

Payroll

Guide to Multiple Tax ID Processing

Copyright © 2008 by Infinium® Software, Inc. and/or its affiliates.

All rights reserved. The word and design marks set forth herein are trademarks and/or registered trademarks of Infinium Software, Inc. and/or its affiliates. All rights reserved. All other trademarks listed herein are the property of their respective owners.

Important Notices

The material contained in this publication (including any supplementary information) constitutes and contains confidential and proprietary information of Infinium Software, Inc.

By gaining access to the attached, you acknowledge and agree that the material (including any modification, translation or adaptation of the material) and all copyright, trade secrets and all other right, title and interest therein, are the sole property of Infinium Software, Inc. and that you shall not gain right, title or interest in the material (including any modification, translation or adaptation of the material) by virtue of your review thereof other than the non-exclusive right to use the material solely in connection with and the furtherance of your license and use of software made available to your company from Infinium Software, Inc. pursuant to a separate agreement (“Purpose”).

In addition, by accessing the enclosed material, you acknowledge and agree that you are required to maintain such material in strict confidence and that your use of such material is limited to the Purpose described above.

Although Infinium Software, Inc. has taken due care to ensure that the material included in this publication is accurate and complete, Infinium Software, Inc. cannot warrant that the information contained in this publication is complete, does not contain typographical or other errors, or will meet your specific requirements. As such, Infinium Software, Inc. does not assume and hereby disclaims all liability, consequential or otherwise, for any loss or damage to any person or entity which is caused by or relates to errors or omissions in this publication (including any supplementary information), whether such errors or omissions result from negligence, accident or any other cause.

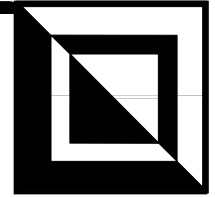
Publication Information

Release: Infinium HCM Release 10.0

Publication Date: June 2008

Document Number: 20020808184543-01

Table of Contents



About This Guide	1
Intended Audience	1
Purpose of This Guide	1
Organization of This Guide	1
Conventions Used in This Guide	1
Related Documentation.....	7
Part 1 Introduction	1-1
What Is Multi-tax Processing?	1-2
Who Should Use Multi-tax Processing?.....	1-3
Advantages of Multi-tax Processing in Infinium PY	1-4
Part 2 Setup	2-1
Setting Up Employer Controls	2-2
Setting Up Tax Company Controls	2-6
Setting Up the Employer's Tax Company Default.....	2-14
Setting Up State/Local Codes.....	2-16
Setting Up Deduction Controls	2-20
Part 3 Employee Data	3-1
Entering New Hires	3-2
Updating Employee Payroll Data.....	3-4
Changing the Home Tax Company.....	3-4
Changing the State/Local Tax Code	3-5
Part 4 Cycle Processing	4-1
Overview of a Common Paymaster.....	4-2
Limit Processing for State Tax Deductions within Federal Tax Companies.....	4-3
Limit Processing Fields	4-4
Posting a Cycle.....	4-9

Posting a Cycle After a Crossover	4-9
Posting a Cycle in the New Tax Company	4-10
Modifying Posted Payroll Records	4-10
Part 5 Conversion	5-1
Definitions	5-2
Setting Up Multiple Tax ID Controls	5-3
Converting Employer and Employee Information	5-4
Converting Basic Employer Information	5-4
Converting Basic Employee Information	5-5

About This Guide

This section focuses on the following information:

- Purpose of this guide
- Conventions used in this guide

Intended Audience

This guide is for the Infinium Payroll users who use multiple tax ID processing.

Purpose of This Guide

Use this guide as a reference at your site. This guide explains how to use the Infinium Payroll system to complete specific multiple tax ID processing tasks.

Organization of This Guide

This guide is task oriented. We have grouped related tasks into parts. Each part contains overview information and step-by-step instructions to lead you through the tasks.

Conventions Used in This Guide

This section describes the following conventions we use in this guide:

- Fonts and wording
- Function keys

- Character-based and graphical-based screens
- Prompt and selection screens
- Promptable fields
- Infinium applications and abbreviations

Fonts and Wording

Convention	Description	Example
<i>Italic typeface</i>	Menu options and field names The guide uses the same abbreviations as the screen.	<i>Master Files</i> Use <i>Max Lnth</i> to specify the maximum length of alpha user fields.
Bold standard typeface	Used for notes, cautions and warnings	Caution: You must ensure that all Infinium PY users are signed off before reorganizing and purging. If there are jobs in the queue, those files will not be reorganized.
Bold monospaced typeface	Characters that you type and messages that are displayed	Type Infinium PY in the <i>System</i> field. The following message is displayed: Company not found
F2 through F24	Keyboard function keys used to perform a variety of commands.	Press F2 to display a list of available function keys.
F13 through F24	Function keys higher than F12 require you to hold down the Shift key and press the key that has the number you require minus 12.	Press F16 to update the journal.
Select	Choose a menu option or choose a record or field value after prompting.	Select <i>Employer Controls</i> . Select a record. From the <i>List</i> menu, select <i>Display</i> .
Press Enter	Provide information on a screen and when you have finished, press Enter to save your entries and continue.	Press Enter to save your changes and continue.

Convention	Description	Example
Exit	Exit a screen or function, usually to return to a prior selection list or menu. May require exiting multiple screens in sequence.	Press [F3] to return to the main menu.
Cancel	Cancel the work at the current screen or dialog box, usually to return to the prior screen.	Press [F12] to cancel your entries.
Help	<p>To access online help for the current context (menu option, screen or field), press [Help] (or the function key mapped for help).</p> <p>To move through the other applicable levels of help, press [Enter] at each help screen. To return directly to the screen from which you accessed help, exit the help screen by clicking [Exit] or by pressing [F3].</p>	Press [Help] for more information about the current field.
[Quick Access Code]	<p>Quick access codes provide direct access to functions. Most quick access codes in Infinium Payroll consist of the first letter of each word of the menu option name.</p> <p>Quick access codes are listed on the Menu Tree and in the path for each task next to the executable function.</p>	Select <i>Update Employer Controls</i> [UCO].
Publication and course titles	Unless otherwise stated, titles refer to Infinium applications and use standard name and abbreviations.	<i>Infinium Training Administration Guide to Setup and Processing</i> is referred to as <i>Infinium TR Guide to Setup and Processing</i> .

Function Keys

Infinium AM function keys and universal Infinium PY function keys for the IBM AS/400 or iSeries are described in the following table. All Infinium PY function keys are identified at the bottom of each screen.

Function Key	Name	Description
F1	Help	Displays help text
F2	Function keys	Displays window of valid function keys
F3	Exit	Returns you to the main menu
F4	Prompt	Displays a list of values from which you can select a valid entry
F10	Quick Access	Enables you to access another function from any screen
F12	Cancel	Returns you to the previous screen
F22	Delete	Deletes selected item(s)
F24	More keys	Displays additional function keys at the bottom of the screen

Character-based and Graphical-based Screens

The sample screens in this guide may be either character-based or graphical-based. Samples of both are included below.

```

2/17/98 13:01:49      Personnel Actions Update      PEGMTR      PEDMTR
Employer . . . . : ZUS      SAMPLE US COMPANY
Employee . . . . : 80038    GREEN, KELLY
  SC              Salary Change
-----
SC Effective Date _____ Position . . . . 110140 +
SC Reason . . . . _____ + Job Code . . . . 140_ +
SC Base Rate . . _____,0000 -or- Increase % . . . . _____,0000
Updt Payroll Rate 1 (0->4) Payroll Rate . . _____,0000
Pay Grade . . . . _____ + Scheduled Pay Pds 26
Regular Hours . . 80.00
Pay Type . . . . S Bonus? . . . . 0 (0=No 1=Yes)
SC Base Frequency A_ Comp Ratio . . . : 23.8000
Pay Frequency . . B_ Salary Quartile : 1
Prev. Frequency . A_ Prev. Base Rate . 50,000.0000
Comment . . . . . Description . . . _____

2=Change 4=Delete
Opt Date Reasn Positn Job Base Rate Incr% Incr. Amt. Comp
_ 1/01/1998 MERIT 110140 S 140 50,000.0000 6.0220 2,840.0000 23.80
_ 8/20/1995 ADJST 110140 S 140 47,160.0000 13.3653 5,560.0000 23.58

F3=Exit F4=Prompt F8=Calculate F10=Access F12=Previous

```

Figure 1: Sample character-based screen for Infinium HR suite

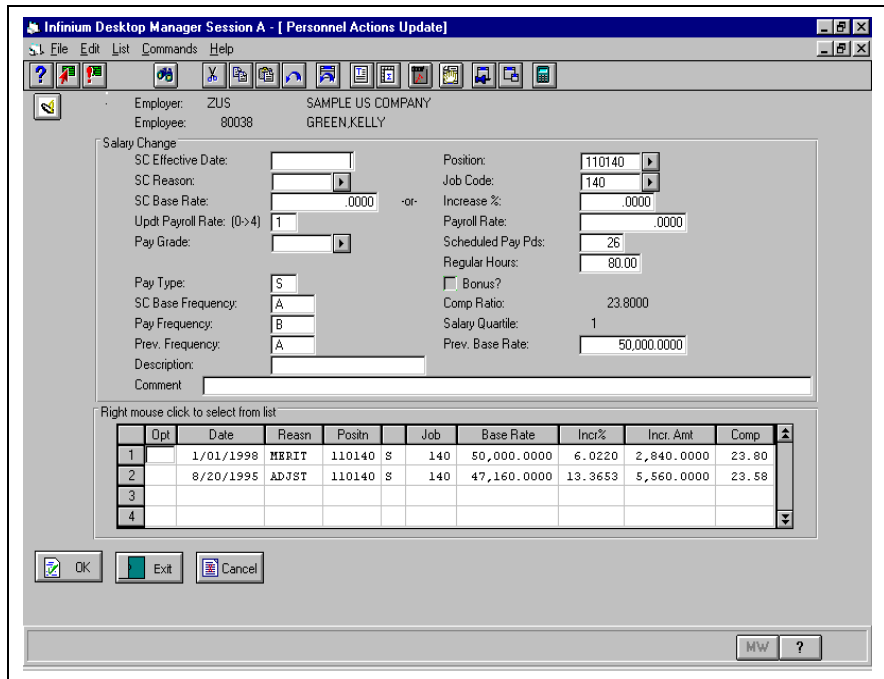


Figure 2: Sample graphical-based screen for Infinium HR suite

Prompt and Selection Screens

A prompt screen, similar to Figure 3, is the screen in which you type information to access a record or a subset of records in a file.

A selection screen, similar to Figure 4, is the screen from which you select a record or records to perform an action.

When we first explain a task in this guide, we fully document how you access a prompt and selection screen. If a related task uses that prompt or selection screen, we include the prompt and selection steps in that task. However, we do not include the screen(s) again.

