Version 2.074
Release Notes

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State Income Tax Withholding Changes for 2023

- Kentucky – The Standard Deduction increases to $2,980.00 for 2023. The flat tax decreases from 5.0% to 4.5%. There are no other changes to the percentage method formula.
- California –
  - The Low Income Exemption amount-Single or Married with 0 or 1 Allowance changes to $17,252 for 2023 (was $15,916 in 2022).
  - The Low Income Exemption amount-Married with 2 or more Allowances, or Head of Household changes to $34,503 for 2023 (was $31,831 in 2022).
  - The Standard Deduction amount-Single or Married with 0 or 1 Allowance changes to $5,202 for 2023 (was $4,803 in 2022).
  - The Standard Deduction amount-Married with 2 or more Allowances, or Head of Household changes to $10,404 for 2023 (was $9,606 in 2022).
  - The State Secondary Exemption Allowance Amount/Number of Additional Allowances for Estimated Deductions is $1,000 annually for each allowance, which is unchanged from 2022.
  - The State Exemptions/Annual Tax credit changes to $154.00 for 2023 (was $141.90 in 2022).
  - There are Tax Table changes also.
- Indiana – There is a new element to the calculation of Indiana State and County Taxes – Number of Adopted Dependents – effective October 1, 2022. This is discussed in more detail later in this document.
- Arizona – The state is changing its tax withholding rates effective January 1, 2023. This is discussed in more detail later in this document.

Updated Manager Services Functions

This section describes updated functions in Manager Services.

Common Object Dictionary – Payroll Deductions

A new Deduction Type has been added to the system: Roth 457(b) 3Yrs Ret C/U. This Deduction Type has a contribution limit of two times the limit for Roth 457(b) plans.

Deductions and Deduction Accumulators

Entering a future year deduction record accidently caused a future year Deduction Accumulator to be created when it shouldn't have. This has been corrected.

SUI Data Generation and SUI File Creation

Starting with the 4q2022 SUI file for Washington that is filed by January 31, 2023 and going forward, the SOC code for each employee will display in the last column of each employee record in the CSV file. iCON already has a *SOC Code* field in the **Job Titles** function. The SOC Code for the employee that displays in the SUI file will come from the SOC Code assigned to the Job Title code that is in the employee's Work Profile record at the time the SUI Data Generation is run.

Please be sure to assign a SOC Code to any Job Titles in use by employees subject to Washington State Unemployment tax. The SOC code lookup can be found online at https://www.bls.gov/soc/2018/home.htm.

Tax Elections – State Taxes - Indiana

Indiana has added a new element of its withholding calculation, for State and County Tax, effective October 1, 2022. As a result, a new database field has been added to iCON for *Number of Adopted Dependents*. This is part of the new Indiana Form WH-4-State Form 48845 (R8 / 9-22)-Employee's Withholding Exemption and County Status Certificate. This amount will be used in the calculation of Indiana State Income Tax and Indiana County Tax in this function, for payment dates of October 1, 2022 and later. It will reduce the employee's calculated annualized taxable wage from the payment by $3,000.00 for each adopted dependent before applying the Indiana State Income Tax rate and the Indiana County Tax rate. The new field for Number of Adopted Dependents now appears in the following functions:

- **New Hire**
- **Pay Modeling**
- **Paycheck Calculator**
- **Payroll Activation**
- **Tax Elections**

You will also see the new column - *Adopted Dependent Allowance* - in the **Tax Manager** function when viewing Employee State Income Tax rates.

Tax Elections – State Taxes - Arizona

Arizona is changing its Tax Withholding Rates for 2023. The state is requiring that all Arizona employees provide a new Arizona Withholding Election form (Arizona Form A-4) for 2023. As of the date of the Year End Release, the display of the Arizona rates in iCON will change so that the 2022 rate and the 2023 rate can be easily selected.

