

COATS

303 Lynnhaven Parkway, Suite 200 Virginia Beach, VA 23452
(757) 499-7652 (757) 490-2888 Fax

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AZ State Tax Code Changes

SITUATION: You withhold Arizona State Income taxes from employees. Effective January 1, 2023, AZ had modified the withholdings to calculation from the Gross Net Wages vs from the federal income tax withheld. The following has taken place:

AZ08 – 0.8% tax bracket	is now	AZ05 – 0.5% tax bracket
AZ13 – 1.3% tax bracket	is now	AZ10 – 1.0% tax bracket
AZ18 – 1.8% tax bracket	is now	AZ15 – 1.5% tax bracket
AZ27 – 2.7% tax bracket	is now	AZ20 – 2.0% tax bracket
AZ36 – 3.6% tax bracket	is now	AZ25 – 2.5% tax bracket
AZ42 – 4.2% tax bracket	is now	AZ30 – 3.0% tax bracket
AZ51 – 5.1% tax bracket	is now	AZ35 – 3.5% tax bracket
AZ99 – Exempt		Remains the same.

NOTE: As per Arizona Withholding Booklet: Tax Rate Change Effective January 1, 2023, “Each employee MUST fill out a new Form A-4”. You can visit AZ’s website at <http://www.azdor.gov/Business/WithholdingTax.aspx>.

You need to update the tax tables:

- 1) Log into the Customer Portal Site from the Coats website (www.coatssql.com).
- 2) Under “What’s New”, click on the link for AZ tax update for COATS Standard users.
- 3) Save the **taxdata23.exe** and **taxcode23.exe** to your computer (i.e. c:\temp).
- 4) From **My Computer**, go to the location where the files were saved.
- 5) Double click on **taxdata23.exe**.
- 6) **WinZip Self-Extracting** window will appear.
- 7) In the Unzip to Folder, it will state c:\temp. This **MUST BE CHANGED** to your **data directory** (i.e. f:\coatdata).
- 8) Click on **Browse** and navigate to your data directory.
- 9) Click **Unzip**.
- 10) You will be prompted that *2 files unzipped successfully*.
- 11) Click **OK**.
- 12) Click **Close**.
- 13) Double click on **taxcode23.exe**.
- 14) **WinZip Self-Extracting** window will appear.
- 15) The default unzip location is **c:\coats**.
- 16) Click **Unzip**.
- 17) You will be prompted that *18 files unzipped successfully*.
- 18) Click **OK**.
- 19) Click **Close**.

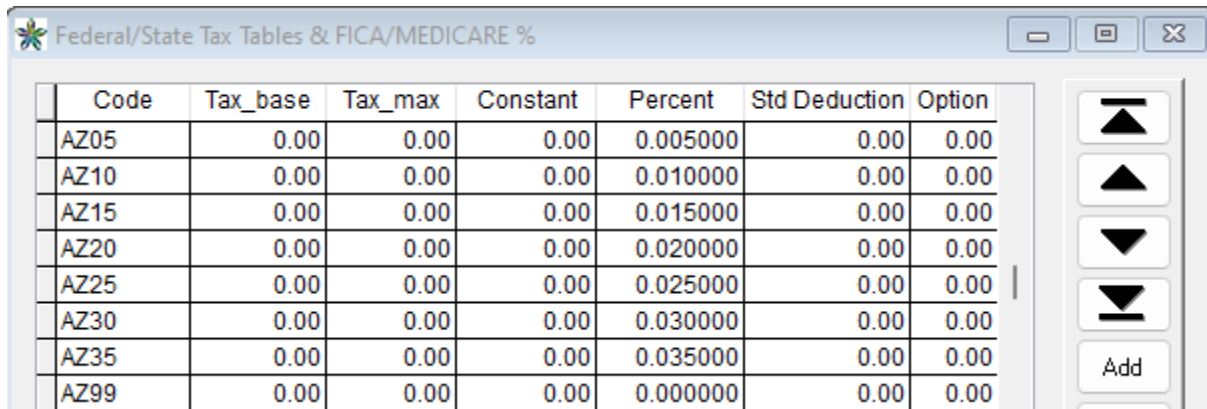
Coats will reassign the new state tax code to each employee.

- 1) Click **Maintenance** from the main menu.
- 2) Click **Run Alternate Program**.
- 3) Click **Restore**.
- 4) Ensure that the Look In box says **COATS**.
- 5) Double click on **AZ_CODE_UPDATE.CPG**.
- 6) Click **Run It**.
- 7) Click on **CLEAR** button.
- 8) When the command lines clear, click on **CLOSE DATA** button.
- 9) **X** out of **Run Alternate Program**.

NOTE: As per the State of Arizona, you are **REQUIRED** to have all employees complete a **NEW A-4** form to ensure you will be withholding at the correct percentage. This update only reassigns the employees tax screens with new AZ codes as the old codes no longer exist in the system.

To ensure that you have done the tax update appropriately:

- 1.) Click on Maintenance / Codes & Tables / Tax Tables.
- 2.) Locate the AZ codes.
- 3.) They should appear as follows:



Code	Tax_base	Tax_max	Constant	Percent	Std Deduction	Option
AZ05	0.00	0.00	0.00	0.005000	0.00	0.00
AZ10	0.00	0.00	0.00	0.010000	0.00	0.00
AZ15	0.00	0.00	0.00	0.015000	0.00	0.00
AZ20	0.00	0.00	0.00	0.020000	0.00	0.00
AZ25	0.00	0.00	0.00	0.025000	0.00	0.00
AZ30	0.00	0.00	0.00	0.030000	0.00	0.00
AZ35	0.00	0.00	0.00	0.035000	0.00	0.00
AZ99	0.00	0.00	0.00	0.000000	0.00	0.00

- 4.) If they do not show as above, please contact technical support at 757-499-7652.