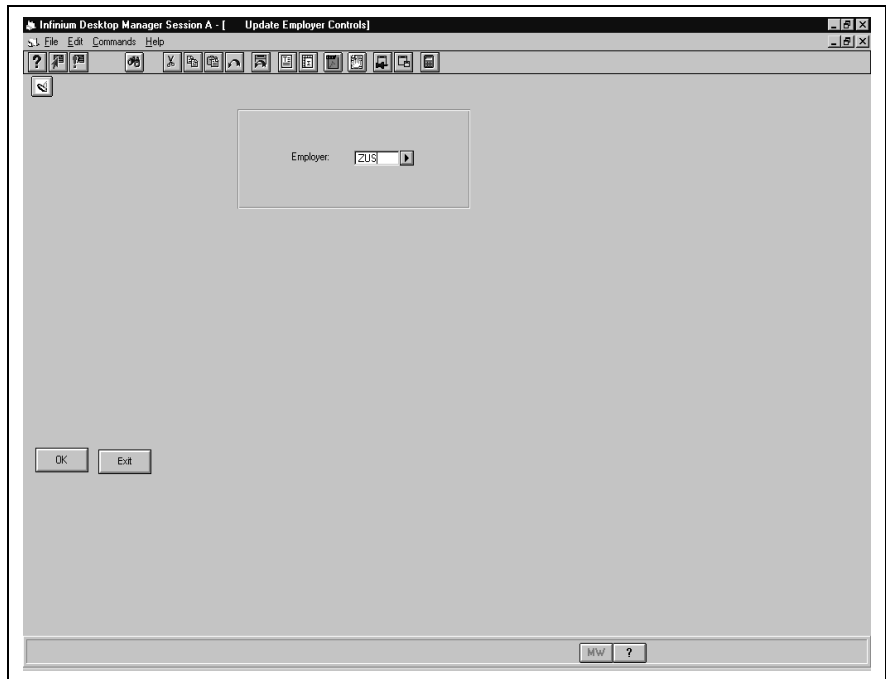


Figure 3: PY prompt screen

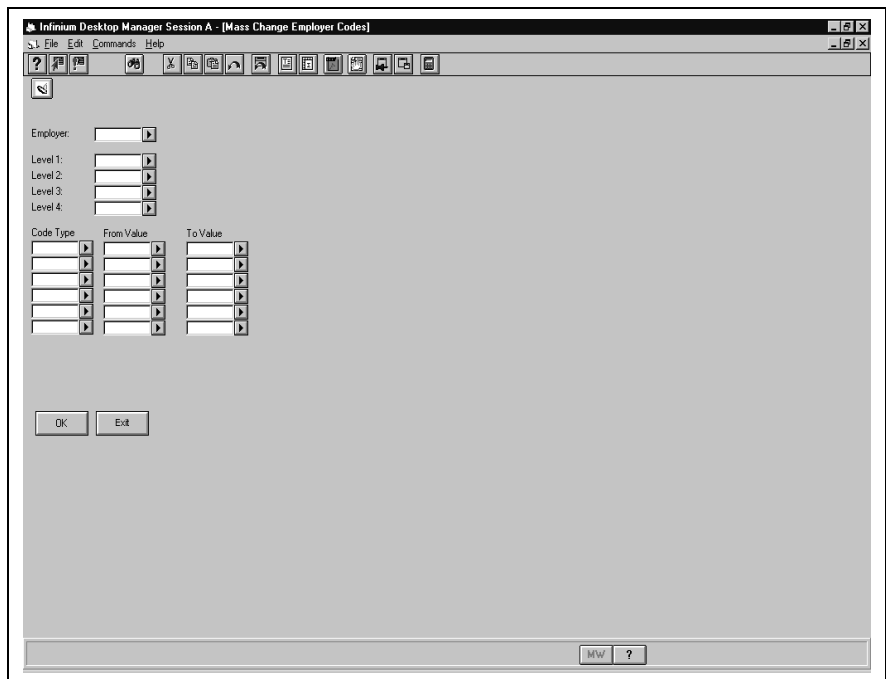


Figure 4: PY selection screen

Promptable Fields

A plus sign displayed next to a field indicates that you can choose your entry from a list of possible values. Place the cursor in the field and press **F4** to display a list of values.

To select an entry perform one of the following:

- Position the cursor at the desired value, type **1** and press .
- Type the value in the appropriate field.

Infinium Applications and Abbreviations

The following table lists Infinium names and the corresponding product abbreviations that are associated with this product.

Application	Abbreviation
Infinium Application Manager Infinium Application Manager Extended	Infinium AM Infinium AM/X
Infinium Query Infinium Query Extended	Infinium QY Infinium QY/X
Infinium Financial Management Suite	Infinium FM
Infinium General Ledger	Infinium GL
Infinium Payables Ledger	Infinium PL
Infinium Project Accounting	Infinium PA
Infinium Human Resources Suite	Infinium HR
Infinium Flexible Benefits	Infinium FB
Infinium Human Resources	Infinium HR
Infinium Human Resources/Payroll	Infinium HR/PY
Infinium Payroll	Infinium PY
Infinium Training Administration	Infinium TR

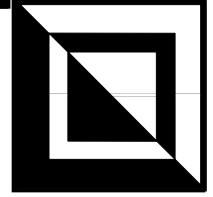
Related Documentation

For further information about the Infinium Payroll system, refer to the following relevant documents:

- *Infinium Payroll Guide to Processing*
- *Infinium Payroll Guide to Management Functions*
- *Infinium Human Resources/Payroll Technical Guide*
- On-line Help Text
- *Infinium Payroll Menu Tree*

- *Infinium Payroll Employer Codes Workbook*
- *Infinium Payroll Guide to US Year End Processing*
- *Infinium Payroll Guide to Canadian Year End Processing*
- *Infinium Payroll Guide to Period End Processing*
- *Infinium Payroll Guide to Federal and State Reporting*

Part 1



Introduction

This part provides an overview of multiple tax ID processing (referred to as multi-tax processing), who should use it, and some of its advantages.

This part consists of the following topics:

Topic	Page
What Is Multi-tax Processing?	1-2
Who Should Use Multi-tax Processing?.....	1-3
Advantages of Multi-tax Processing in Infinium PY	1-4

What Is Multi-tax Processing?

Multiple tax ID processing (referred to as multi-tax processing), handles various types of tax limit processing for federal and state tax liabilities. With this feature one employer can have unlimited federal and state tax identification numbers, which enables you to:

- Assign different federal and state tax reporting identification numbers to employees who reside within the same employer.
- Allow employees to work within one or more tax identification numbers without having to transfer to a different accounting employer.

Who Should Use Multi-tax Processing?

Multi-tax processing is appropriate for your organization **only if** any of the following conditions exist:

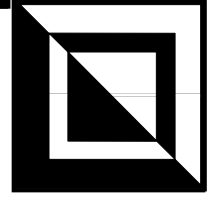
- A single employer has more than one federal identification number associated with it.
- A single employer has one federal identification number but multiple state identification numbers associated with it.
- A single employer has multiple federal identification numbers as well as multiple state identification numbers associated with it.
- A single employer has multiple federal identification numbers plus multiple state identification numbers associated with it and multiple local identification numbers associated with the state identification numbers.

Advantages of Multi-tax Processing in Infinium PY

In the Infinium PY system, multi-tax processing offers the following advantages:

- Flexibility in handling the various tax definitions that federal and state governments apply to your organization.
- Ability to consolidate your tax reporting.
- Ability to consolidate your database because it groups tax companies under one employer using one set of incomes, deductions, levels, and so forth.
- Efficiency in maintaining employees because employees, job codes, and positions are under one employer.
- Improved liability tracking.

Part 2



Setup

This part explains how to set up multi-tax processing in your Infinium PY system.

This part consists of the following topics:

Topic	Page
Setting Up Employer Controls	2-2
Setting Up Tax Company Controls	2-6
Setting Up the Employer's Tax Company Default.....	2-14
Setting Up State/Local Codes.....	2-16
Setting Up Deduction Controls.....	2-20

Setting Up Employer Controls

In Infinium PY the employer controls serve three purposes.

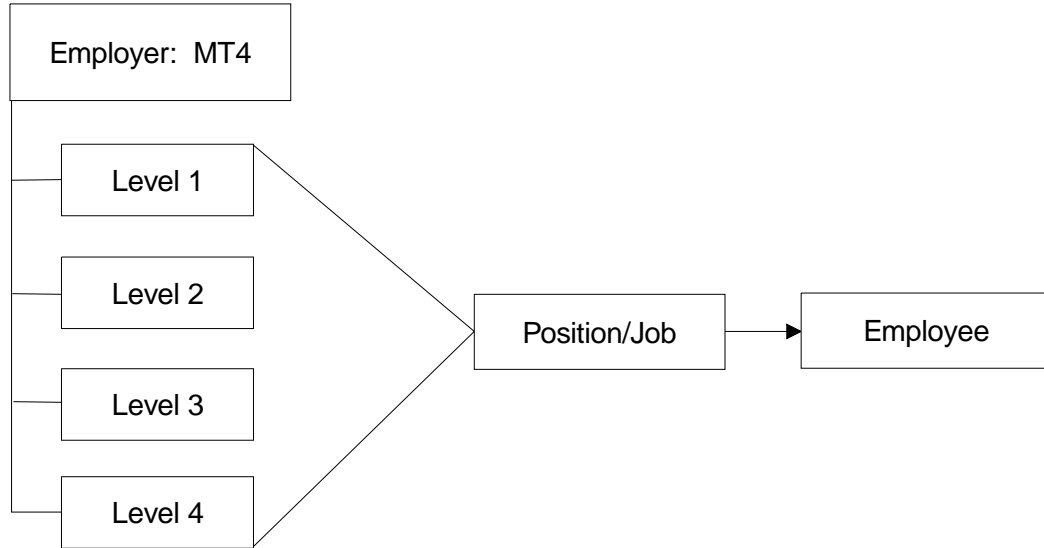
1. They control various processing and reporting features.
2. They describe the employer's organizational levels (such as Region, Division, Department, Section) for reporting and general ledger purposes.
3. They define default tax reporting information.

The following fields on the Employer Controls record pertain to multi-tax processing:

- Employer name, address and telephone number
- Employer Defaults for reporting
- Level Descriptions that define your organizational structure
- Employer Details - various defaults that you can assign to save time when entering new employees into the system
- General Ledger Information
- Accrual Category Names
- User-Defined Codes
- Processing fields: Tax Company Default and Multiple Tax Identification
- Prior Year Tax Company Default
- Prior Year Multiple Tax Identification

Note: This document does not explain how to set up level controls. See your *Infinium Payroll Guide to Controls* for this information. Before setting up your level controls, you should consult with your Human Resources and General Ledger departments to determine the level descriptions. Levels work best when the reporting needs of Human Resources, General Ledger, and Payroll are considered.

The following diagram shows the relationships between the employer, the levels, and the employee's position/job. These relationships can be the foundation of the general ledger structure and hierarchy.



Follow the steps below to set up employer controls.

1. From the Infinium PY main menu select *Master Files*.
2. Select *Update Master Files*.
3. Select *Update Employer Controls* [UCO]. The system displays the prompt screen.
4. Complete the prompt screen and press **Enter**. The system displays the screen shown in Figure 2-1.

