

IMPORTANT NOTICE TO ALL BUSINESSWORKS USERS:

Effective January 1, 2018, the Illinois income tax withholding rate is unchanged at 4.95%. Also the Illinois Department of Employment Security (IDES) states the taxable wage limitation used to calculate state unemployment insurance (SUI) is unchanged and remains at \$12,960.00. IDES contribution rates for 2018 range from .525% to 6.925%. To accommodate these changes, you must make some adjustments to your Illinois Allowances Limits and Rates, and may need to modify your **Illinois SUI Contribution Rate** in BusinessWorks **before processing your first payroll for 2018**. Please contact FLI Support if you have process payroll for employees who do not reside in Illinois.

The IRS issued the following statement, declaring that 2017 withholding rates remain in effect until they release new tax tables for 2018 (anticipated in January):

December 26, 2017

The IRS is working to develop withholding guidance to implement the tax reform bill signed into law on December 22. We anticipate issuing the initial withholding guidance in January, and employers and payroll service providers will be encouraged to implement the changes in February. The IRS emphasizes this information will be designed to work with the existing Forms W-4 that employees have already filed, and no further action by taxpayers is needed at this time.

Use of the new 2018 withholding guidelines will allow taxpayers to begin seeing the changes in their paychecks as early as February. In the meantime, employers and payroll service providers should continue to use the existing 2017 withholding tables and systems.

Effective January 1, 2018, the Internal Revenue Service has issued a statement that 2017 tax tables and other wage withholding allowances, limits and rates will remain in effect until at least February, and that they will provide new tax tables some time in January. FLI will send instructions for updating tax tables when the IRS releases them. You do **NOT** need to make any adjustments to your BusinessWorks **Federal** payroll tax tables **before processing your first payroll for 2018**.

All of the actions you need to perform are detailed on the following pages. Please contact FLI Customer Support if you have any questions regarding these changes.

Sincerely,
FLI Customer Support

READ THIS ENTIRE DOCUMENT BEFORE MAKING ANY CHANGES

IMPORTANT NOTICES:

- SUI changes are listed only for employers who pay unemployment insurance premiums to Illinois Department of Employment Security. Contact FLI Support if you pay unemployment insurance premiums state(s) other than Illinois.
- These changes do not affect Federal Unemployment (FUTA) limits or rates.
- These changes do not affect Federal Income Tax (941) limits or rates.
- **Do NOT** perform these steps until **after** you have completed your **last** payroll processing for 2017.
- **Do** perform the following steps **before** processing your **first** payroll for 2018.

