

HR6201 Families First Coronavirus Response Act Tax Setup for Sage HRMS and Sage 300

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Based on guidance from the IRS, the three types of leave under this act are still subject to taxes EXCEPT for the employer part of Social Security (it is still subject to the employer portion of Medicare, but companies can include that amount in their tax credit). This document will show you how to set up Social Security and Medicare taxes specifically for use with the three leave types for FFRCA (and possibly any leave codes under the CARES act) and assign these taxes to all employees in case they need to be used.

Having separate taxes for these leave types will make reporting on the taxes and the taxable part of the leave wages, etc. much easier when it is time for the 941 filing. It will also allow for social security to only be employee paid on these leave types. Sage is working on a release that will combine these taxes with the appropriate USSS/USMED to account for the actual limits across all taxable wages so that the percentages apply correctly and withholding stops appropriately.

Setting up Social Security:

If a field is not mentioned, leave it as it defaults.

1. Go to Setup > Payroll > Local/Other Tax Codes (you cannot create new codes in Federal/State section) and fill out the fields as follows:
 - a. Tax Code: CVIDSS
 - b. Description: COVID US Social Security Tax
 - c. Short Description: COVID USSS
 - d. Type: Other Tax [This may change in the future per Sage to accommodate better reporting]
 - e. Reporting ID: Your Federal EIN
 - f. Level: 20
 - g. Employee Calc Method: Percentage of Base

h. Employer Calc Method: None

Local/Other Tax Codes

Tax: CVIDSS Description: COVID US Social Security Tax

Basic Info | Employee | Calc Base | G/L Dist | Optional Fields

Short Description: COVID USSS Last Maintained: 04/01/2020

Type: Other Tax Inactive as of: / /

Reporting ID: 123456789 Round Tax to Whole Dollar

Level: 20 Daily Pay Periods per Year: 260

Base Wage Multiplier: 1.00000 State:

Surtax Multiplier: 1.00000 Local Tax Code:

Employee Calc. Method: Percentage of Base

Employer Calc. Method: None

Add Delete Select Local Tax Update Install Repository Close

2. Go to the Employee Tab and enter 6.2 in the Percent field

Local/Other Tax Codes

Tax: CVIDSS Description: COVID US Social Security Tax

Basic Info | **Employee** | Calc Base | G/L Dist | Optional Fields

Calculation Method: Percentage of Base

Percent: 6.20000

Min. and Max. Based On: No Limit

Annual Maximum W.H.: 0.00

Supplemental Rate: 0.00000

W/2 Reporting: Not Applicable

Add Delete Select Local Tax Update Install Repository Close

3. Go to the Calc Base tab to add in your FFCRA leave codes (EFMLA, EPSLA, EPSLO) in the Base Earnings Include list, and any pre-tax deductions (health/medical, dental, vision, etc.) in the Base Deductions Include list
4. Go to the GL Dist tab and enter in your GL Distribution(s) for the employee liability
5. Click Save

Setting Up Medicare:

1. Go to Setup > Payroll > Local/Other Tax Codes (you cannot create new codes in Federal/State section) and fill out the fields as follows:
 - a. Tax Code: CVIDMD
 - b. Description: COVID US Medicare Tax
 - c. Short Description: COVID USMED
 - d. Type: Other Tax [This may change in the future per Sage to accommodate better reporting]
 - e. Reporting ID: Your Federal EIN
 - f. Level: 20
 - g. Employee Calc Method: Percentage of base
 - h. Employer Calc Method: Percentage of base

Local/Other Tax Codes

Tax: Description:

Short Description	<input type="text" value="Covid USMED"/>	Last Maintained	<input type="text" value="/ /"/>
Type	<input type="text" value="Other Tax"/>	<input type="checkbox"/> Inactive as of	<input type="text" value="/ /"/>
Reporting ID	<input type="text" value="123456789"/>	<input type="checkbox"/> Round Tax to Whole Dollar	
Level	<input type="text" value="20"/>	Daily Pay Periods per Year	<input type="text" value="260"/>
Base Wage Multiplier	<input type="text" value="1.00000"/>	State	<input type="text"/>
Surtax Multiplier	<input type="text" value="1.00000"/>	Local Tax Code	<input type="text"/>
Employee Calc. Method	<input type="text" value="Percentage of Base"/>		
Employer Calc. Method	<input type="text" value="Percentage of Base"/>		