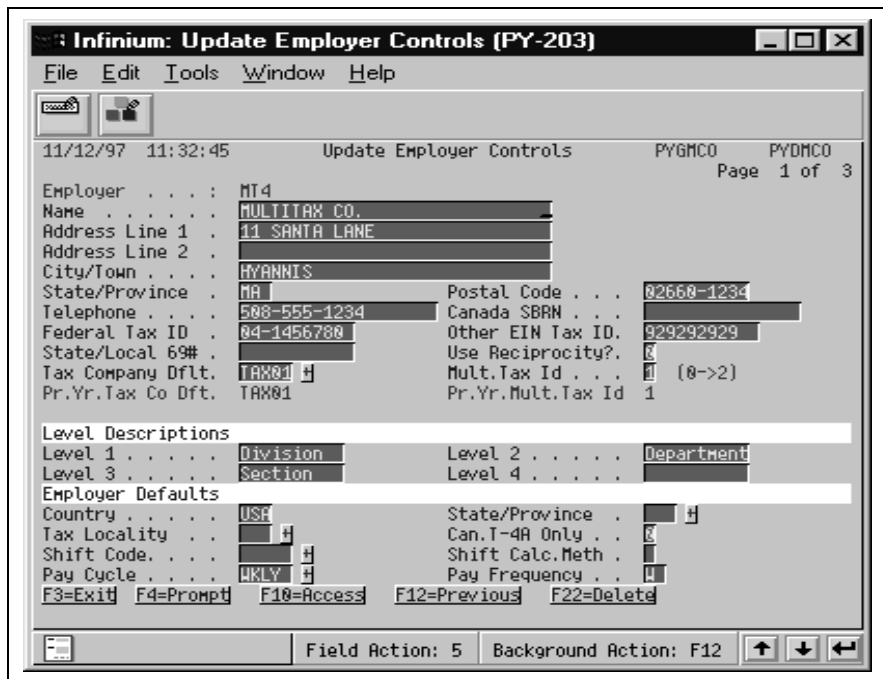


Figure 2-1: Update Employer Controls screen 1 of 3

5. Complete the fields described below.

Tax Company Dflt

For a new employer, specify the default tax company value *after* you set up your employer controls and tax companies. For more information refer to the “Setting Up the Employer’s Tax Company Default” section in this part.

When activating an existing employer for multi-tax processing, you must set up at least one tax company and then enter that value in this field.

Multi Tax ID

This field controls the federal and state multi-tax processing feature.

Type **0** to indicate that the multi-tax processing feature is not active.

Type **1** to indicate that multi-tax processing is active.

Note: Value **2** is reserved for future use.

Federal Tax ID

Verify the primary federal tax identification number for this employer. If this field is blank, you must enter a value.

Within the multi-tax environment this number is expected to be the same as the default tax company's federal tax identification number.

Pr. Yr. Mult. Tax ID

This field is updated when you close the calendar year. The current year processing flag moves to prior year.

Pr. Yr. Tax Co. Dft

This field is updated when you close the calendar year. The current year processing flag moves to prior year.

State/Local 69 #

Verify the state/local 69 number. This number is typically used by municipal and county employers.

With multi-tax processing, this number must be the same as the default tax company's State/Local 69 number.

Employer Default Fields

The eight fields in this section of the screen apply to all or nearly all of the employees within this employer. This information defaults into the employee's Basic Data record when the employee is hired.

The values that you use for the *State/Province*, *Tax Locality*, and *Shift* fields must be first established in the function *Update Employer Codes*. The value for the *Pay Cycle* field is established in the function *Update Cycle Controls*.

6. Press **F3** to exit and save.

Setting Up Tax Company Controls

The tax company controls establish a Tax Company Control record for each federal tax identification number and associated information.

The tax companies are defined by the federal tax identification number(s) used in tax reporting. The tax company structure is based on the number of federal tax identification numbers assigned to the organization but also on the number of states and localities associated with each federal tax number.

The three most common examples of tax company structures are:

1. One federal tax identification number and one state with multiple tax identification numbers within that state.
2. One federal tax identification number and multiple states with one or multiple tax identification numbers.
3. Multiple federal tax identification number and multiple states with one or multiple tax identification numbers.

The guidelines for setting up tax company controls are listed below:

- You *do not* need to set up state/local tax identification numbers (state/local codes) for states associated with the employer's default tax company unless:
 - The state has more than one experience rate for unemployment or disability deductions.
 - The state has defined additional state/local tax locations.
 - State/local codes can be similar or unique for all deduction records for the state or a group of states. If you have different unemployment rates, you can associate unique codes with each deduction record (for example, STAX1-4).
- You *must* set up state/local codes in the federal tax companies that require state tax reporting.
- Each federal tax company can be associated with one or more State Deduction Control records (for example, *SCA, *SOR, *SWA).

- You can assign one or more state/local codes to each State Deduction Control record.

Example 1

One federal tax identification number and one state with multiple state tax identification numbers within that state.

Setup Procedure:

1. Set up one Employer Control record (MT4).
2. Set up one Tax Company Control record (TAX01), which is the employer's default tax company.
3. Set up multiple state/local codes with the information required for the appropriate deduction code.

The tax company (TAX01) reports in the state of California, which has state (*S), unemployment (*U), disability (*D), and locality (*L) tax deductions.

California has defined three state tax locations and three experience rates. Therefore, you need to set up the default deduction controls plus state/local codes for the two additional state tax locations (SCA02 and SCA03) and the two additional experience rates (UCA02 and UCA03).

4. Update the appropriate Deduction Control records (*SCA and *UCA) with the associated state/local code information established in step 3.

Example 2

One federal tax identification number and multiple states with one or more state tax identification numbers.

Setup Procedure:

1. Set up one Employer Control record (MT4).
2. Set up one Tax Company Control record (TAX01), which is the employer's default tax company.
3. Set up multiple state/local codes with the information required for each deduction code related to each state.

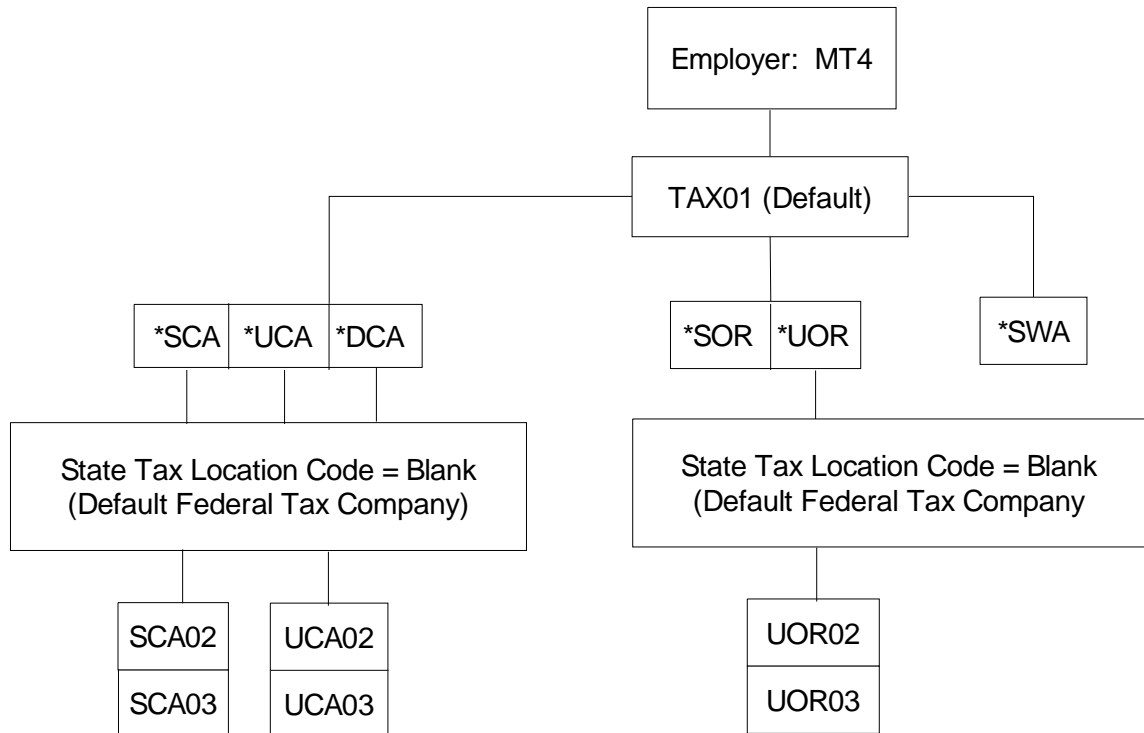
The tax company (TAX01) reports in the states of California, Oregon, and Washington. California has *S/U/D tax deductions, Oregon has *S/U tax deductions, and Washington has *S tax deductions.

California has defined three state tax locations and three unemployment experience rates. Therefore, you need to set up the default deduction controls plus state/local codes for the two additional state tax locations (SCA02 and SCA03) and the two additional experience rates (UCA02 and UCA03).

Oregon has defined three unemployment experience rates. Therefore, you need to set up the default deduction control plus state/local codes for the two additional experience rates (UOR02 and UOR03).

4. Update the appropriate Deduction Control records (*SCA, *UCA, *UOR) with the associated state/local code information established in step 3.

The taxing location structure for Example 2 is illustrated in the following diagram.



Note: The employer's *default* state/local tax identification number is used for reporting employee tax deductions (*DCA, *SOR, *SWA) that *do not* require additional state/local codes.

Example 3

Multiple federal tax identification numbers and multiple states with one or more tax identification numbers.

Note: Example 3 accommodates organizations that have multiple federal tax identification numbers and report tax information to more than one state.

Setup Procedure:

1. Set up one Employer Control record (MT4).
2. Set up multiple Tax Company Control records (TAX01 and TAX02).

3. Set up multiple state/local codes with the information required for each deduction code related to each state.

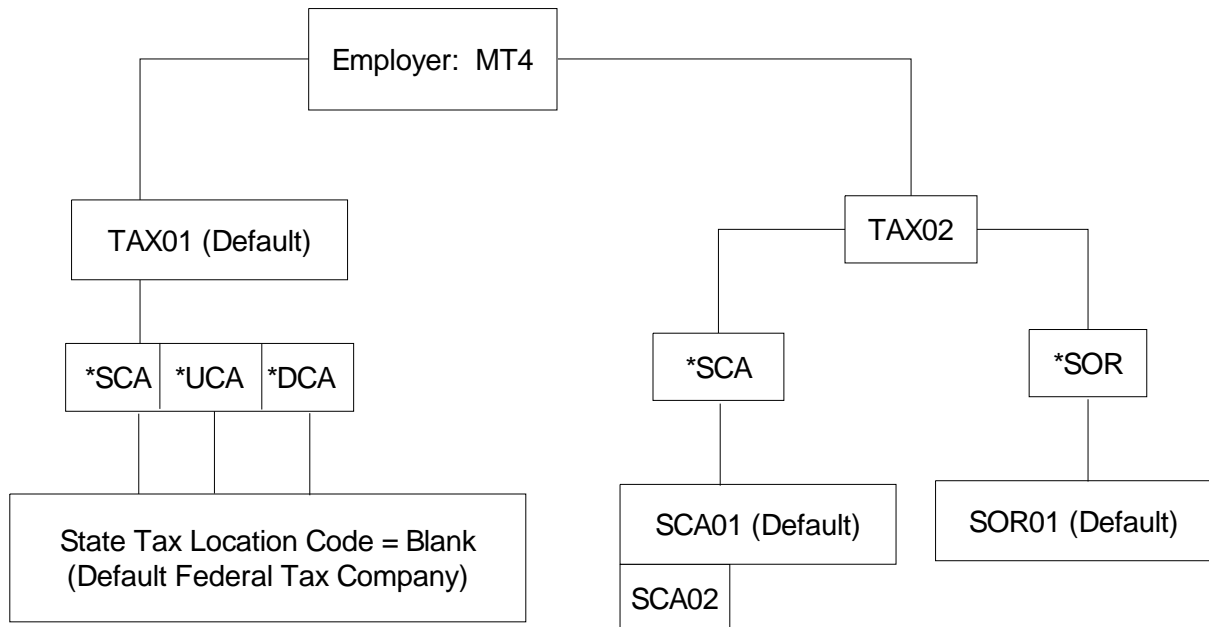
The default tax company (TAX01) reports in the state of California. The second tax company (TAX02) reports in the states of California and Oregon.