2017 State of Illinois Unemployment Insurance Liability

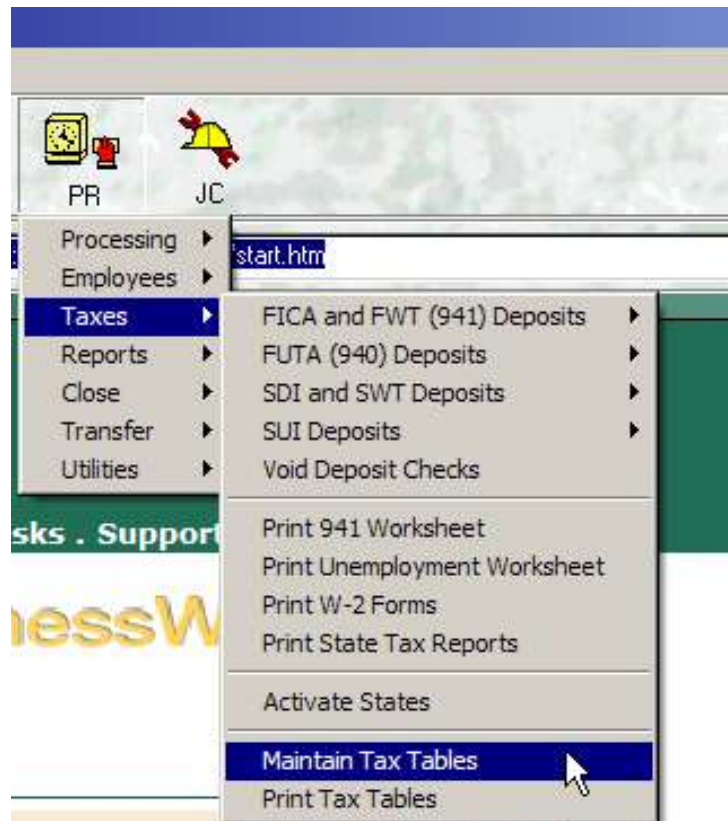
Overview

Effective January 1, 2018, the income tax withholding rate is unchanged at 4.95%. Also the Illinois Department of Employment Security (IDES) taxable wage limitation used to calculate state unemployment insurance (SUI) is unchanged and remains at \$12,960.00 IDES contribution rates for 2018 range from .525% to 6.925%. BusinessWorks will not inherently recognize these changes, meaning the adjustments must be manually recorded in BusinessWorks. This document provides step-by-step instructions to be performed **AFTER processing your last payroll for 2017, and BEFORE processing your first payroll for 2018.**

Multiple Company Considerations: Complete these instructions in every company from which you perform payroll processing.

Confirm Illinois SUI Wage Limitation and Change Income Tax Withholding Rate

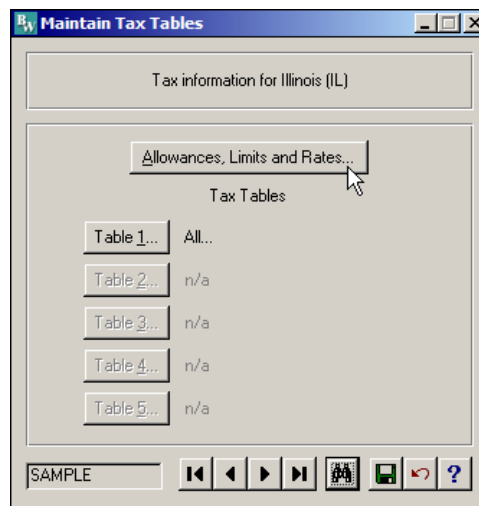
- 1) In the Payroll Module, go to Taxes > Maintain Tax Tables



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Confirm Illinois SUI Wage Limitation and Change Income Tax Withholding Rate (continued)

- 2) In the Maintain Tax Tables Window, the “Tax Information for Illinois (IL)” should automatically appear. If not, use the “binocular” button at the bottom to find the Illinois table. Click the Allowances, Limits and Rates button.



- 3) Confirm the SUI Limit remains **12960.00**. NOTE: The SUI Rate defined in this screen represents a “default” rate when you create new companies, and is not used to calculate your SUI liability. The rate used to calculate your SUI liability is maintained in the Activate States screen. You may change the SUI Rate in this screen to match your 2018 contribution rate, but it is an inconsequential change.

The screenshot shows a window titled "Allowances, Limits and Rates - Illinois". It contains several sections:

- SDI Rates and Limits:**

	Rate	Limit
Company	0.0000	0.00
Employee	0.0000	0.00
- SUI Rates and Limits:**

	Rate	Limit
Company	3.9000	12960.00
Employee	0.0000	0.00
- Deductions:** A table with 5 columns and 4 rows, currently empty.
- Exemptions:**

Regular	2000.00	
Extra	1000.00	0.00
	0.00	0.00
	0.00	
- Credits:**

Per regular exemption	0.00
Per extra exemption	0.00

At the bottom, there are buttons for "OK", "Cancel", and "How Do I...".

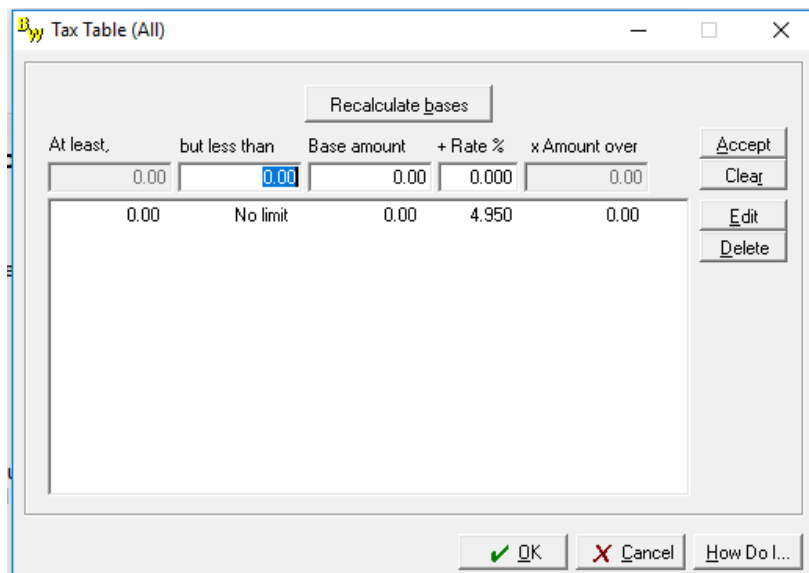
- 4) After changing the SUI Limit, click OK at the bottom of the screen. This will return you to the Maintain Tax Tables screen.

