

## 16R1 Tax Exempt Employee Setup

There are two different forms of tax exemption: **Exempt from Taxability** and **Exempt from Withholding**. For tax deposit, withholding, and reporting accuracy, it is imperative that the employee record is set up accurately for the appropriate type of exemption. Below is a brief explanation of the two, which will be followed with the proper steps to set up the employee record for each exemption type.

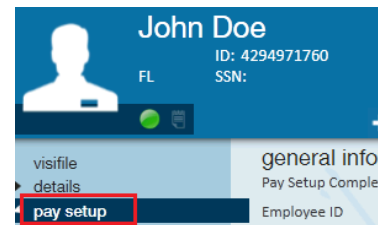
**Exempt from Withholding** means that an employee is subject to the tax, however, due to their income/status/etc., they do not expect to have a tax liability for the year and as such, do not want taxes withheld from their checks. Setting up an employee as exempt from withholding will not withhold any funds for jurisdictions, but will continue to accrue the wages as taxable wages for year-end reporting.

**Exempt from Taxability** means the employee should have nothing withheld from their check as the employee is not subject to the tax. In other words, they are not earning 'taxable wages'. For example, employee's working with certain types of visas may be exempt from taxability.

### Exempt from Withholding

If the employee states that they are Exempt from Withholding (the employee is subject to the tax but does not want taxes withheld from their checks) you will want to enter 99 in the exemptions area. To complete this, follow the steps below.

1. Open the **employee** record and navigate to the **Pay Setup** area.
2. Within the **pay setup** screen, locate the Required Tax Information area, as seen below.



In the Required Tax Information section you can update the *Federal Exemptions, State Exemptions, Federal Add. Withholding, Dependents, Tax State*, and select a *State Juris*. (The *State Juris* allows you to select a marital tax status, if applicable, for the state).

3. To document that this employee is exempt from withholding, enter 99 in the proper exemptions field, as circled below in red.

required tax information	
Federal Exemptions	99
State Exemptions	99
Federal Add. Withholding	\$0.00
Dependents	0
Marital Tax Status	Single
Tax State	FL
State Juris	
Tax By Employee State	<input type="checkbox"/>

As previously mentioned, TempWorks will not withhold any funds (taxes) for jurisdictions with 99 allowances, but it will continue to accrue the wages as "Taxable Wages" for year-end reporting.

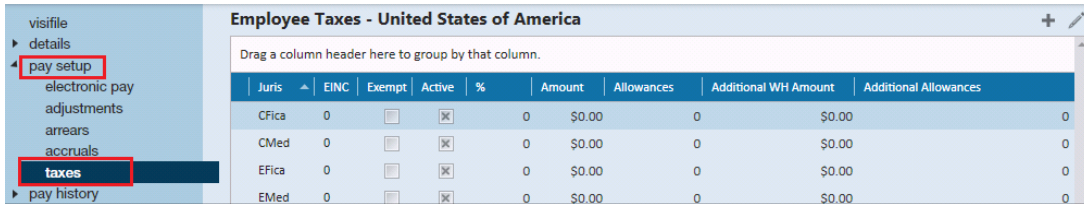
4. Once you have entered the exemptions/allowances, click the save button in the top of your screen.



### Exempt from Taxability

If the employee has stated that they are exempt from taxability, not subject to the tax, take the following steps to set this up on the **employee** record.

1. Open the **employee** record
2. Navigate to the **pay setup** area
3. Open the **taxes** form.

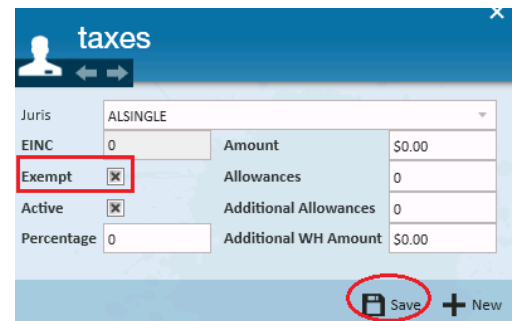


The **Taxes** is where additional State income *Tax* withholding can be entered, as well noting if an employee is exempt from taxability.

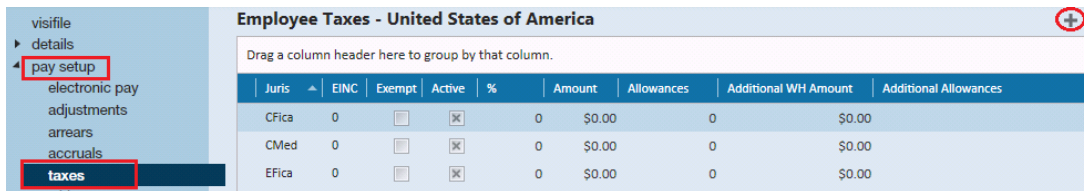
4a. If the Juris is already listed in this taxes form, double click on the tax, or highlight the line item and click on the icon in the upper right. This will open the taxes form seen on the right.

5a. Check the *Exempt* box and click *save*.

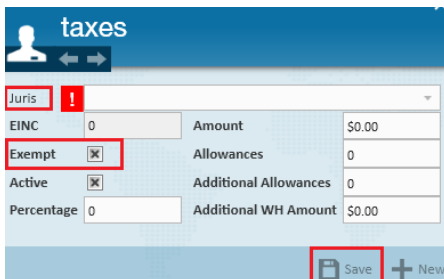
*\*Note - Once an **Employee** has been issued a **Paycheck** the **Taxes** form will display all **Taxes** that have been calculated based on the **Employee's** Zip code and the **Customer Worksite**.*



4b. If the tax is not already listed in the taxes form, you must add a new one. To add a new *Tax*, click on the button in the upper right. This will open a new taxes form.



5b. Select the appropriate Juris from the *Juris* dropdown, check the *Exempt* box, and click *save*.



This set up tells TempWorks that the employee is exempt from taxability for this Juris and will not withhold any funds.

*\*Note –you will need to document this for each Juris that they are exempt in, those which the employee lives and works in, to ensure nothing is taken out.*

*\*Note – "USS" indicates Federal single withholding for the U.S.; "USM" indicates Federal married withholding for the U.S.*

### Still Have Questions?

For more information about setting up tax exempt employees contact our customer support group at 877-452-0327 or by sending an email to [support@tempworks.com](mailto:support@tempworks.com).

To schedule training on tax exempt employees, submit suggestions on how to improve this document, or to request documentation on other Enterprise functionality please contact the training department at [trainers@tempworks.com](mailto:trainers@tempworks.com).