Under the default tax company (TAX01), California has *S/U/D tax deductions.

Under the second tax company (TAX02), both California and Oregon have *S tax deductions. California has defined two state tax locations and Oregon has defined one state tax location. Therefore, you need to set up state/local codes for the two tax locations in California (SCA01 and SCA02) and the tax location in Oregon (SOR01).

4. Under the appropriate tax company (TAX02), update the appropriate Deduction Control records (*SCA and *SOR) with the associated state/local code information established in step 3.

The taxing location structure for Example 3 is illustrated as follows.



Note:

- If *no* additional state/local codes are required (as shown under TAX01), the employer's *default* state/local tax identification number is used for reporting employee tax deductions.
- For each additional federal tax company (TAX02), you *must* set up *default* state/local tax codes for all associated tax deductions to be processed for that company's employees.

Follow the steps below to set up tax company controls.

1. From the Infinium PY main menu select *Master Files*.
2. Select *Update Master Files*.
3. Select *Update Employer Tax Companies* [UPDTAXCO]. The system displays the prompt screen.
4. Complete the prompt screen and press The system displays the screen shown in Figure 2-2.

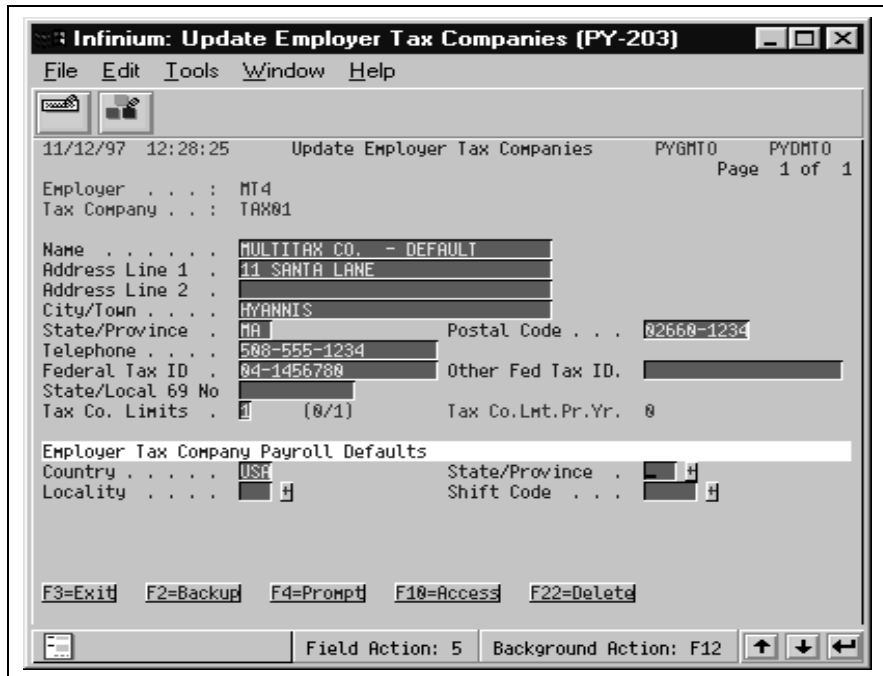


Figure 2-2: Update Employer Tax Companies Screen

5. Complete the fields described below.

Name, Address Line, City/Town, State/Province, Telephone

The name, address, and telephone number from the Employer Control record are displayed in these fields. You can override this information for the tax company that you are establishing.

Federal Tax ID

Type the 9-digit federal tax identification number for this employer.

The system edits this field, so be sure that you insert the hyphen (-) in the appropriate position.

When setting up the default tax company, make sure that this number is the same one entered in the *Federal Tax ID* field in the employer control. For all other tax companies, type the appropriate number for that tax company.

Other Fed Tax ID

Specify a number if Form 941, 942, or 943 was submitted to the IRS with an identification number that was different from the one entered in the *Federal Tax ID* field. When setting up the default tax company, make sure that this number matches the one entered in the *Other Federal Tax ID* field in the employer controls. For all other tax companies, type the appropriate number for that tax company.

State/Local 69 No

Type the state/local 69 number if one was assigned to the employer. The 69 number is typically used by municipal and state employers. When setting up the default tax company, make sure this number matches the number entered in the *State/Local 69 No* field in the employer controls. For all other tax companies, type the appropriate number for each tax company.

Tax Co Limits

In cycle processing this value indicates how the applicable wages and accrued liability should be applied to the Employee Deduction records. Federal and state tax limits are affected by this value.

Type **0** to indicate a non-common paymaster tax company within an employer where the liability limits for FICA and FUTA are separate for each tax company.

Type **1** to indicate common paymaster tax companies within an employer. The employer liability limits for FICA and FUTA are shared as one annual taxable wage base for all the associated tax companies that have a value of **1** in this field.

The system assumes that common paymaster federal companies use the employer control for the federal tax identification number, name, and address.

Under the Federal law each employer or tax entity is required to pay FICA and FUTA taxes on employee wages up to the taxable bases for both the employer and employee. If an employee has wages paid by more than one tax entity during the year, the liability for FICA and FUTA is considered taxable until the taxable base is met for each entity.

A tax entity in the multiple tax environment is a federal tax company within an employer.

Related corporations within a common paymaster are treated as a single employer for FICA and FUTA taxes. This treatment can result in a significant tax savings to the qualifying corporations.

Tax Co Lmt Pr Yr

This display-only field is maintained by the system at year end close. This value pertains to prior year processing.

Employer Tax Company Payroll Defaults

Complete the four fields in this section of the screen by using values that apply to all or nearly all of the employees within this tax company. This information defaults into the employee's Basic Data record when the employee is hired.

The default on this screen overrides the defaults entered on the Employer control record.

When you set up the default tax company, these values should match the ones entered in the same fields for the employer controls. *For all other tax companies*, enter the appropriate values for each tax company.

- In the *Country* field, type the employer default country for payroll use.

The valid entries are blank, USA, and CAN. If you leave this field blank, the system assumes that you pay in the USA only.

- In the *State/Province* field, type the valid state/province code for the new employee's default.
- In the *Locality* field, type a valid *L locality code.
- In the *Shift Code* field, type a valid shift code for new employees. This field is required if you set up a default shift code in the employer controls.

6. Press to save your tax company control information.

Setting Up the Employer's Tax Company Default

After you have set up your employer controls and tax companies, follow the steps below to set up the employer's tax company default.

1. From the Infinium PY main menu select *Master Files*.
2. Select *Update Master Files*.
3. Select *Update Employer Controls* [UCO]. The system displays the prompt screen.
4. Complete the prompt screen and press **Enter**. The system displays the screen shown in Figure 2-3.

11/12/97 11:32:45 Update Employer Controls PYGHC0 PYDMCO Page 1 of 3

Employer : MT4
Name : MULTITAX CO.
Address Line 1 . : 11 SANTA LANE
Address Line 2 . :
City/Town : HYANNIS
State/Province . : MA Postal Code . . . : 02660-1234
Telephone : 508-555-1234 Canada SBAN . . . :
Federal Tax ID . : 04-1456780 Other EIN Tax ID. : 929292929
State/Local 69# . : Use Reciprocity? . :
Tax Company Dflt. : TAX01 Mult.Tax Id . . . : 1 (0->2)
Pr.Yr.Tax Co Dft. : TAX01 Pr.Yr.Mult.Tax Id : 1

Level Descriptions
Level 1 : Division Level 2 : Department
Level 3 : Section Level 4 :
Employer Defaults
Country : USA State/Province . . : H
Tax Locality . . : Can.T-4A Only . . :
Shift Code . . . : Shift Calc.Meth . :
Pay Cycle : WKLY Pay Frequency . . :
F3=Exit F4=Prompt F10=Access F12=Previous F22=Delete

Field Action: 5 Background Action: F12

Figure 2-3: Update Employer Controls screen 1

5. Complete the following field.

Tax Company Dflt

Specify your default federal tax company. This value is also the default for the *S (state), *U (unemployment), *D (disability), and *L (local) for the experience rate, the tax identification number, and the state/local tax code.

The majority of your workers should be in the default tax company. If your employees are split equally across tax companies, you should select the default tax company by the greatest number of states that you will be processing. This plan will facilitate system setup and maintenance.

Since the *default tax company* uses all the *S/U/D/L Deduction Control records, you can avoid setting up extra state/local codes by choosing a tax company that has the most employees in the most states.

Note: You *must* set up a completed tax company record for the employer's default federal tax company.

Setting Up State/Local Codes

State/local codes (tax identification numbers) are used to establish the state and local entities under a federal tax identification number (*Fed Tax Co*).

After establishing the employer controls and federal tax company controls for multi-tax processing, you must establish state/local codes for:

- All non-default tax companies
- All states that have multiple unemployment experience rates

These codes enable you to split one set of employer tax deductions across multiple tax companies.

Each established state/local code is associated with an employer, a deduction code, and a federal tax company. Tax deductions are identified by deduction type prefixes: *S/*U/*D/*L . A state/local code consists of the deduction prefix group of Deduction Control records.

Note:

- You *do not* need to set up a state/local code for all state/local tax deductions associated with the employer's default tax company, since tax deductions already established represent one tax identification reporting location.
- You *do not* need to establish default state/local codes for tax deductions under the default tax company.

Before setting up a state/local code, examine your company's structure to determine how many tax companies and corresponding state/local codes are required. For more information, refer to "Example 2" and "Example 3" under "Setting Up Tax Company Controls" in this part.

Complete the steps below to set up state/local codes.