Confirm Illinois SUI Wage Limitation and Change Income Tax Withholding Rate (continued)

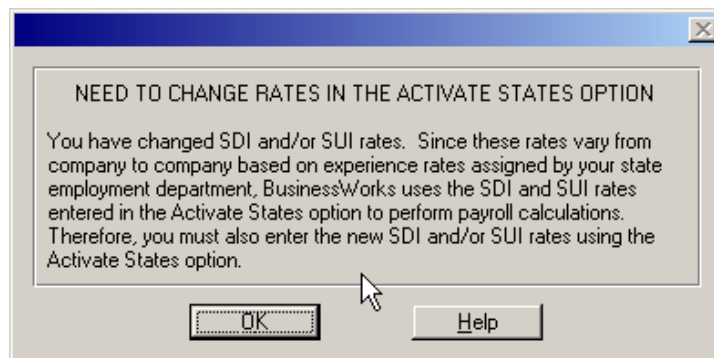
5) Change the income tax withholding rate is unchanged at 4.95%. Click on Table 1.



6) If the line that appears does not show 4.95, click on the line, click Edit, change the rate to 4.950, click Accept, then click OK

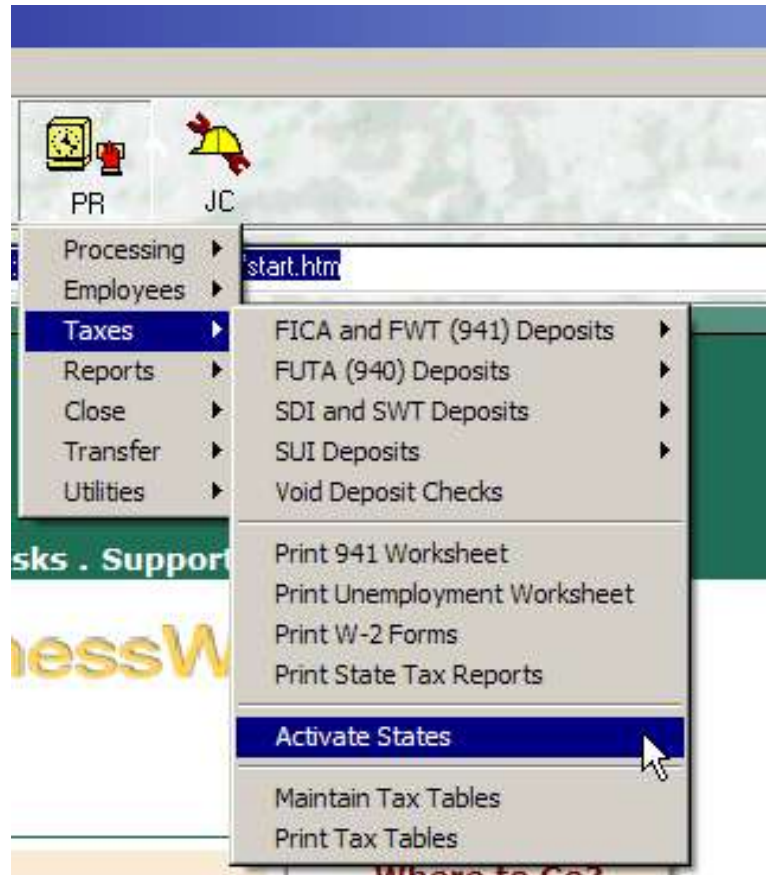


7) Click Save in the toolbar at the bottom of the Maintain Tax Tables screen (the button with the green diskette image). After saving, you will receive a popup message telling you the SUI rate must be changed in the Activate States screen (as described in Step 3). This is an informational message only; simply click OK to continue, and then close the Maintain Tax Tables screen.

