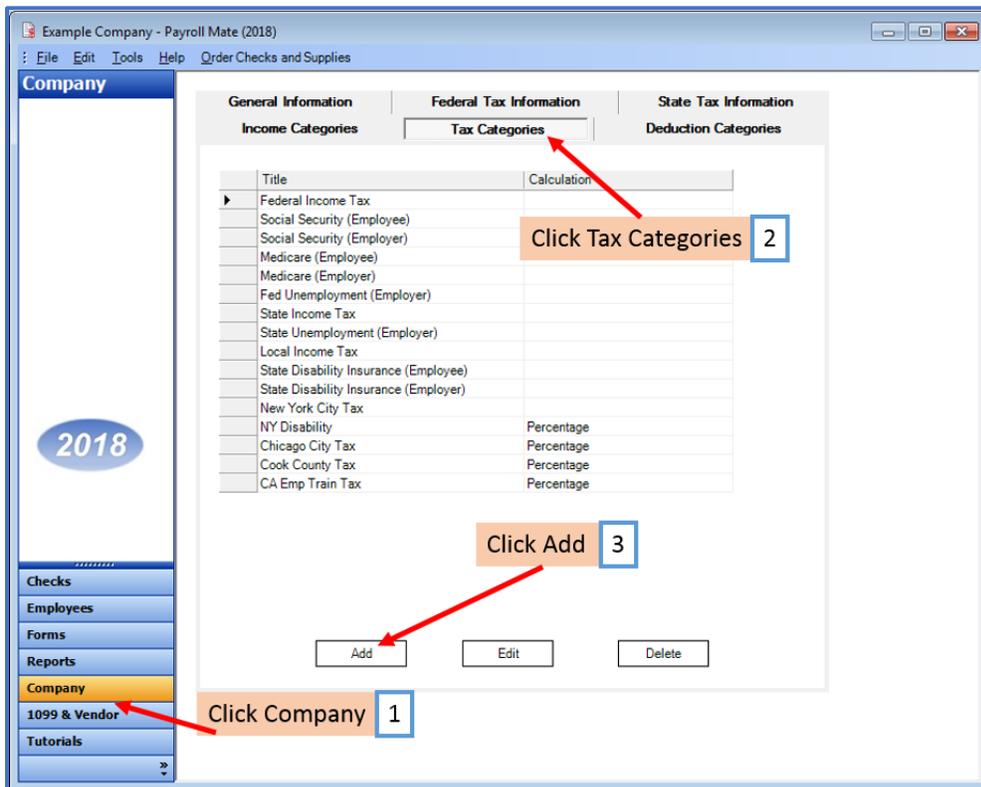
How to Set Up Washington Labor and Industry Tax inside Payroll Mate

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.

The Washington Labor and Industries (L&I) tax is a payroll tax generally paid by both the company and employee. The tax is based on hours worked with different rates for different occupations. Users will need to set up two items per employee to calculate the L&I tax: one tax for the company contribution and one tax for the employee deduction.

Make sure you have the correct Company open inside Payroll Mate

1. Click Company from shortcuts menu
2. Click Tax Categories
3. Click Add



4. Enter new Tax Details for Employer paid contribution

4a. Enter W2 Options as needed (contact WA L&I for questions regarding W2 reporting)

5. Click OK

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

- Title:** WA L&I Tax
- Abbreviation:** WA L&I Tax
- Calculation:** Per Hour
- Amount:** 0.086300
- Max Amount per Check:** (empty field) Leave Blank if No Max
- Paid by:** Employer
- W-2 Options:**
 - W-2 Box 12 Code: (empty field)
 - W-2 Box 14 Abbreviation: (empty field)
- Use on Box 19 (Local income tax)
- Inactive
- Buttons:** OK, Cancel

Callout boxes and arrows indicate the following steps:

- 4:** Points to the 'Title' field.
- 4a:** Points to the 'W-2 Options' section.
- 5:** Points to the 'OK' button.

If you have any custom incomes, you will receive the following notice.
(Custom income update steps 12-16)

6. Click OK

The screenshot shows the 'Payroll Mate' dialog box with the following content:

- Warning Icon:** A yellow triangle with an exclamation mark.
- Message:** Payroll Mate detected you have one or more custom added incomes. Please remember to review the setup for these custom incomes and make sure this tax applies to them and update their setup accordingly.
- Buttons:** OK

A callout box labeled **6** points to the 'OK' button.