1. From Infinium PY main menu select *Master Files*.
2. Select *Update Master Files*.

3. Select *Update State/Local Tax Ids* [USLT]. The system displays the screen shown in Figure 2-4.

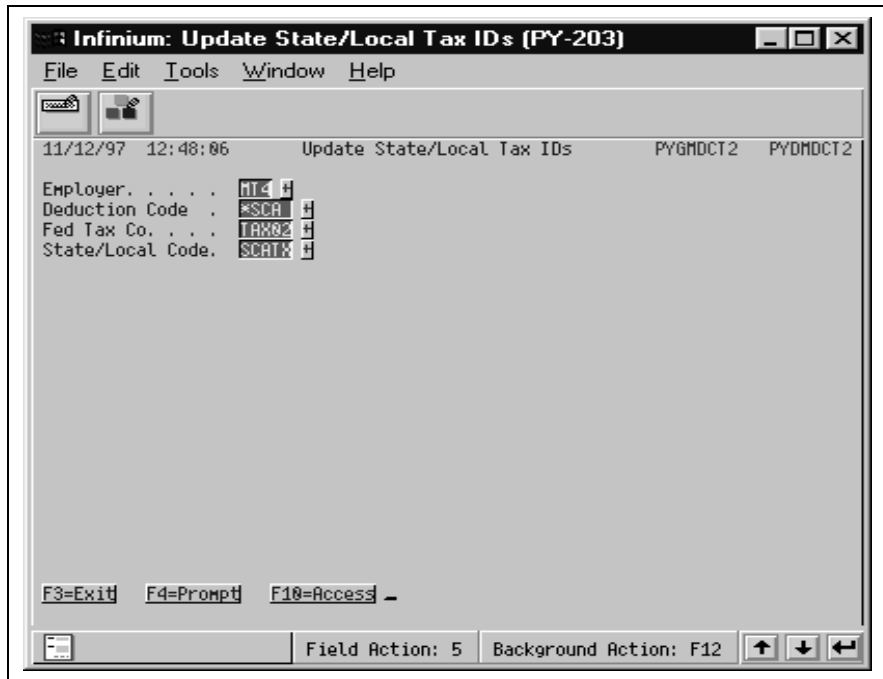


Figure 2-4: Update State/Local Tax IDs prompt screen

4. Complete the fields described below.

The *Employer*, *Deduction Code*, *Fed Tax Co*, and *State/Local Code* fields establish a relationship between the state/local tax code and a federal tax company. Therefore, you must complete each field for non-default federal tax companies.

Employer

Type the employer code.

Deduction Code

Type a ***S**, ***U**, ***D**, ***L** state/locality deduction code. These codes represent the state tax, unemployment tax, disability tax, and locality tax information reported on the employer's tax report, the employee's W-2, and the employer's unemployment reporting.

Fed Tax Co

Specify the federal tax company to which you want to associate the deduction code and state/local tax identification code.

State/Local Code

To update an existing state/local code, type a valid state/local code associated with the federal tax company and deduction codes.

To create a new state/local tax code, type a code that does not already exist for that tax company.

5. Press **[Enter]**. The system displays the screen shown in Figure 2-5.

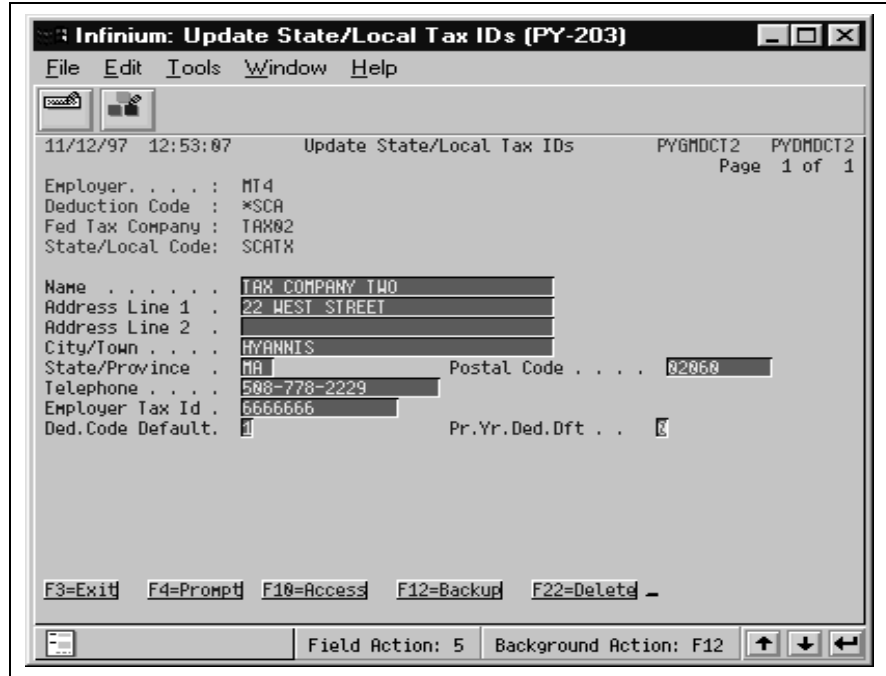


Figure 2-5: Update State/Local Tax IDs screen 1 of 1

6. Complete the following fields.

Name, Address Line, City/Town, State/Province, Telephone

The name, address, and telephone number of the default federal tax company entered on the prompt screen are displayed in these fields. You can override this information.

Employer Tax ID

Type the state/local tax identification number. This value is associated with the federal tax company and employer entered on the prompt screen.

Ded Code Default

This value indicates whether you want this state/local code to be the default on the employee's *S/U/D/L deduction record.

Type **1** for yes. The state/local tax code entered on the prompt screen is used as the default on the employee Deduction Control record for the given deduction code and federal tax company. You must specify one default per tax company deduction. The exception is the employer's default tax company.

Type **0** for no. The state/local tax code specified is not used as the default for the given deduction code and federal tax company entered for the employer on the prompt screen.

Note: Remember, employees in the default tax company use the Deduction Control record. They do not use the *Ded Code Default* field for processing.

Pr Yr Ded Dft

You can update this field, which is maintained by the system after the employer's calendar year-end closes.

7. Press to update your company information.

Now you must update the Deduction Control record with the associated tax calculation information. Proceed to the next section "Setting Up Deduction Controls."

Setting Up Deduction Controls

You *must* maintain the *Tax ID Limit* field in the Deduction Control file PYPDC. For common paymaster processing, this field is the control for the multiple state/local tax codes for *U and *D deductions within a tax company. During cycle processing, the *Tax ID Limit* field is used to determine:

- Whether the wages of the employee within the cycle are subject to unemployment and disability tax limits common paymaster processing.
- How the applicable wages and accrued liability should be applied to the appropriate DE or DX deduction records.

You can also specify which deduction control records are the default and define the employer and employee rates for each deduction record.

Follow the steps below to set up a deduction control.

1. From the Infinium PY main menu select *Master Files*.
2. Select *Update Master Files*.
3. Select *Update Deduction Controls* [UDC]. The system displays the prompt screen.
4. Complete the prompt screen and press twice to display the screen shown in Figure 2-6.

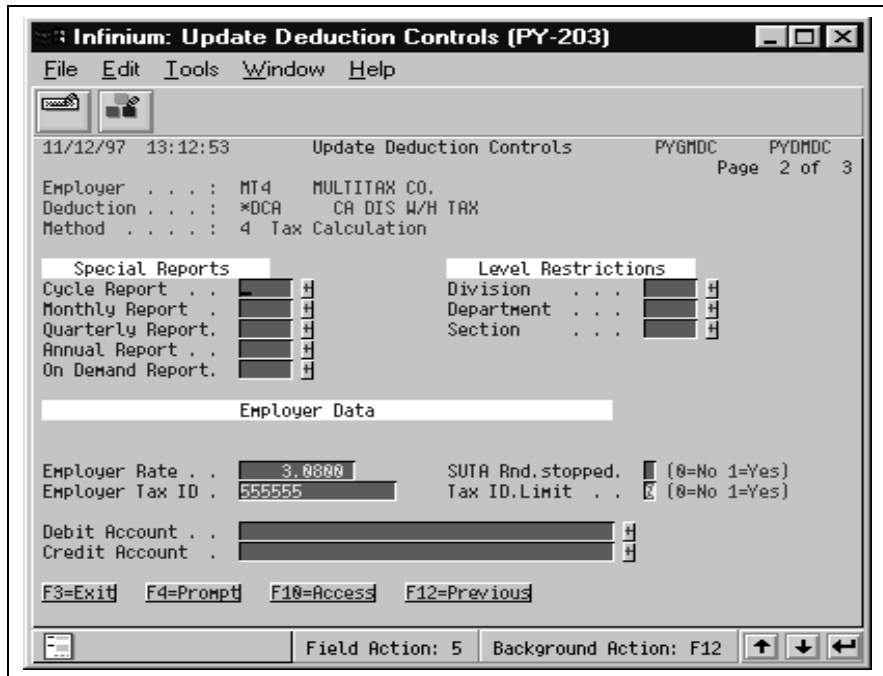


Figure 2-6: Update Deduction Controls screen 2 of 3

5. Complete the field listed below.

Tax ID Limit

Type 0 for tax limit processing by tax code within the tax company.

Type 1 for tax limit processing across tax code and tax company.

6. Press **[Enter]** to update your deduction controls and advance to the Update *S/U/D/L Controls screen shown in Figure 2-7.

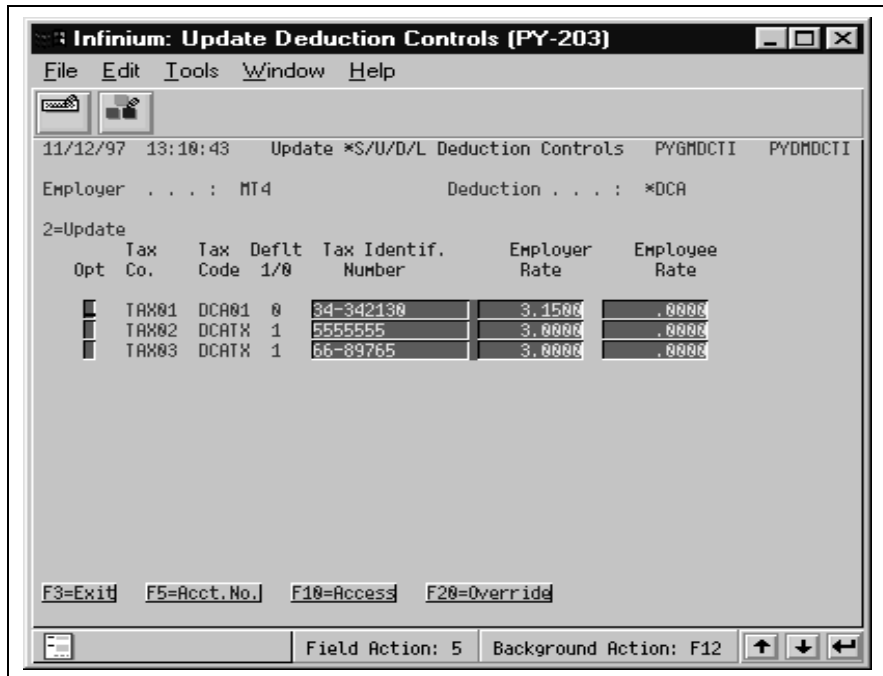
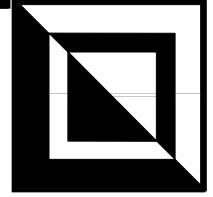


Figure 2-7: Update *S/U/D/L Control screen

The system lists each tax company and tax code for the specified employer and deduction. It also lists the tax identification number, employer and employee rates for the specified deductions, and whether each deduction is a default.

7. Type **2** next to the deduction record that you want to change. Then press **Tab** to advance to the field you want to change: *Default*, *Employer Rate* or *Employee Rate*.
8. Modify the appropriate information and press **Enter**.
9. Press **Enter** again to exit to the Update Deduction Controls screen.

Part 3



Employee Data

This part explains how to enter employee information for multi-tax processing records. These processing tasks include:

- Entering new hires
- Updating employee payroll data

This part consists of the following topics:

Topic	Page
Entering New Hires	3-2
Updating Employee Payroll Data	3-4

Entering New Hires

Follow the steps below to enter new hire information for a company whose tax records require multi-tax processing.

