

Vermont Child Care Contribution

Document #:	3465	Product:	CenterPoint® Payroll
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Beginning July 1, 2024, Vermont employers will begin making contributions composed of a 0.44% payroll tax on wages to the Vermont Department of Taxes for deposit into the Child Care Contribution Special Fund. Employers must pay 0.44% of their employees' wages paid on or after July 1, 2024, but employers may choose to deduct and withhold up to one-quarter of the contribution (not more than 0.11%) from employee wages. The employer may choose to withhold a smaller portion of the employees' wages or choose not to withhold any amount from employees. For more information on the Vermont Child Care Contribution, please visit <https://tax.vermont.gov/business/child-care-contribution>.

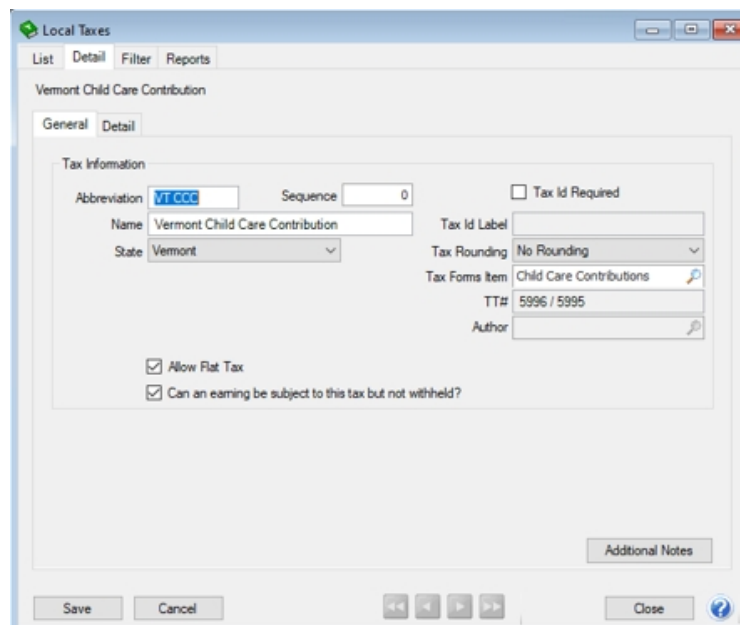
Because employers can choose how much tax to withhold from employees, Red Wing Software cannot maintain the tax rate as part of the CenterPoint Tax Table Updates and recommends creating a Local Tax for the Vermont Child Care Contribution.

[Step A - Create a Local Tax for Vermont Child Care Contribution](#)

[Step B - Add the Vermont Local Tax to an Employee Record](#)

Step A - Create a Local Tax for Vermont Child Care Contribution:

1. Select **Setup > Payroll Details > Local Taxes**. Click **New**.
2. Enter an **Abbreviation** and **Name** for this tax.
3. In the **State** box, select **Vermont**.
4. In the **Tax Forms Items** box, select **Child Care Contributions**.



The screenshot shows the 'Local Taxes' window in the software. The title bar reads 'Local Taxes'. Below the title bar are tabs for 'List', 'Detail', 'Filter', and 'Reports'. The main window title is 'Vermont Child Care Contribution'. There are two sub-tabs: 'General' and 'Detail', with 'General' selected. The 'Tax Information' section contains the following fields:

- Abbreviation: VT CCC
- Sequence: 0
- Tax Id Required:
- Name: Vermont Child Care Contribution
- Tax Id Label: (empty)
- State: Vermont
- Tax Rounding: No Rounding
- Tax Forms Item: Child Care Contributions
- TT#: 5995 / 5995
- Author: (empty)

At the bottom of the 'Tax Information' section, there are two checked checkboxes:

- Allow Flat Tax
- Can an earning be subject to this tax but not withheld?

At the bottom of the window, there are buttons for 'Save', 'Cancel', 'Close', and an 'Additional Notes' button.