7. Click Add

The screenshot shows the 'Example Company - Payroll Mate (2018)' application window. The interface includes a menu bar (File, Edit, Tools, Help, Order Checks and Supplies), a left sidebar with navigation options (Checks, Employees, Forms, Reports, Company, 1099 & Vendor, Tutorials), and a main content area. The main content area is divided into three tabs: 'General Information', 'Federal Tax Information', and 'State Tax Information'. The 'Federal Tax Information' tab is active, showing a table of tax categories. A red arrow points to the 'Add' button at the bottom of the table, with a callout box containing the text 'Click Add' and the number '7'.

Title	Calculation
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)	
New York City Tax	
NY Disability	Percentage
Chicago City Tax	Percentage
Cook County Tax	Percentage
CA Emp Train Tax	Percentage
WA L&I Tax	Per Hour

Click Add 7

Add Edit Delete

8. Enter new Tax Details for Employee paid contribution

8a. Enter W2 Options as needed (contact WA L&I for questions regarding W2 reporting)

9. Click OK

The screenshot shows a 'Tax Details' dialog box with the following fields and annotations:

- Enter Tax Details 8**: A red arrow points to the 'Title' field, which contains 'WA L&I Employee'.
- W2 Options 8a**: A red arrow points to the 'W-2 Box 12 Code' field.
- Click OK 9**: A red arrow points to the 'OK' button.

Other fields in the dialog include: Abbreviation: 'WA L&I Emplo', Calculation: 'Per Hour', Amount: '0.056800', Max Amount per Check: (empty), Paid by: 'Employee', W-2 Box 14 Abbreviation: (empty), Use on Box 19 (Local income tax) (unchecked), and Inactive (unchecked).

If you have any custom incomes, you will receive the following notice.
(Custom income update steps 12-16)

