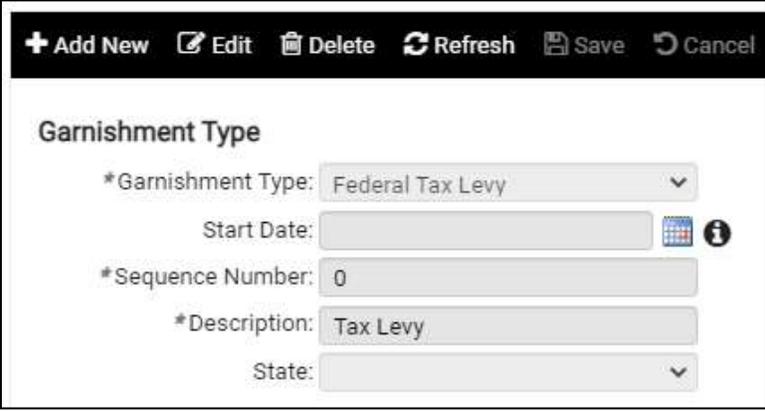


Introduction

This article is to instruct you how to add a Federal Tax Levy under Employee Management > Employee Pay > Garnishments.

Garnishments

Access the **Garnishments** screen by going to Employee Management > Employee Maintenance > Garnishments. Select the employee.



The screenshot shows a software interface for adding a garnishment. At the top, there is a dark header bar with several icons and labels: '+ Add New', 'Edit', 'Delete', 'Refresh', 'Save', and 'Cancel'. Below this, the main content area is titled 'Garnishment Type'. It contains the following fields:

- *Garnishment Type:** A dropdown menu with 'Federal Tax Levy' selected.
- Start Date:** A text input field with a calendar icon and an information icon to its right.
- *Sequence Number:** A text input field containing the value '0'.
- *Description:** A text input field containing the value 'Tax Levy'.
- State:** A dropdown menu.

Make the following selections:

- **Garnishment Type:** Select "Federal Tax Levy" from the drop-down menu.
- **Start Date:** This field is optional. When used, the garnishment would start if the date entered here is less than or equal to the Period End Date of the payroll. If left blank, the garnishment will start with the next scheduled payroll.
- **Sequence Number:** Garnishments are processed by the sequence number entered. A garnishment by law will determine the sequence. Please check with the agency if you are unsure of its priority. Child support always will have highest priority unless a Federal Tax levy is received prior to the child support. Therefore, if the Federal Tax Levy is received first, the sequence should be zero (0). If the Federal Tax Levy is received after a Child Support, the Child support should have a Sequence of zero (0) and the Federal Tax Levy should have a Sequence of one (1).
- **Description:** Prints on reports and paychecks.
- **State:** Not required for Federal Tax levies.

Payee

Payee

Client Payee

Internal Revenue Service - Webber, Maxwell J ▼

ACH Payee

▼

Case Number:

FIPS Code:

Medical Support Required

- **Client Payee:** This drop-down includes all third parties set up under Client Management > Payroll > Third Parties when the third-party type is "Garnishment Payee." See the document "Third Party Payment" for details.
- **ACH Payee:** This drop-down will include all Child Support payee's set up at the System-level.
- **Case Number:** This field is used to enter a case number to print on the third-party check and as a reference.
- **FIPS Code:** Not required for Federal Tax levies.
- **Medical Support Required:** Not required for Federal Tax levies.

Garnishment Calculation

- **Percent:** When selected, the **Percent** field is enabled. The percent of a Federal Tax levy is always 100%. Enter 100.
- **Percentage of:** The default is Disposable Income. Leave the default since the Internal Revenue Service gives you the Take Home Pay after taxes and optional existing deductions per the court order.
- **Not to Exceed %:** Always leave blank for Federal Tax levies.
- **Dependent Exemption:** For any garnishments indicating an exemption for dependents, enter the exemption amount. The total amount calculated by the garnishment will be reduced by the exemption amount entered. Here is an example:

Garnishment Calculation

Percent

Amount

*Percent:

*Percentage of: ▼

Not To Exceed \$:

Dependent Exemption: ⓘ

Per Pay Fee

Fee Amount: The Internal Revenue Service currently does not allow for an employer-based fee. Always check the court order for any changes.

Disposable Income

Deductions: All deductions set up at the company level will appear under Disposable income. Select any of the deductions already set up on that employee level deduction or benefit screen that the Court Order allows. By doing this, the Disposable income becomes:

- Gross minus taxes minus deductions selected
- 100% percent of that amount subtracted from the Minimum take home pay will be sent to the IRS as payment of the Federal Tax Levy garnishment

Disposable Income

Disposable income will be determined by subtracting Taxes and any Deductions selected below from Gross Pay

- Voluntary Deduc
- Pretax Medical
- Pretax Dental
- 401K
- 401(k) Roth

Minimum Take Home Pay

Per the instructions on the screen, enter zero (0) in the **Override Multipliers** field and the **Minimum Take Home Pay** from the court order or chart in IRS Publication 1494 obtained with the 668W.