5. Select the **Detail** tab.
6. In the **Employee Method** box, select **% of Wages Tax**.
7. In the **Employer Method** box, select **% of Wages Tax_**.
8. Select a **Liability Account**.
9. Select an **Expense Account**.
10. Click **Save**.
11. **Edit** the tax you just created and select the **Detail** tab.
12. Click **Add**. In the **Effective Date** box, enter **7/1/24**.
13. In the **Employee Tax Detail** section, enter the **Rate** you wish to withhold from your employees' checks. This can be anything **between 0 and 0.11%**. Leave the Allowance Amount at 0.00.
14. In the **Employer Tax Detail** section, enter the **Rate** for the employer contribution. This should be **between 0.33 and 0.44%**. The total Employee Tax Detail Rate plus the Employer Tax Detail Rate **must equal 0.44%**. The Allowance Amount should remain at 0.00.

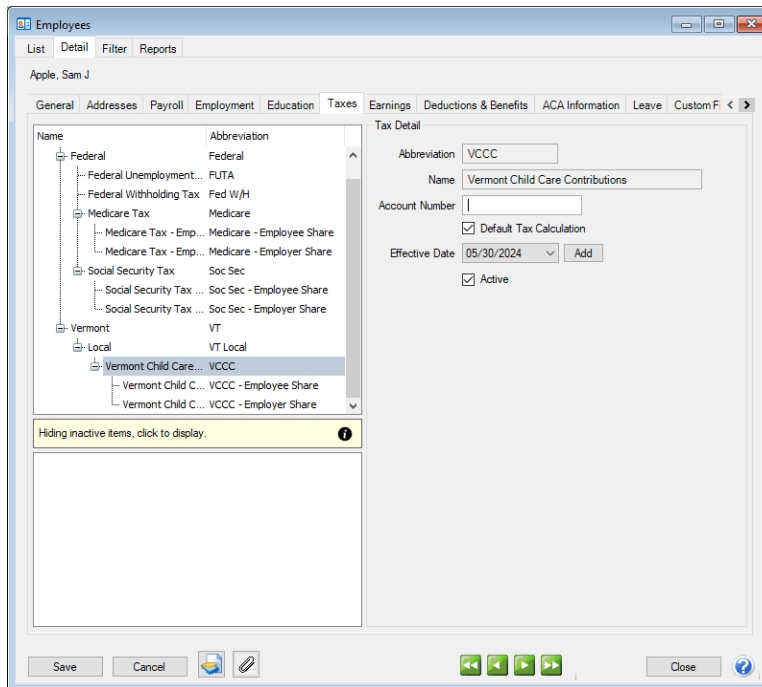
The screenshot shows the 'Local Taxes' window with the 'Detail' tab selected. The title bar reads 'Local Taxes'. Below the title bar are tabs for 'List', 'Detail', 'Filter', and 'Reports'. The main content area is titled 'Vermont Child Care Contribution'. There are two sub-tabs: 'General' and 'Detail', with 'Detail' currently active. The 'Effective Date' is set to '07/01/2024'. The 'Employee Method' is '% of Wages Tax' and the 'Employer Method' is '% of Wages Tax_'. The 'Liability Account' is 'Vermont Taxes Payable' and the 'Expense Account' is 'Payroll Taxes Expense'. Under 'Employee Tax Detail', the 'Rate' is '0.11000000%' and the 'Allowance Amount' is '0.00000000'. Under 'Employer Tax Detail', the 'Rate' is '0.33000000%' and the 'Allowance Amount' is '0.00'. At the bottom, there are 'Save', 'Cancel', and 'Close' buttons, along with navigation arrows and a help icon.

15. Click **Save**.

Step B - Add the Vermont Local Tax to an Employee Record:

Follow the instructions below to add the Vermont Child Care Contribution local tax to individual employee records. If you have multiple employees to add the local tax to, use the Employee Mass Update (Setup > Payroll Details > Employee Mass Update) option instead. Refer to the [Employee Mass Update](#) topic for more information.

1. Select **Setup > Employees**.
2. Select the employee to add the local tax to, and then click **Edit**.
3. Select the **Taxes** tab.
4. Under the employer in the box on the left, select **Vermont**.
5. Under Vermont, select **Local**. Select the **Vermont Child Care Contribution** tax in the box in the lower left side of the screen.
6. From the upper left side of the screen, select **Vermont Child Care Contribution**.
7. In the **Tax Detail** area on the right, select the **Default Tax Calculation** box and complete any other information such as Account Number, etc.



8. Click **Save**.