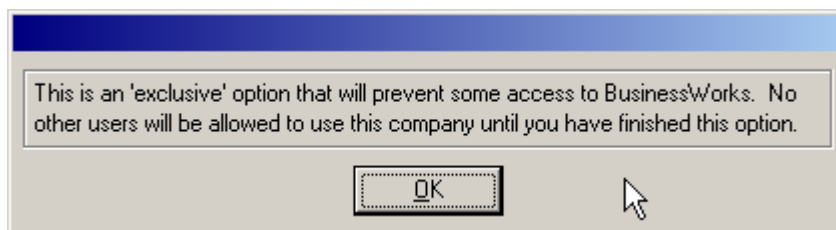


Change SUI Rate in Activate States

- 1) In the Payroll module, go to Taxes > Activate States, and then click OK on the “Exclusive Option” popup.



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Change SUI Rate in Activate States (continued)

- 2) When the Activate States screen appears, type IL in the State field and then tab to the next field. Your state information will now appear.

Posting accounts	Account	Description
SWT withheld	3221.00	State Tax Withheld
Company SDI payable	n/a	
Employee SDI withheld	n/a	
Company SUI payable	3223.00	State Unemployment
Employee SUI withheld	n/a	

- 3) Change the SUI Rate to the 2018 contribution rate provided by IDES for the company you are currently logged into*. If you have not received a 2018 contribution rate for this company, you must contact IDES to obtain the correct rate. Since BusinessWorks calculates SUI liability with each payroll, it is **very important** you enter the correct rate **AFTER processing your last payroll for 2017, and BEFORE processing your first payroll for 2018.** If you process 2018 payroll prior to setting this rate, you will be forced to expend manual effort to adjust SUI liabilities later. (Hint: If you have not previously entered your State Tax ID, you may be required to do so before establishing your SUI Rate)
- 4) Click Save, and then close the Activate States screen.
- 5) Repeat steps 1 – 4 for each company in which you perform payroll processing. You do not need to repeat this in companies where payroll is not used.

* - **NOTE:** Your SUI contribution rate may vary depending on the total wages paid. If you have a contribution rate when total wages are less than \$50,000, and a different rate when total wages are more than \$50,000, use the rate that corresponds to what you anticipate your total wages will be for all employees for the first quarter of 2018. If your total wages change for subsequent quarters in 2018 you must change your SUI rate as close as possible to the beginning of that quarter.

2018 Federal Wage Withholding (based on 2017 IRS Publication 15 (Circular E) Employer’s Tax Guide)

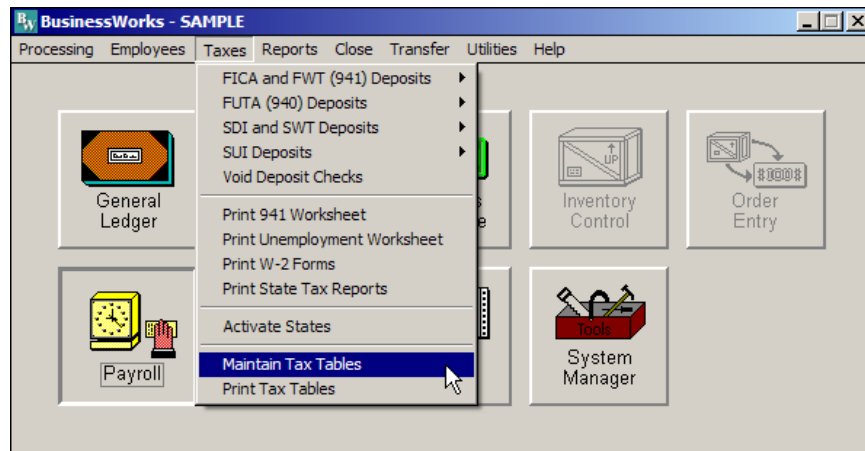
Overview

Effective January 1, 2018, the Internal Revenue Service has issued a statement that 2017 tax tables and other wage withholding allowances, limits and rates will remain in effect until at least February, and that they will provide new tax tables sometime in January. FLI will send instructions for updating tax tables when the IRS releases them. You do **NOT** need to make any adjustments to your BusinessWorks **Federal** payroll tax tables **before** processing your **first** payroll for 2018. *The information provided below is for 2017 rates and limits, and can be used to verify you made the correct changes last year.*

Multiple Company Considerations: Changes made to your federal tax tables will be reflected in all companies – you will perform the following steps only once, regardless of the number of companies you use to process payroll.

