

US Labor & Industries Tax - Washington State

Washington Labor and Industries (L&I) tax is generally paid by both the company and the employee. It is based on hours worked with different rates for different occupations being grouped according to risk classification. For a complete list of rates and risk classes you may refer to <http://www.lni.wa.gov/>.

Since this tax is not part of the system default taxes, there is a need to add this into the system as a custom tax. Let us consider the class code 0301-06 Agricultural sprinkler/irrigation systems as an example to demonstrate on how to setup this tax in Windward Payroll.

As of 2015, under class code 0301-06, the employer should contribute \$1.09480 and withhold \$0.30530 from the employee's pay for every hours worked.

Tax

For the state of Alaska, there is no state tax. However, they have this Labor and Industries tax.

Attach the Tax to an Income

To attach this tax to an income item, go to the Incomes tab of the company setup and edit the income item. Through the Taxes tab of the payroll item, toggle the payroll tax item to be attached the income.

Pay Run

In an employee's worksheet, once the number of hours will be entered, L&I tax will then be calculated. This tax is calculated based on the number of hours rendered for work by the employee at a rate specified by the Labor and Industries.

However, for a salaried employee, a required number of hours within a period will need to be specified or set in the income item of the specific employee.

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