1. From the Infinium PY main menu select *Employee Data*.
2. Select *Update Employee Data*.
3. Select *Enter New Hire* [ENH]. The system displays the prompt screen.
4. Complete the prompt screen and press **Enter**. The system displays the Enter New Hire screen 2.
5. Complete the required fields on screen 2 and press **Enter**. The system displays the screen shown in Figure 3-1.

Infinium: Enter New Hire (PY-203)

File Edit Tools Window Help

11/19/97 14:03:17 Enter New Hire PRGHM PRDHM
Employer . . . : MT4 MULTITAX CO. Page 3 of 7
Employee . . . : 1223 WILLIAMS, JOHN

Payroll Information

Pay Cycle WKL Y H Auto Pay Group H
Pay Frequency . . . M Pay Type F
Fed Filing [X] State Filing [X]
Fed Exemptions . . . [X] State Exemptions. [X]
Add Fed W/H . . . [] Add State W/H . . . []
Tax Locality . . . [] Current State . . . MA H
Add Loc W/H . . . [] Home Tax Co . . . []
PY Auth. Group . . . [] Earned Inc Credit [X]
Tipped Employee ? [X]

Check Name . . . []
Check Address . . []

F3=Exit F4=Prompt F10=Access F12=Previous F15=First

Field Action: 5 Background Action: F12

Figure 3-1: Enter New Hire screen 3 of 7

6. Complete the *Home Tax Co* field as follows.

- Specify the current home tax company *only* if it is *different* from the employer's default tax company. This value is set up on the employee's Payroll Master record.
- Leave this field blank if you want to use the employer's default tax company established on the Employer Control record through *Update Employer Controls*.

Caution: All files associated with a new hire must be empty of any dollar values. This is because the system recognizes a *blank* field as the **default tax company** that you established on the Employer Control record.

For example, if TAX01 is your default tax company and you leave the *Home Tax Co* field blank, the system assumes that the home tax company is TAX01. The new employee can then access all deduction and income records associated with tax company TAX01.

The default home tax company information is taken from the *Tax Company Dflt.* field on the Update Employer Controls screen shown in Figure 3-2.

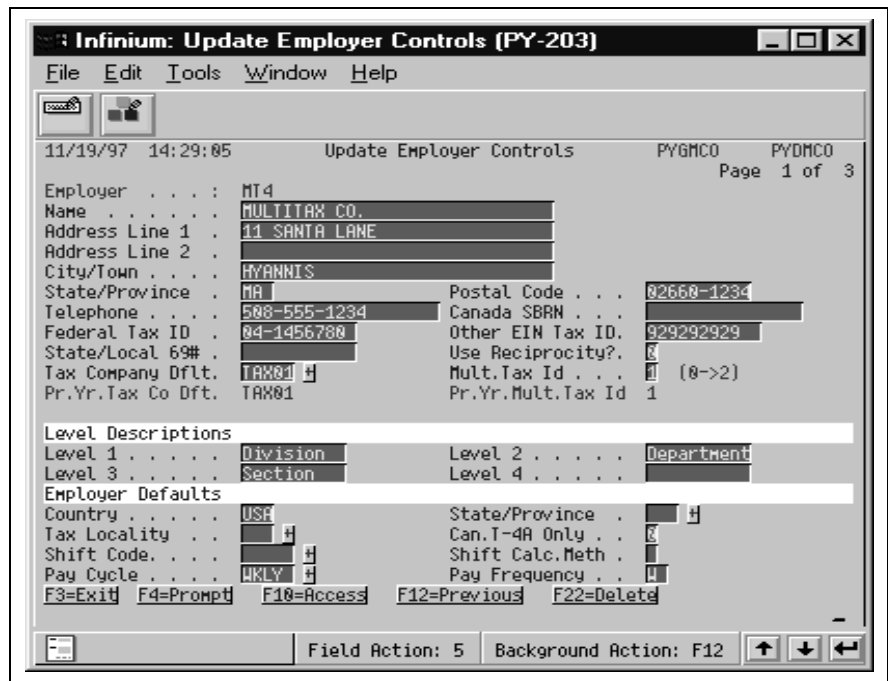


Figure 3-2: Update Employer Controls screen

Updating Employee Payroll Data

During the year you can transfer employees from one home tax company to another and from one state/local tax rate to another within a tax company. This change is called a *crossover*. When an employee with posted payroll amounts and hours crosses over, the system establishes new Deduction (DX), Income (IX), and Year-to-Date (MMT) records for that employee. These records are associated with a tax company.

Changing the Home Tax Company

Follow the steps below to transfer an employee to a different home tax company.

1. From the Infinium PY main menu select *Employee Data*.
2. Select *Update Employee Data*.
3. Select *Update Payroll Data (USA)* [UPY]. The system displays the prompt screen.
4. Complete the prompt screen and press . The system displays the first Update Employee Payroll Data screen.
5. Press . The system displays the second Update Employee payroll Data screen shown in Figure 3-4.

```

4/22/02 10:33:00      Update Employee Payroll Data      PYGMMS      PYDMMS
                                                    Page 2 of 2
Employer. . . . : AM1      KERRY'S MULTI-TAX
Employee. . . . :      16776 BARRY AHEARN
Tax ID. . . . . : 022-11-9875
Fed. Filing . . . M           Current State . . DE +
Fed. Exemptions . 1           Home State . . . DE +
State Exemptions. 1           SUTA State . . . DE +
Local Exemptions. 0           Current Locality.     +
Home Tax Co . . .     + TAX01   Home Locality . .     +
Tax Co XVR . . . : 0           PrYr.Strt.Tax Co: TAX01
                                Tax Co.Pr.Yr.XVR: 0

EIC Employee . . 1 (0->3)     F.L.S.A. . . . .     +
1099R/Exempt EE .             Wage Plan Code .    

Tipped Employee . 0 (0->2)
TEPA - Curr Yr? .     (0=No, 1=Yes)  TEPA - Prv Yr?. .     (0=No, 1=Yes)
TEPA Start Date .               TEPA End Date . .    

F3=Exit  F4=Prompt  F10=Access  F12=Previous  F16=Update/End  F22=Delete

```

Figure 3-4: Update Employee Payroll Data screen

6. Type the new value in the *Home Tax Co* field.

The system flags the employee record as a federal tax company crossover by placing **1** in the *Tax Co XVR* field.

Closing the calendar year moves the *Tax Co XVR* flag to the *Tax Co Pr Yr XVR* field, which indicates that an employee changed tax companies during the prior year. The system sets the *Tax Co XVR* flag to **0** for the new year.

To track money earned and deducted when a federal crossover occurs, the system:

- Copies all the employee's Income (IE) and Deduction (DE) records and creates identical multi-tax Income (IX) and Deduction (DX) records for this first tax company crossover.
- Creates the file PYPMMT, which contains the new records for year-to-date (YTD) totals by tax company for that employee.
- Flags all DE *S/U/D/L deductions as crossovers. If no YTD hours or amounts have been posted for the calendar year, no new records are created.

Changing the State/Local Tax Code

Follow the steps below to transfer an employee to a different state/local tax code.

1. From the Infinium PY main menu select *Employee Data*.
2. Select *Update Employee Data*.
3. Select *Update Deduction Data* [UDE]. The system displays the first Update Employee Deduction Code screen.
4. Select a deduction code and press . The system displays the second Update Employee Deduction Codes screen shown in Figure 3-4.

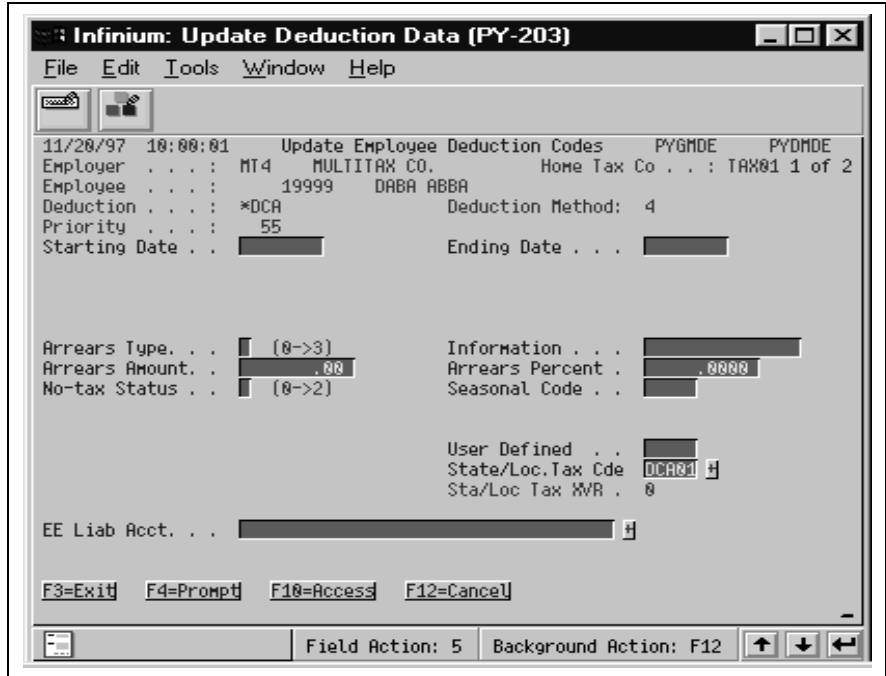


Figure 3-4: Update Employee Deduction Codes screen 1 of 2

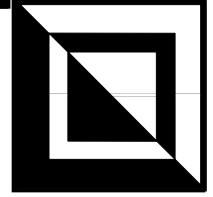
5. Type the new code in the *State/Loc Tax Cde* field.

The system flags this record by placing **1** in the *State/Loc Tax XVR* field.

Closing the calendar year moves the *State/Loc Tax XVR* flag to the prior *State/Loc Tax XVR* field, which indicates that an employee changed state tax codes during the prior year. The system sets the *State/Loc Tax XVR* flag to **0** for the new year.

When the state crossover occurs, a copy of this *S/U/D/L deduction is written to the DX file for the first state/local tax code to which processing amounts and hours are attributed. If no hours or amounts are currently posted for the calendar year, no records are written. If you are processing post prior year cycles, records are written.

Part 4



Cycle Processing

This part describes how Infinium PY handles multi-tax processing during cycle processing. You can enter an employee's hours for different tax companies and display different tax companies for multiple tax employees on the Trial Register.

This part also defines the concept of a common paymaster and describes the various types of limit processing for tax liabilities associated with state taxes.

This part consists of the following topics:

Topic	Page
Overview of a Common Paymaster.....	4-2
Limit Processing for State Tax Deductions within Federal Tax Companies.....	4-3
Posting a Cycle.....	4-9

Overview of a Common Paymaster

Businesses that operate through two or more corporations and share common employees can use a common paymaster setup to reduce FICA and FUTA tax payments. For tax purposes, only one company designated as a common paymaster is considered the employer of the shared employees. Without a common paymaster, each company could owe the maximum FICA and FUTA tax on those employees who work for both.