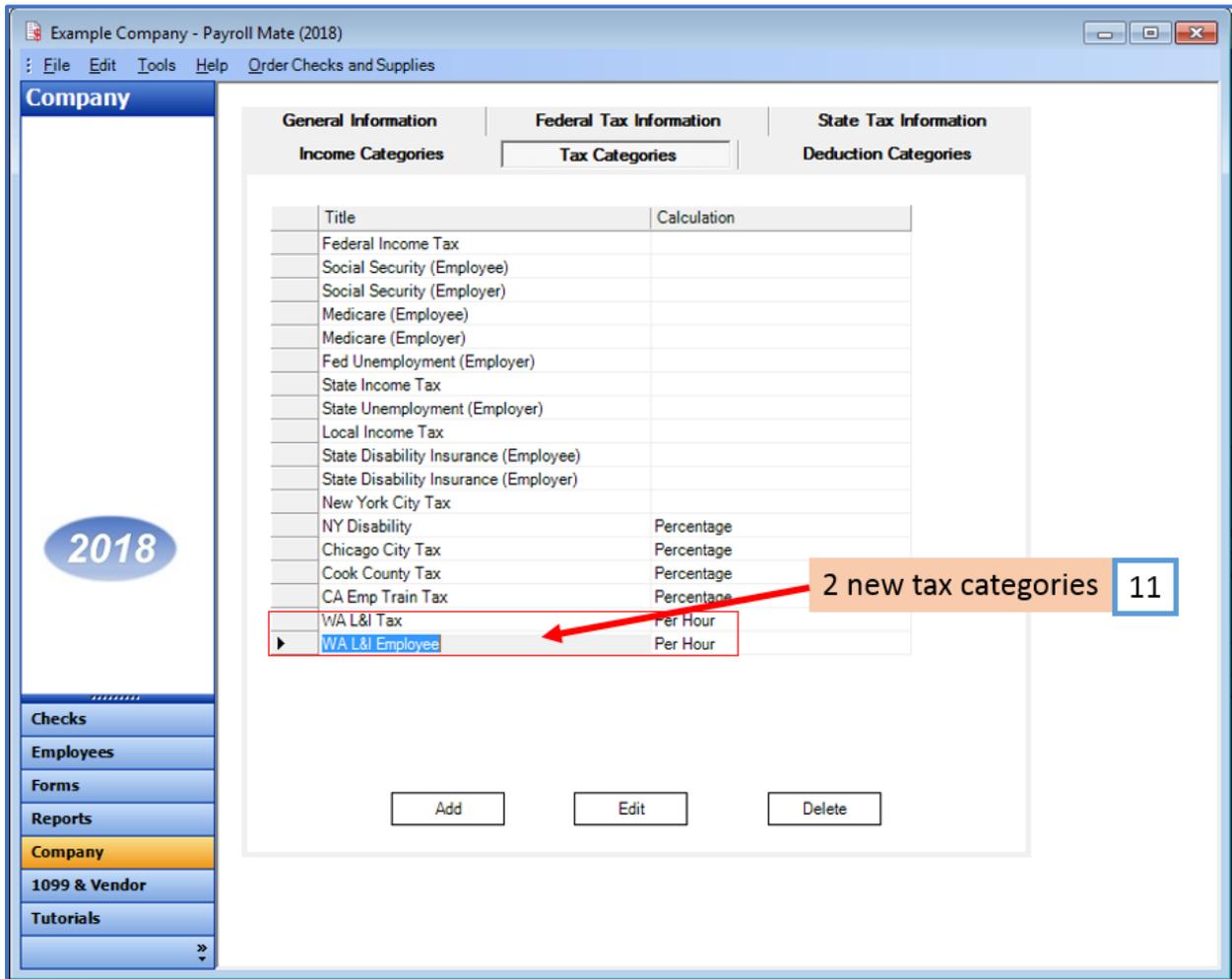
10. Click OK

The screenshot shows a 'Payroll Mate' dialog box with a warning icon and the following text:

Payroll Mate detected you have one or more custom added incomes. Please remember to review the setup for these custom incomes and make sure this tax applies to them and update their setup accordingly.

Click OK 10: A red arrow points to the 'OK' button.

11. Two new Tax Categories are now listed



You may need to add multiple categories for:

Employee/Employer Paid tax

Each rate class

Rate Notice Example:

<http://www.lni.wa.gov/ClaimsIns/Insurance/RatesRisk/How/ExpFactor/PremRate/RateNotice/Default.asp>