Here – for example – is how the Tax Rates will display in Tax Elections in Manager Services:

In this example – looking at the first item in the list labeled *0.8%/0.5% AZ-6* - selecting this rate for 2022 will result in the employee having the 0.8% tax rate apply. Selecting this rate for 2023 will result in the employee having the 0.5% tax rate apply. Selecting *Income Tax* will result in the user having the 3.6% rate apply for 2022, and the 2.5% rate apply for 2023. This will be detailed more thoroughly in the Taxes document in Manager Services Help>Documents>Payroll.

If your organization allows employees access to the **W-4 Forms** function in Employee Self Service, the selections made there will update the employee's Tax Election records for Arizona State Income Tax seamlessly using the Symmetry Payroll Tax Forms interface. However, the 2023 version of Arizona Form A-4 will not be available for users until precisely 12:00 a.m. (their local time) on January 1, 2023.

All screens in Manager Services that display State Tax Types will display these new labels for the Arizona Tax Rates.

W-2 History

The US and Puerto Rico W-2 Forms in this function will be updated to the Tax Year 2022 version of the forms and instructions.

Updated Employee Self Service Functions

This section describes updated functions in Employee Self Service.

Paycheck Calculator

- Indiana - If an employee's worked state is Indiana, there is a new field labeled *# of Adopted Dependents*, that will appear in this function, which will default to the amount in Manager Services Tax Elections function for this same field. This field can be updated in this function. This is part of the new Indiana Form WH-4-State Form 48845 (R8 / 9-22)-Employee's Withholding Exemption and County Status Certificate. This amount will be used in the calculation of Indiana State Income Tax and Indiana County Tax in this function, for payment dates of October 1, 2022 and later. It will reduce the employee's calculated annualized taxable wage from the payment by $3,000.00 for each adopted dependent before applying the Indiana State Income Tax rate and the Indiana County Tax rate.

- Arizona - As mentioned above regarding the change to the Arizona State Income Tax rates, the display of the State Tax Types for Arizona in the list box in the Paycheck Calculator function will have labels that reflect both the 2022 and 2023 Tax Rates.

W-2 History

The US and Puerto Rico W-2 Forms in this function will be updated to the Tax Year 2022 version of the forms and instructions.

Updated iCON Tools Functions

This section describes updated functions in iCON Tools.

HR Common Object Dictionary – Payroll Deductions

A new Deduction Type has been added to the system: Roth 457(b) 3Yrs Ret C/U.
This Deduction Type has a contribution limit of two times the limit for Roth 457(b)
plans.

Deductions and Deduction Accumulators

Entering a future year deduction record accidently caused a future year Deduction Accumulator to be created when it shouldn't have. This has been corrected.

SUI Magnetic Data Generation and SUI Diskette Creation

Starting with the 4q2022 SUI file for Washington that is filed by January 31, 2023 and going forward, the SOC code for each employee will display in the last column of each employee record in the CSV file. iCON already has a *SOC Code* field in the **Job Titles** function. The SOC Code for the employee that displays in the SUI file will come from the SOC Code assigned to the Job Title code that is in the employee's Work Profile record at the time the SUI Data Generation is run.
Please be sure to assign a SOC Code to any Job Titles in use by employees subject to Washington State Unemployment tax. The SOC code lookup can be found online at https://www.bls.gov/soc/2018/home.htm.

Employee Tax Options – State Taxes - Indiana

Indiana has added a new element of its withholding calculation, for State and County Tax, effective October 1, 2022. As a result, a new database field has been added to iCON for *Number of Adopted Dependents*. This is part of the new Indiana Form WH-4-State Form 48845 (R8 / 9-22)-Employee's Withholding Exemption and County Status Certificate. This amount will be used in the calculation of Indiana State Income Tax and Indiana County Tax in this function, for payment dates of October 1, 2022 and later. It will reduce the employee's calculated annualized taxable wage from the payment by $3,000.00 for each adopted dependent before applying the Indiana State Income Tax rate and the Indiana County Tax rate. The new field for Number of Adopted Dependents now appears in the following functions:

- **Employee Pay Modeling**
- **Employee Tax Options**
- **Payroll Activation**

You will also see the new column - *Adopted Dependent Allowance* - in the **Tax Manager** function when viewing Employee State Income Tax rates.