The requirements for using a common paymaster are listed below:

- The common paymaster must be one corporation.
- 50% or more of one corporation's officers must concurrently be officers of the other corporation.
- 30% or more of one corporation's employees must be employed by the other corporation.
- The corporations must be members of a group in which one or more of the corporations owns more than 50% of the other corporations.

Limit Processing for State Tax Deductions within Federal Tax Companies

Multiple tax limit processing affects unemployment and disability deductions at the state level.

Multiple state ID numbers and rates can exist within or across a group of federal tax companies.

Though some states have adopted the federal provisions for a common paymaster, not every state follows the federal rules.

Individual state rulings affect limit processing as follows:

- Within a common paymaster federal company, individual tax entities may or may not share limits for state unemployment and disability.
- Within a non-common paymaster federal company, individual tax entities may or may not share limits for state unemployment and disability.

The system supports the following options for processing limits:

Federal Common Paymaster	State Common Paymaster	Description
No (0)	No (0)	Separate tax limits for both the federal and state
No (0)	Yes (1)	Separate tax limits for federal, but limits are shared within a state (by tax company)

Federal Common Paymaster	State Common Paymaster	Description
Yes (1)	No (0)	Shared tax limits for federal, but separate limits within a state
Yes (1)	Yes (1)	Shared tax limits for both the federal and state

Limit Processing Fields

The following fields in the Tax Company file PYPTO handle tax limit processing at the federal level across tax companies within an employer:

- Tax Co Limits
- Tax Co Lmt Pr Yr
- Tax ID Limit

The *Tax ID Limit* field in the Deduction Control file PYPDC handles limit processing at the state level under federal tax companies. These fields are described below.

Tax Co Limits

This field is used during cycle processing to determine:

- Whether the wages of the employee within the cycle are subject to FICA and FUTA tax.
- How the applicable wages and accrued liability should be applied to the Employee Deduction records in the files PYPDE and PYPDX.

File PYPDE contains a cumulative total of all of an employee's deduction data within an employer, regardless of the tax company.

File PYPDX contains the detail of an Employee's Deduction record(s) if a crossover of federal tax companies or state tax codes occurred during the calendar year. An employee who works in only one federal, state, and local tax entity during a year will not have any entries in this file.

Valid field values are:

0 By tax company

1 Across tax companies

Type **0** to designate a non-common paymaster tax company within an employer where the liability limits for FICA and FUTA are separate for each tax company.

Within cycle processing, when wages are paid to an employee who is working in a tax company where the *Tax Co Limits* field is **0**, the wages are taxable until each applicable annual limit is met for each tax company.

Type **1** to designate a group of common paymaster tax companies within an employer. The limits for FICA and FUTA are shared as one annual taxable wage base for all the associated tax companies that have a value of **1**.

Within cycle processing, when wages are paid to an employee who is working in a tax company where the *Tax Company Limit* field is **1**, the wages are shared until one annual tax limit is met across the group of common paymaster tax companies.

Note: Within cycle processing, an employee is working within his/her home tax company unless you override the tax company for each timesheet entry, update check, or on-demand check.

Tax Co Lmt Pr Yr

This system maintains this field. The value displayed pertains to the prior year.

0 By tax company

1 Across tax companies

Tax ID Limit

Valid field values are:

0 By tax code within tax company

1 Across tax code and company

Type **0** to designate a deduction for which the federal level common paymaster rules should not be applied at the state level. The liability and tax limits for state unemployment or disability are separate for each state tax code associated with a *U or *D deduction for that state.

Within cycle processing, when wages are paid to an employee who has a state tax code attached to a *U or *D deduction with a value of **0** in the *Tax ID Limit* field, the wages are taxable until the annual

limit is met for each state/local tax code that is associated with the state within a tax company.

Type **1** to designate a deduction for which federal level common paymaster rules should be followed. The liability and limits for state unemployment or disability are shared within the state tax code associated with a *U or *D deduction for that tax company.

Within cycle processing, when wages are paid to an employee who has a state/local tax code linked to a *U or *D deduction with a value of **1** in the *Tax ID limit* field, the wages are taxable until one annual limit is met across the group of state tax codes associated with a state within all common paymaster tax companies (see Example 1 below).

Note: If a state does not recognize common paymaster processing for its tax limits, the *Tax ID Limit Control* for the unemployment/disability deductions for that state should be set to **0**.

If the *Tax ID Limit* field is left blank or converted incorrectly, the system defaults to the value found at the federal level in the *Tax Co Limits* field. If that value is not **1** or **0**, the system defaults to **0** for processing.

If the *Tax Co Limits* field is also blank at the federal level, the system defaults to **0** (by tax code within a tax company).

Example 1

This example describes cycle processing for a single Texas (TX) employer when the *UTX tax ID limit control is set to **0**.

Federal Tax Company	Tax Co Limits	*UTX Tax ID Limit	State Tax Code
FTAX1	1		*UTX01 *UTX02
FTAX2	1	0	*UTX03
FTAX3	0		*UTX04 *UTX05

The SUTA deduction limit for Texas (*UTX) is \$9,000. Therefore, an employee working in any state tax code must earn \$9,000 within the tax code before the employer's SUTA liability is satisfied.

Since the *UTX tax ID limit control is set to **0**, the common paymaster rules are not applied. Therefore, an employee who moves from one tax code to another tax code must earn \$9,000 in the new tax code before the SUTA liability is satisfied.

No common paymaster processing will occur for *UTX deductions within this employer. Note that at the federal level, common paymaster processing would occur between tax companies FTAX1 and FTAX2.

Example 2

This example describes cycle processing for a single Texas (TX) employer when the *UTX tax ID limit control is set to 1.

Federal Tax Company	Tax Co Limits	*UTX Tax ID Limit	State Tax Code
FTAX1	1		*UTX01 *UTX02
FTAX2	1	1	*UTX03
FTAX3	0		*UTX04 *UTX05

The SUTA deduction limit for Texas (*UTX) is \$9,000. Therefore, an employee working in any single state tax code throughout the year must earn \$9,000 within the tax code before the employer’s SUTA liability is satisfied.

Since the *UTX tax ID limit control is set to 1, common paymaster rules are followed. Therefore, if an employee moves from any state tax code to state tax code *UTX04 or *UTX05, the employee’s earnings (subject to SUTA) within state tax codes *UTX04 and *UTX05 are combined to determine whether the \$9,000 limit has been reached. Since federal tax company FTAX3 is not a common paymaster, any earnings outside of this tax company are ignored.

If an employee moves from any state tax code to state tax codes *UTX01, *UTX02, or *UTX03, the employee’s earnings (subject to SUTA) within state tax codes *UTX01, *UTX02, and *UTX03 are combined to determine whether the \$9,000 limit has been reached. Note that in this case, earnings are combined across federal tax companies that share common paymaster status.

Example 3

This example describes cycle processing for a single employer (MT4) with both non-common paymaster and common paymaster tax companies.

Employer	Tax Company	Tax Co Limits
MT4	TAX01	1

Employer	Tax Company	Tax Co Limits
MT4	TAX02	0
MT4	TAX03	1
MT4	TAX04	0

The employer's FUTA deduction limit is \$7,000. Therefore, an employee working in any single tax company throughout the year must earn \$7,000 within the tax company before the employer's FUTA liability is satisfied.

Tax companies TAX02 and TAX04 are designated as non-common paymaster tax companies. (Their tax company limits control is set to 0). Therefore, if an employee moves from any tax company to tax company TAX02, the employee must earn \$7,000 in tax company TAX02 before the FUTA liability is satisfied. The same condition applies if an employee moves to tax company TAX04.

Tax companies TAX01 and TAX03 are designated as a group of common paymaster tax companies. (Their tax company limits control is set to 1.) Therefore, if an employee moves from any tax company to tax company TAX01 or TAX03, the employee's earnings (subject to FUTA) within tax companies TAX01 and TAX03 are combined to determine whether the \$7,000 limit has been reached. Since tax companies 2 and 4 do not qualify for common paymaster status, any earnings within these companies are ignored.

Posting a Cycle

This section describes how the system tracks money earned and deducted when you assign an employee to a different federal tax company on the employee's Payroll Master record and then post a cycle in the employee's new tax company.

Posting a Cycle After a Crossover

The following table summarizes how the system tracks an employee's income, deductions, and YTD totals when that employee crosses over to a different federal tax company.

Note:

- Copies of all the employee's Income (IE) and Deduction (DE) records are used to create identical multiple tax Income (IX) and Deduction (DX) records for this first tax company crossover.
- New records for year-to-date (YTD) totals by tax company for that employee are created in the file PYPMMT.

Employee's Records After a Crossover	
TAX01 (Employer's default federal tax company)	
IE = \$1,000	IX = \$1,000
DE = \$100	DX = \$100
PYPMS (Payroll Master File) YTD Gross = \$1,000 YTD Deductions = \$100	PYPMMT YTD Gross = \$1,000 YTD Deductions = \$100

Posting a Cycle in the New Tax Company

The following table summarizes how the system tracks an employee's income, deductions, and YTD totals after you post a cycle in the employee's new tax company.

Note: In this example the employee crossed over from tax company TAX01 to tax company TAX02.

Employee's Records After Posting		
TAX01 + TAX02	TAX01	TAX02
IE = \$1,100	IX = \$1,000	IX = \$100
DE = \$110	DX = \$100	DX = \$10
PYPMS YTD Gross = \$1,100 YTD Deductions = \$110	PYPMMT YTD Gross = \$1,000 YTD Deductions = \$100	PYPMMT YTD Gross = \$100 YTD Deductions = \$10

Modifying Posted Payroll Records

If you need to modify your payroll records after posting, you can use one of two methods.

- Method 1: This is the recommended method for modifying your payroll records. When you use this method, you will have an audit trail of your transactions.

Use the following menu options for Method 1:

- Void Checks
- Post Cycles



WARNING

We do not recommend that you use Method 2 to modify payroll information. When you use this method, you will not have an audit trail of your transactions.

- Method 2: You can manually update the multiple tax ID records through these menu options:

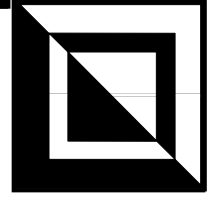
- Correct Employee Income Data
- Correct Employee Income-Multitax
- Correct Employee Deduction Data
- Correct DX-Employee Multi-tax Ded
- Correct Employee YTD Totals

A set of corresponding display options is available.

Note: The function *Correct Employee YTD Totals* tracks YTD totals by tax company.

Notes

Part 5



Conversion

This part discusses the file conversion for new Infinium PY users who are converting their old payroll systems for multi-tax processing.

Note: The shell conversion programs provided with Infinium PY do not convert files for multi-tax processing. Therefore, you need a custom program to convert your payroll data.

This part consists of the following topics:

Topic	Page
Definitions	5-2
Setting Up Multiple Tax ID Controls	5-3
Converting Employer and Employee Information	5-4

Definitions

Tax Company

A tax company is set up for federal tax reporting under an employer. Each company in which an employee has been processed during the payroll year has associated incomes, deductions, and year-to-date Payroll Master totals.

A state deduction can have multiple tax location codes for reporting and calculations within each federal tax company. State deductions are designated by the prefixes: *S (state), *U (unemployment), *D (disability), and *L (local). The state associated with *L deductions must be specified for W-2 and future processing requirements.

One federal tax company is associated with each check issued to an employee.