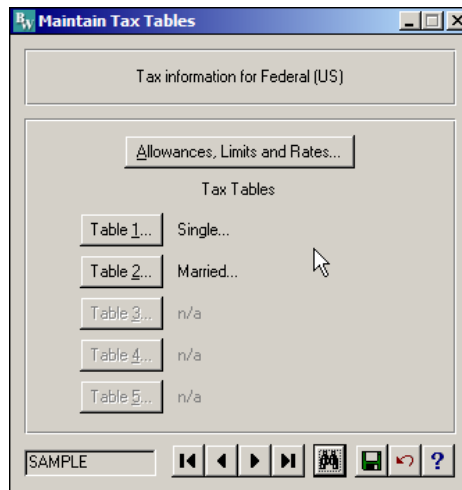
Adjust Federal Wage Limitations

- 1) In the Payroll Module, go to Taxes > Maintain Tax Tables

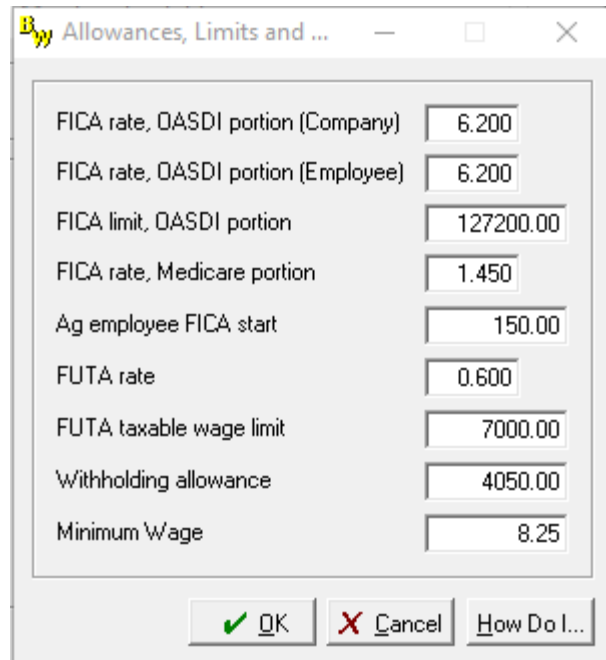


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- 2) In the Maintain Tax Tables Window, use the “binocular” button at the bottom to find the US (Federal) tax information. The top will read “Tax Information for Federal (US)” after your selection. Click the **Allowances, Limits and Rates...** button.



- 3) Make sure the FICA rate for both Company and Employee = **6.200**. The FICA Limit, OASDI portion is **127,200.00**. Set the Withholding Allowance to **4050.00**. Make sure the FUTA rate = **0.600**. Change the Minimum Wage to **8.25**. All other values may remain the same (or as shown in the image below).



FICA rate, OASDI portion (Company)	6.200
FICA rate, OASDI portion (Employee)	6.200
FICA limit, OASDI portion	127200.00
FICA rate, Medicare portion	1.450
Ag employee FICA start	150.00
FUTA rate	0.600
FUTA taxable wage limit	7000.00
Withholding allowance	4050.00
Minimum Wage	8.25

NOTE - In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You are required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold. Contact FLI if you have any employees whose gross wages exceed \$200,000.

- 4) After changing the Limits listed in Step 3, click OK at the bottom of the screen. This will return you to the Maintain Tax Tables screen.
- 5) Click Save in the toolbar at the bottom of the Maintain Tax Tables screen (the button with the green diskette image).
- 6) Click the **Table 1 (Single)** button

Adjust Federal Wage Limitations (continued)

- 7) In the Single Tax Table, select the first line in the table, and then click the Delete button. Repeat until all lines are removed except the last line (system will not allow you to delete the last line). Use the chart below to enter each line starting from the first line (0.00 – 2300.00 – 0.00 – 0.000). After entering each line as listed click Accept, then repeat this step until all lines are entered. Click on the last line and click the Edit button on the right side of the window. Enter the amounts shown below for the last line and click Accept. Click OK when finished.