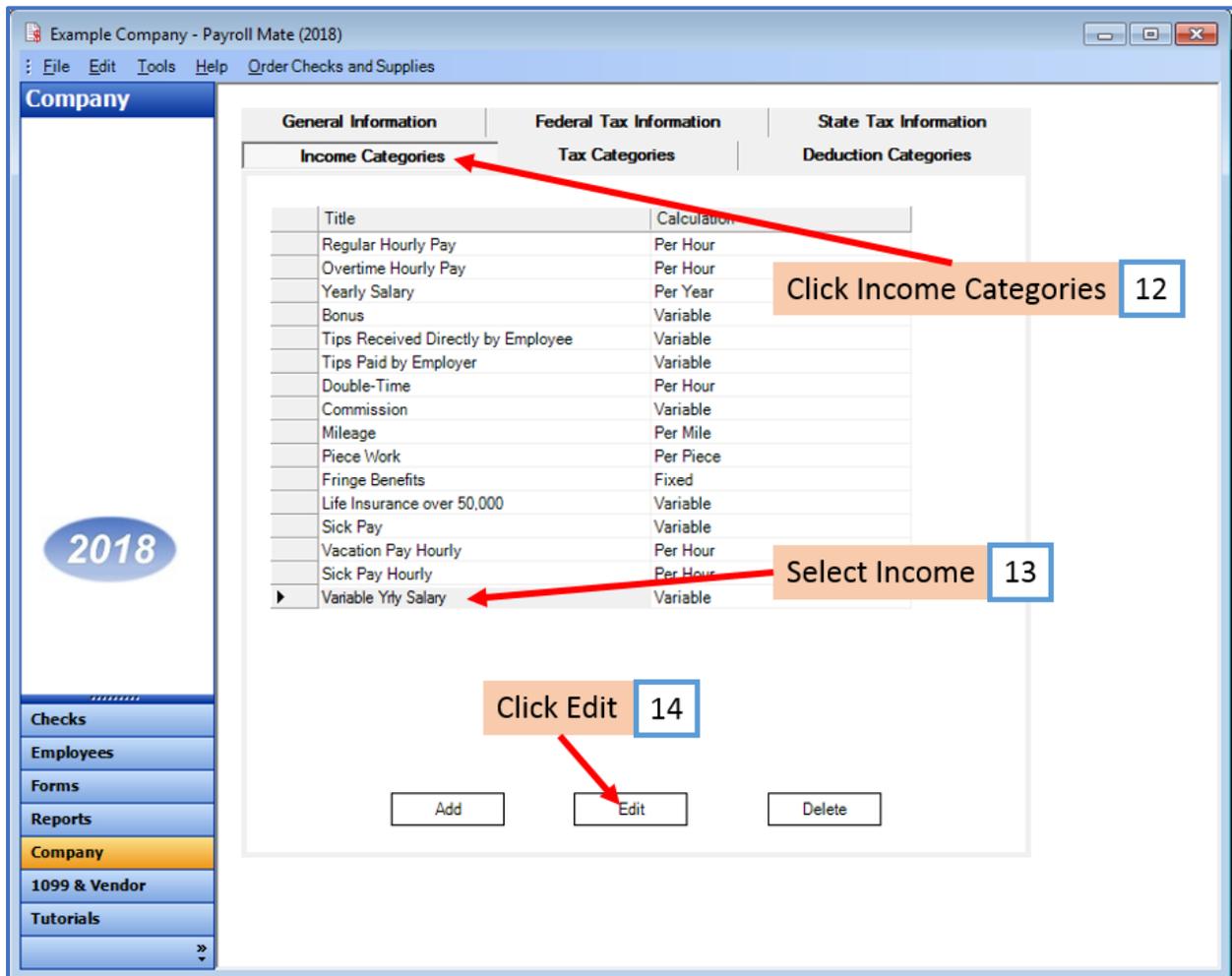
***To update custom income categories**

Note: If you do not have any custom incomes continue on to step 17

12. Click Income Categories

13. Select the custom income

14. Click Edit



15. Checkmark to apply the new taxes to this income

16. Click OK

Income Details

Title: Variable Yrly Salary
Abbreviation: Variable Yrl
Type: Variable
W-2 Box 12 Code:
W-2 Box 14 Abbreviation:

Reported tips (to edit this box, delete this income and re-create)