Tax Company Crossover (Federal Level)

A tax company crossover (XVR) refers to an employee who crosses over to a different federal tax company during a payroll calendar year. You can change an employee's home tax company when you:

- Enter timesheet data
- Enter on-demand checks
- Update the Payroll Master file
- Add new checks in *Update Checks*

The system provides fields for current and prior year flags.

Deduction Types *S/U/D/L (State Crossover Level under a Federal Tax Company)

During the calendar year, an employee crosses over to a different tax location code for a *S/U/D/L deduction type if you:

- Change the associated *S/U/D/L (DE) records
- Change the employee's home tax company on the Payroll Master record
- Override the employee's deduction tax location code or home tax company in *On-Demand Checks* and *Update Checks*

The system provides and maintains fields for current and prior year crossovers.

Setting Up Multiple Tax ID Controls

Set up multiple tax ID controls in the files listed below.

File	Description
PRPCO	Employer Master
PYPTO	Tax Companies
PYPDCTI	Tax Company tax location codes for all state-related deductions (*S, *U, *D, *L)

Note: For a common paymaster, you must set an additional control at the state level for *U/D deductions. For details refer to the *Tax ID Limit* field description in the “Cycle Processing” part of this document.

Converting Employer and Employee Information

All employer information and associated history (in PRPCO, PYPTO and PYPDCTI) is converted into the following files for multi-tax processing:

File	Description
PRPCO	Employee Master (prior year information only)
PYPMS	Employee Payroll Master File
PYPMMT	Multi-tax Employee Payroll Master File
PYPDE	Payroll Employee Deductions
PYPDX	Multi-tax Employee Deductions (for crossover employees only - QTD/YTD/FYTD)
PYPIX	Multi-tax Employee Tax Company Incomes (for crossover employees only - QTD/YTD/FYTD)
PYPCL	Payroll Check Ledger
PYPIL	Payroll Income Ledger
PYPDL	Payroll Deduction Ledger History

Converting Basic Employer Information

You must convert the following information in the Employer Master file PRPCO. The fields that contain this information are described below.

Tax Company Dflt

You must maintain this field. This tax company accesses all employer deductions.

Caution: You must assign *S/U/D/L deductions to all other established tax companies by assigning tax location codes to these other companies. This field *must not* be blank.

Do not convert this field with a data file utility which bypasses edits within the program. For more information refer to the “Setup” part in this document.

Multi-Tax ID

You must maintain this field.

Do not convert this field with a file utility, which bypasses edits within the program.

Pr Yr Tax Co Dft
Pr Yr Multi-Tax ID

The system maintains these fields. Closing the current payroll calendar year fills these fields.

Converting Basic Employee Information

**Payroll Master file
PYPMS**

The Payroll Master file PYPMS contains the first tax company in which the employee is paid for the year, the current home tax company, and the tax company crossover (XVR) flag for this year.

Records in this file are update when employees cross over tax companies and when you close an employer calendar year.

Caution: You must convert the following information at the same time:

- Home tax company on the employee’s Payroll Master record
- Income records
- Deduction records
- Year-to-date (YTD) payroll totals on the employee’s Payroll Master records by tax company if a crossover to a federal tax company occurs

If you do not convert this information concurrently and you manually change the converted Home Tax Co field, the system creates false Income (IE), Deduction (DE), and YTD totals (MMT) records for employees who are not in the correct tax company. Manually changing the state/local code value in the employee’s *S/U/D/L DE records creates false DX records and changes the employee’s crossover flag to **1**.

The system automatically associates the converted dollars with the *Home Tax Co* field on the employee's Payroll Master record. Therefore, all Income and Deduction records are duplicated and a YTD totals record is written when you enter the correct tax company on the employee's Payroll Master record. When you change the tax company, the employee has false records.

The following example explains how these false records are created. Note that TAX01 is used as the default tax company and TAX02 is used as the correct home tax company.

Example: You convert the Income and Deduction records without converting the home tax company information. If you leave the *Home Tax Co* field blank, the system assumes that you have placed your employee into the employer's default tax company TAX01.

Now the Income records, Deduction records, and YTD Payroll Master totals are incorrectly associated with the default tax company TAX01.

After manually correcting the employee's home tax company, you then compound the problem by entering TAX02 in the Home Tax Co field.

Now the system recognizes the default tax company TAX01 as the first home tax company and the correct tax company TAX02 as the second tax company. The system assumes that the employee has crossed over and now creates false YTD (PYPMMT), Deduction (PYPDX), and Income (PYPIX) records associated with a federal tax company.

You have the correct home tax company TAX02, but you are creating more false Income, Deduction, and YTD records.

By posting more dollars into your home tax company, you create crossover Income (PYPIX) and Deduction (PYPDX) records and update YTD totals by tax company (PYPMMT).

A correct conversion produces the following records:

- *Home Tax Co* = **TAX02**
- *Tax Co XVR 0* = **0**

The Income records, Deduction records, and Payroll Master YTD totals are correct, and no duplicates are made. The *Tax Co XVR* field does not display **1** (yes). Your conversion is done. The PYPIE and PYPDE records are correctly associated with the home tax company TAX02 and no YTD totals (MMT) record is erroneously created.

Some of the fields in the file PYPMS file are described as follows.

Home Tax Co

This field is checked for the correct current cycle home tax company.

If this company is the employer's default tax company, we recommend leaving this field blank.

If this company is not the employer's default tax company, you must complete the fields and assign the employee to this additional tax company.

Start tax company

This is an internal field maintained by the system only if you are not converting to multi-tax processing at the beginning of a calendar year. The start tax company contains the first check paid in this calendar year's tax company.

Tax Co XVR

Type **0** if no crossover to a federal tax company occurred and all associated history is being converted into files that contain multi-tax ID fields.

Tax Co Pr Yr XVR

Type **0** if no crossover to a federal tax company occurred for this employee for the prior calendar year.

Type **1** if a crossover to a federal tax company occurred and all associated history is being converted into files that contain multi-tax fields.

Prior start tax company

The prior start tax company contains the first check paid in the last calendar year's tax company.

Multi-tax Payroll Master File PYPMMT

This file is used only for employees who cross over to a federal tax company. A record is written to this file when an employee crosses over to a different tax company. Updates include all tax companies in which an employee is paid checks and all YTD or prior YTD information. All MMT records for an employee are added to calculate the total amounts for the PYPMS current/prior year-to-date fields.

Payroll Employee Deductions File PYPDE

A record is written to this file when:

- An employee crosses over to a different tax company.
- A *S/U/D/L deduction type crosses over to a different tax location code within a tax company

Some of the fields in this file are described below.

Sta/Loc Tax XVR

Type 0 if this employee did not cross over to a different federal tax company for this calendar year.

Type 0 if this employee's *S/U/D/L deduction type did not cross over to a different state/local tax location code for this calendar year.

Type 1 if this employee did not cross over to a different federal tax company but a state *S/U/D/L deduction crossover did occur.

State/Loc Tax Cde

Leave this field blank if the deduction is not type *S/U/D/L.

Note: Leave this field blank if the tax company is the employer's default tax company and no additional tax location codes have been set up for *S/U/D/L deductions for the employer's default tax company.

If the deduction is type *S/U/D/L, specify the state/location code in which the employee is to be paid for this calendar year's checks for the associated tax company.

**Payroll Employee
Unemployment File
PYPDU**

This field contains the tax company and tax location code ID used for all *U deductions. This information is used for unemployment reporting during the payroll calendar quarters. This file is populated by the posting process in Infinium Payroll.

One record exists for each employee's unemployment deduction type by tax company and state tax location code. A record is written to this file when an employee is posted and a check containing a *U unemployment deduction issued to that employee.

**Payroll Check Ledger
File PYPCL**

This check history file contains the federal tax company under which the employee is paid a check. A record is written to this file when an employee is posted and a check is issued to that employee.

The *Tax Co* field in this file is updated when the check's tax company for all incomes associated with the converted check(s).

**Payroll Income Ledger
File PYPIL**

This check history file contains the federal tax company under which the employee is paid a check. A record is written to this file when an employee is posted and a check is issued to that employee.

One record exists for each income processed in the issued check.

The *Tax Co.* field in this file is updated with the check's tax company for all incomes associated with the converted check(s).

**Payroll Deduction
Ledger History File
PYPDL**

This check history file contains the federal tax company under which a check is paid to an employee. A record is written to this file when an employee is posted and a check is issued to that employee.

One record exists for each deduction processed in the issued check.

If the deduction is type *S/U/D/L, the state/local tax location code must be correct.

Some of the fields in this file are described below.

Tax Co

This field is updated with the check's tax company for all deductions associated with the converted check(s).

State/Loc Tax Cde

You must complete this field if the tax company is not the employer's *default* tax company and the deduction is type *S/U/D/L.

If the tax company is the employer's default tax company, leave this field blank if any of the following conditions exist:

- The deduction is not type *S/U/D/L.
- No additional tax location codes have been set up for *S/U/D/L deductions
- No overrides have been entered on the employee's deduction (DE) record for this deduction.

You must complete the fields as instructed for all deductions associated with the check(s) and the tax company posted.

File PYPIX

This file contains income information for *crossover* employees by federal tax company. A record is written to this file at Payroll Master file maintenance and at posting when:

- An employee is posted and a check is issued to that employee.
- An employee crosses over to a different federal tax company.

One record exists for each income processed in the check and/or for each income (IE) record that contains amounts, hours, or residual shift differential hours when a tax company crossover occurs.

The *Tax Co* field is updated with the check's tax company for all incomes associated with the converted check(s).

File PYPDX

This file contains deduction information for crossover employees by tax company and state/local tax location code. A record is written to this file at Payroll Master file maintenance and at posting when an employee crosses over to a different tax company.

One record exists for each deduction processed in the check and/or for each deduction (DE) record that contains amounts when a tax company crossover occurs.

A record is also written when you change the state/local tax location code on an employee's deduction record when maintaining employee deductions for any *S/U/D/L deduction type and amounts are associated with this deduction.

An employee who crosses over to a different state deduction is posted and a check is issued to that employee.

One or more records exists for each *S/U/D/L deduction type processed by a state/local tax location code within a tax company. Thus, a state/local crossover occurs when the state/local tax location code changes for a *S/U/D/L deduction type for an employee and the change is posted in a check.

Multi-tax Deduction (DX) records are written when the employee's DE record is updated with YTD or quarterly amounts, hours, or residual shift differential hours.

Some fields in the file PYPDX are described below.

Tax Co

The *Tax Co* field is updated with the check's tax company for all deductions associated with the converted check(s).

State/Loc Tax Cde

You must complete this field if the tax company is not the employer's *default* tax company and the deduction is type *S/U/D/L. The state/local tax location code is used to write multiple records for all state/local tax location codes assigned and posted for the check(s) by tax company. The state/local tax location code *must* be correct.

If the tax company is the employer's default tax company, leave this field blank if any of the following conditions exist:

- The deduction is not type *S/U/D/L.
- No additional tax location codes have been set up for *S/U/D/L deductions.
- No overrides have been entered on the employee's deduction (DE) record for this deduction.

You must complete the fields as instructed for all deductions associated with the converted check(s).

All multi-tax deduction (DX) records are added up to calculate the total amounts for the employee's associated deduction (DE) record.