- Go to both the Employee and Employer tabs, and enter the percentage:

The screenshot shows the 'Local/Other Tax Codes' window with the 'Employee' tab selected. The tax code is 'CVIDMD' and the description is 'Covid US Medicare Tax'. The 'Calculation Method' is 'Percentage of Base'. The 'Percent' field is set to '1.45000'. The 'Min. and Max. Based On' is 'No Limit'. The 'Annual Maximum W.H.' is '0.00'. The 'Supplemental Rate' is '0.00000'. The 'W2 Reporting' is 'Not Applicable'. At the bottom, there are buttons for 'Add', 'Delete', 'Select Local Tax', 'Update', 'Install Repository', and 'Close'.

- Go to the Calc Base tab and add in your FFCRA leave codes codes (EFMLA, EPSLA, EPSLO) in the Base Earnings Include list, and any pre-tax deductions (health/medical, dental, vision, etc.) in the Base Deductions Include list
- Go to the GL Dist tab and enter in your GL Distribution(s) for the employee liability
- Click Save

Adding New Local Taxes to All Employees:

We recommend adding these taxes to all employees and any new hires so that if they choose to go on leave, your software is already prepared to withhold properly.

- Go to Payroll > Assign Taxes to Employees
- Select the CVIDSS tax
 - If you need to control the GL Dist codes, you may need to run this multiple times for subsets of your employees – use the top section to make choices on subsets of your employees

The screenshot shows the 'Assign Taxes' window with the 'CVIDSS' tax code selected. The description is 'COVID US Social Security Tax'. The 'Assign to' field is set to 'Employee Number'. The 'Selection List' field is empty. The 'To' field contains a hatched pattern. The 'From Class' and 'To' fields are empty. The 'Employee Criteria' field is empty, and there is a 'Set Criteria...' button next to it.

- You can change the Assign To box to Criteria, then click the Set Criteria button that will be activated to limit the assignment of the tax to just Active employees, for instance
 - Change Assign To field to Criteria
 - Click the Set Criteria button that will be active

- iii. Select Employment Status from the dropdown and click Add button
- iv. Click in the box under Employment Status on the Criteria Row and select Active in the dropdown
- v. Click Ok, then click Ok again

The screenshot shows the 'Assign Taxes' window with the 'Set Criteria' dialog box open. The dialog box is titled 'Set Criteria - Employees' and has a column dropdown set to 'Employment Status'. Below this, there is a table with columns for 'Field', 'Criteria', and 'Or'. The 'Field' column contains 'Employment Status'. A dropdown menu is open over the 'Criteria' cell, showing the options 'Active', 'Inactive', and 'Terminated'. The 'Active' option is highlighted. The dialog box also includes a checkbox for 'Set Value as field name', buttons for 'Show Filter', 'Clear...', 'Edit', 'Add', and 'Delete', and 'OK' and 'Cancel' buttons at the bottom.

- vi. It will look like this to limit the assigning of the tax to Active only:

The screenshot shows the 'Assign Taxes' window after the criteria have been set. The 'Employee Criteria' field now contains the text '(STATUS = 1)'. The 'Set Criteria...' button is highlighted in blue. The 'Tax Settings' section is visible, showing 'Withholding Method' set to 'Standard Calculation', 'Amount/Percent' set to '6.20000', and 'Distribution Code' set to 'DEF'. The 'Extra Withholding' field is set to '0.00'. The 'Assign' and 'Close' buttons are visible at the bottom of the window.

3. Click Assign button at the bottom left

Assign Taxes

Tax: CVIDSS COVID US Social Security Tax

Assign to: Employee Number Selection List

Employee: To

Class: From Class To

Employee Criteria: Set Criteria...