 Omit from Net Pay
 Inactive

15 Checkmark new taxes

Taxes Applied:

- State Disability Insurance (En
- New York City Tax
- NY Disability
- Chicago City Tax
- Cook County Tax
- CA Emp Train Tax
- WA L&I Tax
- WA L&I Employee

Deductions Applied:

- 401K (Employee)
- 401K (Employer)
- Health Insurance
- Box 12 data

16 Click OK

OK Cancel

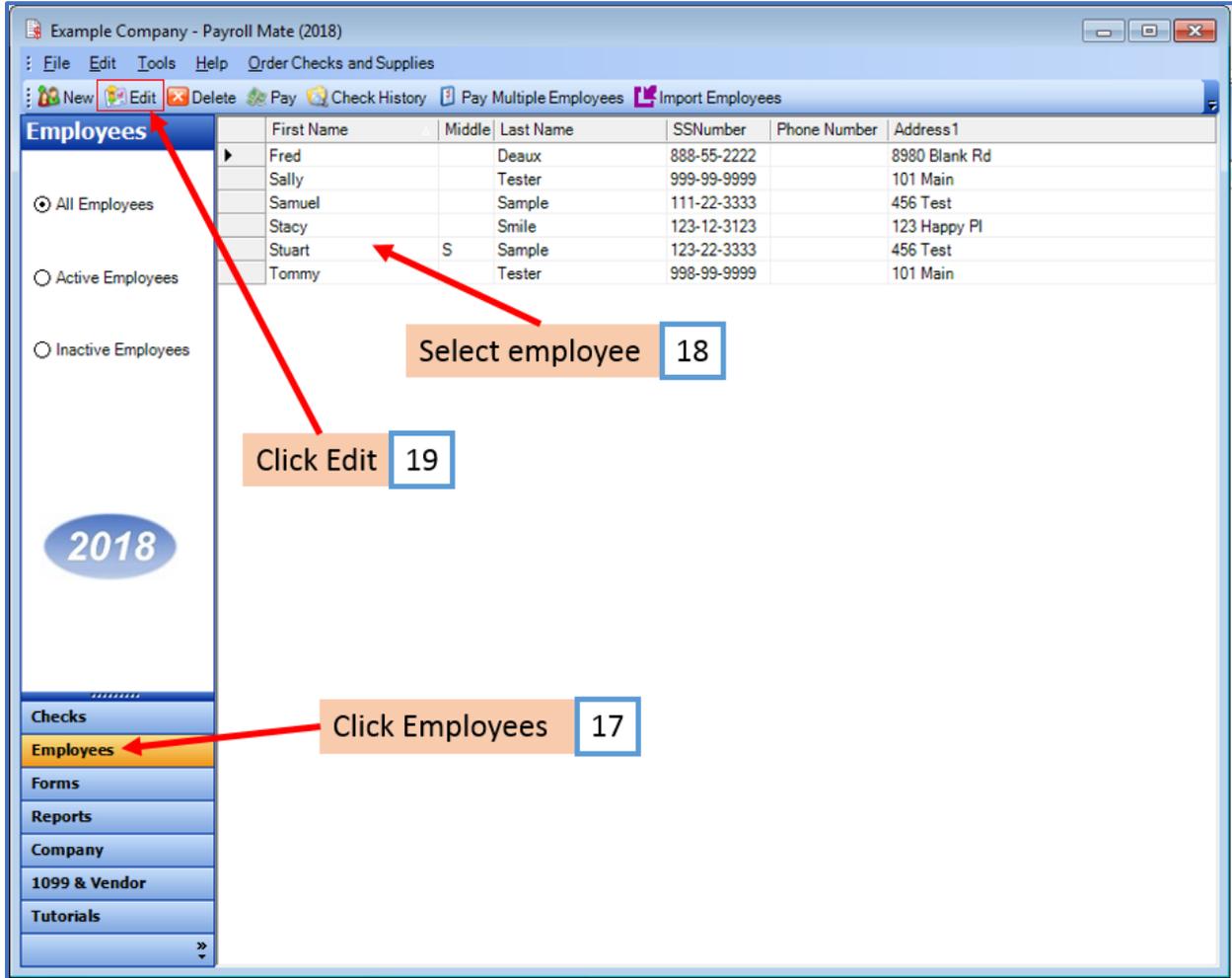
You will need to repeat steps 12 through 16 for each custom income category

