DENEB 2000 PAYROLL - SETUP PROCESS FOR IRS W-4 CHILD CARE CREDITS TO BE CALCULATED IN THE EMPLOYEES' PAYCHECKS

Rev. 12/20 Support Dept. -CH

THE FOLLOWING INFORMATION IS GIVEN TO ASSIST YOU IN SETTING UP THE CORRECT AMOUNT FOR EMPLOYEES WHO HAVE A SIGNED W-4 ON FILE WITH YOU, FOR THE YEAR OF <u>2020 OR 2021</u> AND WHO ARE CLAIMING THE 'STEP 3 DEPENDENT'S <u>CREDIT AMOUNTS</u>' TO BE WITHHELD FROM THEIR PAYCHECKS FOR THE YEAR 2021:

FOR THE YEAR'S 2021 WITHHOLDING AMOUNT DETERMINATION TO BE ENTERED ON THE EMPLOYEE'S MASTER FILE RECORD [BEFORE PROCESSING THE 1ST 2021 PAYCHECK IN JANUARY]:

1. On their signed W-4 Form, the Employee should fill out the dollar amounts for the 2 fields found on the W-4 Form in Step 3.   The number of dependents is not required, just the dollar amount.

    For example: If the Employee has 3 children under age 17, they would enter $ 6,000.00 on the top line in this section.   (This has to be entered by the Employee).

    Also : If the Employee has 2 'Other Dependents', they would enter $ 1,000.00 on the second line in this section.   (This has to be entered by the Employee).

    Then Line 3 on the Form should be the total dollars of the above 2 line entries. Enter $ 0.00 on either line that does not apply.

2. In the Deneb Payroll Program on the Input and Maintenance Menu, Select the 1st Menu Program 'Employee Master File Maintenance.   Then select "2=Change" option. Use the "F1 Function" to Search for the first Employee that you want to make this entry on their Master File.

3. Next, Select the "ENTER THE FIELD NUMBER TO CHANGE" option.
    a. Enter Field "29" [Using the Type 1 Table only of the Federal Income Tax Tables - for Deneb2000, determine which alphabetic Letter to enter here.   For this example, we will use   "M".
    b. No entry is required in Field "30".
    c. Enter Field "31" as an "A" always.
    d. For the dollar entry in Field "32" - use the following instructions:

For this sample we will use the amounts in the example for Item 1. $6,000.00 for the top line.
$1,000.00 for the second line.

4. Going to the "Deneb Software 2021 Federal Tax Credits for Child Care" Table (included with your new Federal Tax Tables:

DENEB 2000 PAYROLL - SETUP PROCESS FOR IRS W-4 CHILD CARE CREDITS TO BE CALCULATED IN THE EMPLOYEES' PAYCHECKS

Rev. 12/20 Support Dept. -CH

Looking at the Table, the $2,000 Child Care Credits shown starting in Column "0" (letter H) through Column "10" (letter R) of it represents a credit amount for each of the $2,000.00 entered on the 1st line of the W-4.   In this case it is "3". $6,000.00 / by 2,000.00 per Dependent under the age of 17. If the Employee has no entry on the second line of the W-4 Form, the amount of " -115.38" weekly would be the entry you will need for the Employee's Master File's Child Care Credit.

Note: Their Table code would be   3/0   or 3 on top and 0 on side. Where these 2 meet gives you the correct amount of " -115.38 " for the Deneb entry.

If the Employee has an entry on the W-4 Form for the 2nd line of Child Care Credits then you must find their weekly deduction by doing the following:

Now Looking at the Child Care Credits shown in the vertical Column (letter G) (starting with "0" through "10" that are listed:

In our example above, the Child Credit shown on the 1st Table Row of "0" going across the row to where The Column "3"is   showing is "-115.38". Since the Employee has both credits earned, you would start with this column amount to begin with.

Next :

Note: Now their Table Code becomes 3/2 (Column 3, on top and 2 on side means you are looking for these intersecting number on the Table.

This is found by the intersection of Row No. 2 with Column No. 3
This is the corresponding total amount for the Employee's weekly Child Credit of " -134.40". This is the amount you will need to enter on the Employee's Master File.

The Actual Entry in the Employees Master File for the above example would be:

Line 31 SPL FIT CD = "A" (always)

Line 32 SPL FIT AMT = -134.40 [important: You must enter this as a negative amount - to be reduced from the system's calculated FIT amount during check processing].

If the Employee using the Type 1 Tables wants to have extra FIT Tax Withheld, you would deduct the extra FIT amount from the Child Care Credit amount. Ex: Child Care Credit =   -100.00
Extra FIT W/H =   50.0
You would enter the amount of -50.00 in the field for Line 32. You would have to keep a manual record of this somewhere in the Employee's Master File Record in a description field not being used for anything else.