Tax Settings

Withholding Method: Standard Calculation

Amount/Percent: Extra Withholding: 0.00

Distribution Code: DEF Default:

Assign Close

4. Click Close on the message telling you how many employees have been updated (this is how many were touched to see if they needed the code or not, not how many were assigned the code)

Message

Message

Description: 104 employee(s) have been updated.

Source: 19:03:02

Print Help ... Close

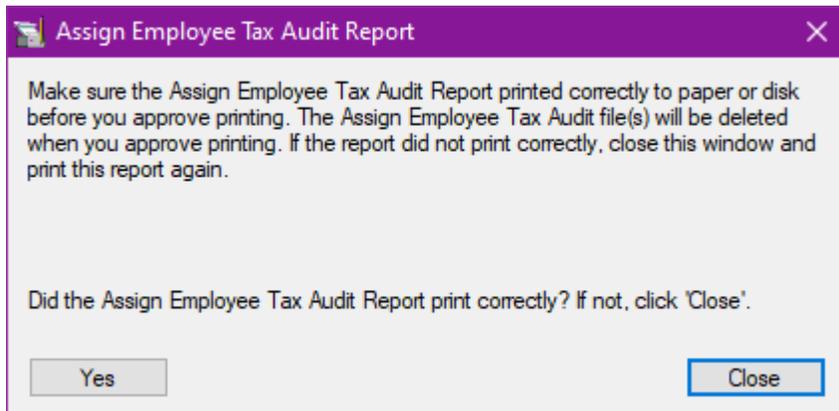
5. Click Yes on the next message to see a list of all employees that were assigned this tax, or No to skip

Assign Tax to Employees

Processing complete. Print Assign Employee Tax Audit Report?

Yes No

6. If you click Yes, click Print to see the report generate to the screen
7. Once you close the report, you'll be asked if the report printed correctly and if you want to clear the audit report or not. To clear the audit report, click Yes; to leave the data on the audit report so it is available the next time the audit report it is printed click Close



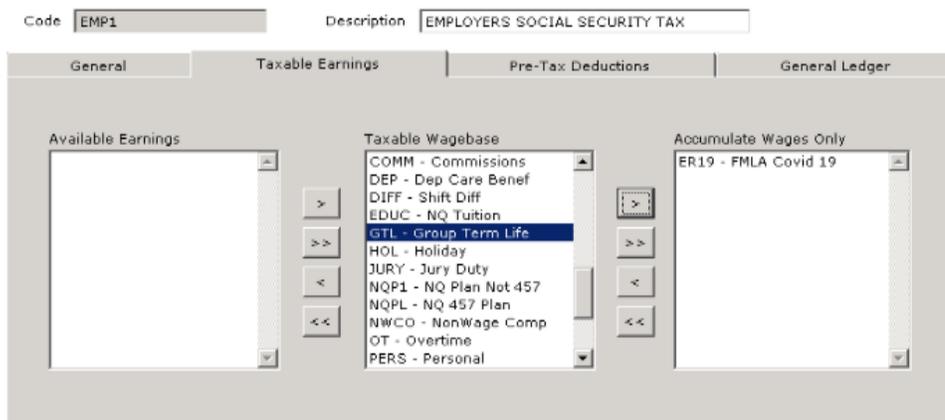
8. Repeat the Assign Tax steps for the other tax

For use with Sage Abra Suite Payroll Taxes

How to change the EMP1 Tax Code within Tax Code Setup:

1. From the Navigation Pane select Setup, Payroll and Tax
2. Select your employer level (Enterprise or Company)
3. Select the EMP1 tax code and select the Taxable Earnings Tab
4. Place the earning codes you created for FFCRA in 'Accumulate Wages' only column
5. Click 'OK'
6. Close the Tax Code setup screen

Note: Emergency paid leave wages are taxable wages but are not subject to the employer portion of Social Security taxes.



Note: IRS Reporting Requirements have not been released at this time. Once the reporting requirements have been released, this article will be updated.