Here is an example with a Minimum Take Home Pay of \$765.19.

Minimum Take Home Pay

Default Calculation: Federal minimum wage times 30. To override the default calculation, enter a per week multiplier.

Override Multiplier:

Additional Amount:

To override the take home pay calculation with a dollar amount, enter 0 in the Override Multiplier and enter Additional Amount as minimum take home pay.

The employee's Net Pay will equal the amount entered in the minimum take home pay additional amount \$765.19 + \$50.00 dependent exemption amount equaling \$815.19. The remaining net pay will appear as the Tax Levy Deduction amount:

<table border="0"> <tr> <td>Check Type:</td> <td>Regular Check</td> <td>Gross Pay:</td> <td>3653.85</td> </tr> <tr> <td>Check Date:</td> <td>2/26/2021</td> <td>Gross Wage:</td> <td>3653.85</td> </tr> <tr> <td>Period End:</td> <td>2/20/2021</td> <td>Net Pay:</td> <td>815.19</td> </tr> <tr> <td>Period Begin:</td> <td>2/7/2021</td> <td>Check Amt:</td> <td>815.19</td> </tr> <tr> <td>Payroll Run #:</td> <td></td> <td>Check #:</td> <td></td> </tr> </table>	Check Type:	Regular Check	Gross Pay:	3653.85	Check Date:	2/26/2021	Gross Wage:	3653.85	Period End:	2/20/2021	Net Pay:	815.19	Period Begin:	2/7/2021	Check Amt:	815.19	Payroll Run #:		Check #:		<p>Maxwell J Webber 1452 Market Place Apt 3 CHICAGO, IL 60605</p> <p style="text-align: right;">UTMC</p>	
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<p>Earnings & Memos*</p> <table border="1"> <thead> <tr> <th></th> <th>Curr Hours</th> <th>Curr Dollars</th> <th>YTD Hours</th> <th>YTD Dollars</th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td>80.00</td> <td>3653.85</td> <td>80.00</td> <td>3653.85</td> </tr> <tr> <td>Medical ER*</td> <td>0.00</td> <td>50.00</td> <td>0.00</td> <td>50.00</td> </tr> </tbody> </table>		Curr Hours	Curr Dollars	YTD Hours	YTD Dollars	Regular	80.00	3653.85	80.00	3653.85	Medical ER*	0.00	50.00	0.00	50.00	<p>Deductions</p> <table border="1"> <thead> <tr> <th></th> <th>Curr Dollars</th> <th>YTD Dollars</th> </tr> </thead> <tbody> <tr> <td>Tax Levy</td> <td>1767.77</td> <td>1767.77</td> </tr> </tbody> </table>		Curr Dollars	YTD Dollars	Tax Levy	1767.77	1767.77
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Limits and Balances

The Court order received from the IRS (668W) will indicate the Tax Period and the total amount due based on the current amount. However, the IRS will continue to add interest to that amount until paid in full. Therefore, it is best not to enter the total amount due under limit since the system would stop the garnishment when the balance reached zero. Please wait until the Form 668D is received from the Internal Revenue Service before entering either a limit of zero (0) or an Expiration Date.

It is best to enter the Expiration Date when the 668D was received.

Here are the options under **Limits & Balances**:

Limits & Balances

Expiration Date:

Apply Arrears

Limit:

Remaining Balance: 0.00

Arrears Balance: 0.00

Update Arrears Balance:

Amounts entered in Update Balance will replace Current Balance with the next payroll.

Annual Cap:

- **Expiration Date:** The garnishment will stop when it reaches the date entered.
- **Limit:** The balance owed on a garnishment. The deduction will stop automatically when the system reaches zero.
- **Note:** If both Expiration Date and Limit is entered, the deduction will stop at the one that is reached first.
- **Remaining Balance:** This field is read-only, and only populated if there is a limit. The remaining balance calculation is $(limit - taken) = remaining\ balance$. If the limit amount is changed, the remaining balance will be changed after the payroll processes.

- **Arrears Balance:** An arrears balance is accumulated if the entire period amount for the garnishment could not be withheld, the system will try to take the arrears balance in future payrolls if the employee has enough disposable income.
- **Update Arrears Balance:** The amount entered in this field will update the current balance with the next payroll processed.
- **Annual Cap:** When an amount is entered, the garnishment deduction will stop for the year when the YTD amount = Annual Cap is reached and then will resume in the following year. If the YTD garnishment goes below the Annual Cap at any time during the year, and the garnishment deduction has stopped, it would resume for the year (user increases the Annual Cap amount or a check is voided with a garnishment deduction).