Employee Tax Options – State Taxes - Arizona

Arizona is changing its Tax Withholding Rates for 2023. The state is requiring that all Arizona employees provide a new Arizona Withholding Election form (Arizona Form A-4) for 2023. As of the date of the Year End Release, the display of the Arizona rates in iCON will change so that the 2022 rate and the 2023 rate can be easily selected.

Here – for example – is how the Tax Rates will display in **Employee Tax Options** in iCON Tools:

In this example – looking at the first item in the list labeled *0.8%/0.5% AZ-6* - selecting this rate for 2022 will result in the employee having the 0.8% tax rate apply. Selecting this rate for 2023 will result in the employee having the 0.5% tax rate apply. Selecting the *Income Tax* item will result in the user having the 3.6% rate apply for 2022, and the 2.5% rate apply for 2023. This will be detailed more thoroughly in the Taxes document in Manager Services Help>Documents>Payroll.
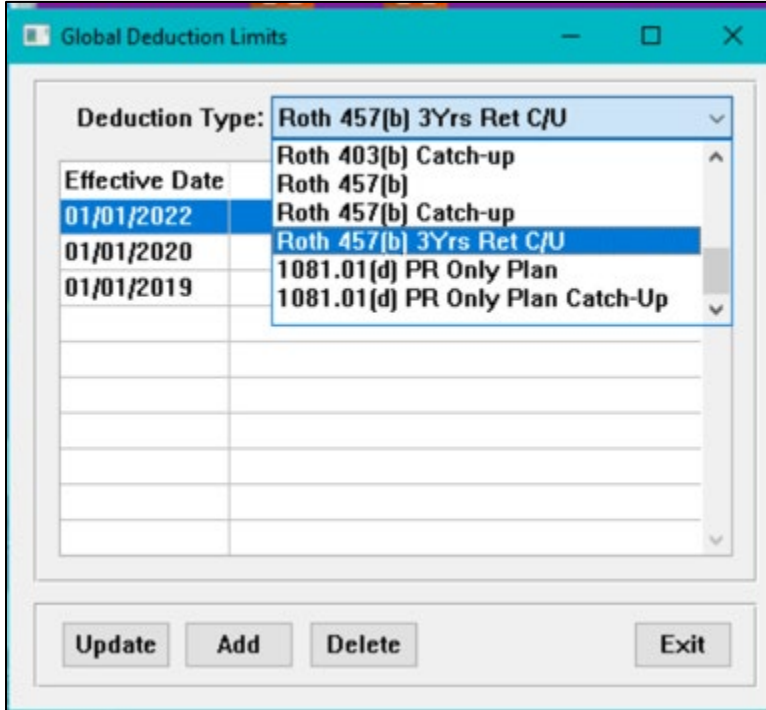
If your organization allows employees access to the **W-4 Forms** function in Employee Self Service, the selections made there will update the Employee Tax Option records for Arizona State Income Tax seamlessly using the Symmetry Payroll Tax Forms interface. However, the 2023 version of Arizona Form A-4 will not be available for users until precisely 12:00 a.m. (their local time) on January 1, 2023.

All screens in iCON Tools that display State Tax Types will display these new labels for the Arizona Tax Rates.

Updated Customer Management Module Functions

This section describes updated functions in Customer Management Module.

Global Deduction Limits

A new Deduction Type has been added to the system: Roth 457(b) 3Yrs Ret C/U. This Deduction Type has a contribution limit of two times the limit for Roth 457(b) plans.

Global Employee Tax Manager

- State Taxes – As mentioned above regarding the new element of the calculation for Indiana State Taxes, the **Employee State Tax Definition** screen will display a new column in the header section labeled *Adopted Dependent Allowance.* A value will only display in this field for Indiana Income Tax.

State Employee Tax Rate Definition

State/Province: Indiana   **State Tax:** Income Tax   **Effective Date:** 11/17/2022

	Adopted Dependent Allowance	Supplemental Tax Rate
Update	3,000.00	3.2300
Add	3,000.00	3.2300
Delete		

	Tax Rate	Upper Income Level
Update	3.2300	999,999,999,999.99
Add		
Delete		

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