***To update employees to apply the new taxes**

17. Click Employees from shortcuts menu

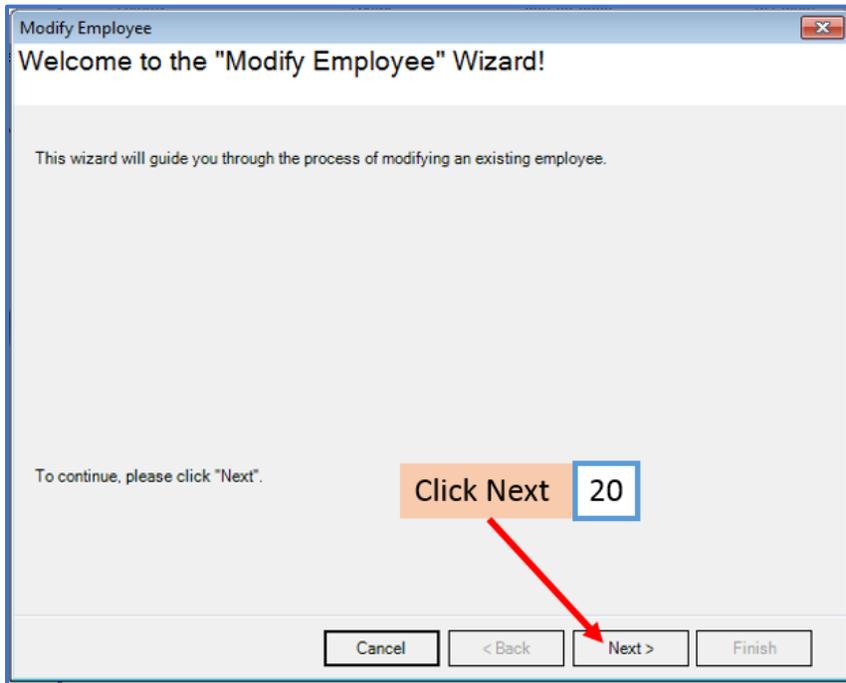
18. Select employee to edit

19. Click Edit

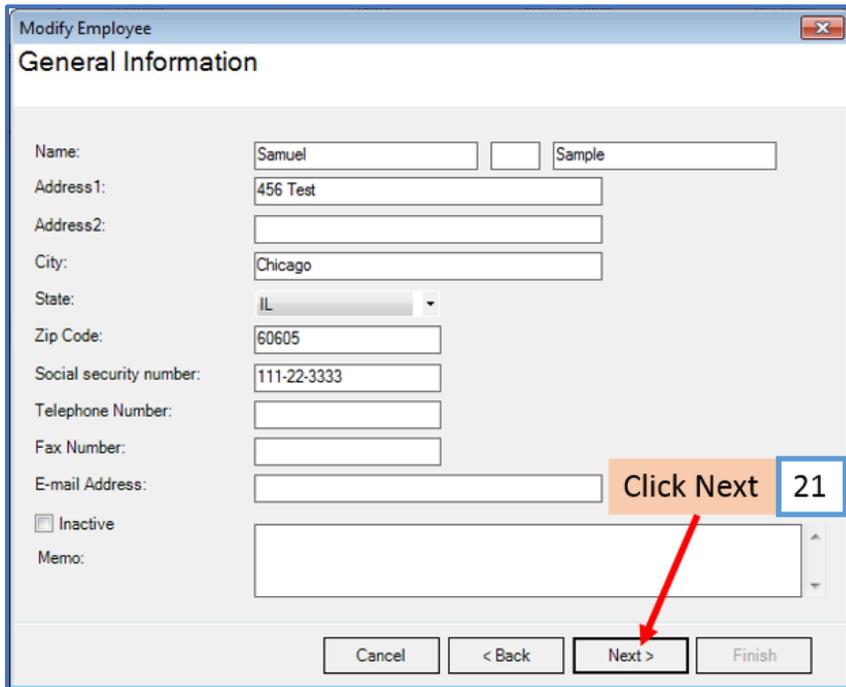


This will open the Modify Employee Wizard

20. Click Next



21. Click Next



22. 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 22

Cancel < Back Next > Finish

23. 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]

Click Next 23

Cancel < Back Next > Finish

24. Checkmark the new tax categories to apply to this employee

25. Click Next

The screenshot shows the 'Modify Employee' window with the 'Taxes' section. The following taxes are listed with checkboxes:

- Medicare (Employer)
- Fed Unemployment (Employer)
- State Income Tax
- State Unemployment (Employer)
- Local Income Tax
- State Disability Insurance (Employee)
- State Disability Insurance (Employer)
- NY Disability [Percentage]
- Chicago City Tax [Percentage]
- Cook County Tax [Percentage]
- CA Emp Train Tax [Percentage]
- WA LI Tax [Per Hour]
- WA LI Employee [Per Hour]

At the bottom of the window are four buttons: 'Cancel', '< Back', 'Next >', and 'Finish'. A red arrow points from the 'Next >' button to a callout box labeled 'Click Next 25'. Another red arrow points from a callout box labeled 'Checkmark new taxes 24' to the 'WA LI Tax' and 'WA LI Employee' items.

26. Click Next

The screenshot shows the 'Modify Employee' window with the 'Direct Deposit' section. The 'Include in Direct Deposit Process' checkbox is unchecked. Below it is the 'Banking Information' section with the following fields:

- Account Type:
- Bank Routing Number:
- Account Number:

At the bottom of the window are four buttons: 'Cancel', '< Back', 'Next >', and 'Finish'. A red arrow points from the 'Next >' button to a callout box labeled 'Click Next 26'.

27. 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 Total Hours on 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 Total Hours on 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 27

Cancel < Back Next > Finish

28. Click Finish

Modify Employee

Finish

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

Click Finish 28

Cancel < Back Next > Finish

You will need to repeat steps 17 through 28 for each employee

29. When creating a new payroll check for the employee the new tax categories will be visible

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

Employee: Sample, Samuel Begin Date: May 03, 2018 Recalculate

Check #: 10 Pay Date: May 03, 2018 End Date: May 03, 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
						Vac. hours used	0.00
						Sick hours earned	1.00
						Sick hours used	0.00

Tax Details			Deduction Details		
	Amount:	YTD:	Deduction:	Amount:	YTD:
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			
WA LI Employee	2.27	2.27			
Social Security (Employer)	57.04	57.04			
Medicare (Employer)	13.34	13.34			
Fed Unemployment (Employer)	5.52	5.52			
State Unemployment (Employer)	4.60	4.60			
State Disability Insurance (Employer)	0.00	0.00			
CA Emp Train Tax	0.92	0.92			
WA LI Tax	3.45	3.45			

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	295.07	0.00	624.93
Weeks Worked	0.00	3.00	<u>YTD:</u> 3634.00	295.07	0.00	3338.93

MEMO:

OK Cancel

For more information about Washington L & I payments and rates contact the state or see the following state website [Washington State Department of Labor & Industries](http://www.wa.gov).