At least,	but less than	Base amount	+ Rate %	x Amount over
0.00		0.00	0.000	0.00
0.00	2300.00	0.00	0.000	0.00
2300.00	11625.00	0.00	10.000	2300.00
11625.00	40250.00	932.50	15.000	11625.00
40250.00	94200.00	5226.25	25.000	40250.00
94200.00	193950.00	18713.75	28.000	94200.00
193950.00	419000.00	46643.75	33.000	193950.00
419000.00	420700.00	120910.25	35.000	419000.00
420700.00	No limit	121505.25	39.600	420700.00

NOTE – If you need to add a line, change the all lines up to the last line, then click the Recalculate bases button at the top, then enter the new line into the blank fields, click Accept. The new line will be inserted just above the last line, and the last line will automatically calculate to the correct amounts, although you may need to Edit the last line to change the rate %.

Adjust Federal Wage Limitations (continued)

- 8) Click the **Table 2 (Married)** button
- 9) In the Married Tax Table, select the first line in the table, and then click the Delete button. Repeat until all lines are removed except the last line (system will not allow you to delete the last line. Use the chart below to enter each line starting from the first line (0.00 – 8650.00 – 0.00 – 0.000). After entering each line as listed click Accept, then repeat this step until all lines are entered. Click on the last line and click the Edit button on the right side of the window. Enter the amounts shown below for the last line and click Accept. Click OK when finished.

The screenshot shows a window titled "Tax Table (Married)". At the top center is a button labeled "Recalculate bases". Below it is a table with five columns: "At least", "but less than", "Base amount", "+ Rate %", and "x Amount over". The first row has input fields for "0.00", "8650.00", "0.00", "0.000", and "0.00". Below this is a table of tax brackets. To the right of the table are buttons for "Accept", "Clear", "Edit", and "Delete". At the bottom of the window are buttons for "OK", "Cancel", and "How Do I...".

At least,	but less than	Base amount	+ Rate %	x Amount over
0.00	8650.00	0.00	0.000	0.00
8650.00	27300.00	0.00	10.000	8650.00
27300.00	84550.00	1865.00	15.000	27300.00
84550.00	161750.00	10452.50	25.000	84550.00
161750.00	242000.00	29752.50	28.000	161750.00
242000.00	425350.00	52222.50	33.000	242000.00
425350.00	479350.00	112728.00	35.000	425350.00
479350.00	No limit	131628.00	39.600	479350.00

NOTE – If you need to add a line, change the all lines up to the last line, then click the Recalculate bases button at the top, then enter the new line into the blank fields, click Accept. The new line will be inserted just above the last line, and the last line will automatically calculate to the correct amounts, although you may need to Edit the last line to change the rate %.

- 10) Click Save in the toolbar at the bottom of the Maintain Tax Tables screen (the button with the green diskette image), and close the Maintain Tax Tables screen.

Payroll Processing

After completing the steps listed above, continue processing your 2017 payroll as you normally would. BusinessWorks will calculate withholdings based on the tax information you entered.

****Special Considerations for 2018****

Additional changes may be required due to Acts of Congress that become law after publication of this document. Payroll tax law changes could result in a requirement to purchase software upgrades to remain compliant. Additional information will be provided upon enactment of any additional payroll tax law changes.

You may be required to list Employer Provided Health costs on your employee's 2017 W-2 forms. Please consult with your CPA and, if necessary, read the document "**W-2 Reporting – Employer Provided Health**" in the BusinessWorks page on FLIsupport.com.

Disclaimers

FLI provides this information as a convenience and service to assist our customers in making payroll tax changes to their BusinessWorks software to remain compliant with Federal and State statutes. All rates and values listed in this document were obtained from the Illinois Department of Employment Security (IDES) and the Internal Revenue Services (IRS) Table 7 – Annual Payroll Period, and are believed to be accurate and correct. FLI assumes NO responsibility for inaccurate, incorrect, or omitted information regarding any amounts or rates listed in this document. Further, FLI assumes NO responsibility for any damages resulting from any actions taken, or not taken, based on the information provided in this document.

Getting Assistance

Please contact your accountant, IRS, IDOR, IDES, or FLI Customer Support if you have any questions regarding the information provided in this document