

Payroll

L100 Payroll Implementation

Training Guide

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How to Use This Course

This course covers the implementation of the payroll functionality of Acumatica ERP. You will learn how to set up and assign the relevant taxes to employees based on their resident addresses and work locations. You will configure earning types, PTO banks, deductions and benefits, unions, and workers' compensation codes. Also, you will learn how to specify employee payroll settings necessary for the calculation of payroll documents.

This course must be completed on Acumatica ERP 2021 R1. For this course, you will use an Acumatica ERP tenant with the *U100* dataset preloaded.

You perform the following general steps to complete the course:

1. You prepare an Acumatica ERP 2021 R1 instance.
2. You complete the lessons of the course to learn how to implement the payroll functionality in Acumatica ERP.
3. At Partner University, you take the assessment test.
4. At Partner University, you complete the course survey to finish the course and get the Partner University certificate of course completion.

What Is in a Guide?

The guide includes the *Company Story* topic and lessons, including general information and activity related to the lesson. *Company Story* explains the organizational structure of the companies preconfigured in the *U100* dataset, as well as the company's business processes and requirements. General information topics provide overviews of the processes that are performed in Acumatica ERP. Each of the lessons of the course is dedicated to a particular user scenario and consists of processing steps that you complete.

What Is in a Configuration Lesson?

A *configuration lesson*—that is, a lesson dedicated to the configuration of system settings and entities—provides a brief overview of the required system configuration and a description of other settings that could affect the workflow. Also, the lesson could provide information about reports and inquiry forms that can be used for gathering information about the configured entities.

Each lesson includes at least one implementation activity that you have to complete in your Acumatica ERP instance to configure the core system settings or to prepare system entities.

What Are the Documentation Resources

The complete Acumatica ERP documentation is available on <https://help.acumatica.com/> and is included in the Acumatica ERP instance. While viewing any form used in the course, you can click the **Open Help** button in the top pane to bring up a form-specific Help menu; you can use the links on this menu to quickly access form-related concepts and procedures and to open a reference topic with detailed descriptions of the form elements.

How to Create a Tenant with the *U100* Dataset

To add to an existing Acumatica ERP instance a tenant with the *U100* dataset, which is required for the completion of this course, and prepare the tenant for completing the activities, perform the following instructions:

1. Go to [Amazon Storage](#).
2. Open the folder of your Acumatica ERP instance version.
3. In this folder, open the `Snapshots` folder, and download the `u100.zip` file.
4. Launch the Acumatica ERP instance, and sign in.
5. Open the [Tenants](#) (SM203520) form, and click **Add New Record** on the form toolbar.
6. In the **Login Name** box, type the name to be used for the tenant.
7. On the form toolbar, click **Save**.
8. On the **Snapshots** tab, click **Import Snapshot**.
9. In the **Upload Snapshot Package** dialog box, select the `u100.zip` file, which you have downloaded, and click **Upload**.

The system uploads the snapshot to the **Snapshots** tab of the [Tenants](#) form.

10. On the form toolbar, click **Restore Snapshot**.
11. If the **Warning** dialog box appears, click **Yes**.
12. In the **Restore Snapshot** dialog box, make sure that the correct snapshot package is being uploaded, and click **OK**. The system will restore the snapshot and sign you out.

You are now on the Sign-In page, and you can sign in to the tenant you have just created.

Licensing Information

For educational purposes of this course, you use Acumatica ERP under the trial license that does not require activation and provides all available features. For production use of this functionality, you have to activate the license your organization has purchased. Each particular feature may be subject to additional licensing; please consult the Acumatica ERP sales policy for details.

Company Story

This topic explains the organizational structure and operational activity of the company with which you will work during this training.

Company Structure

The SweetLife Fruits & Jams company is a midsize company located in New York City. The company consists of the following branches:

- SweetLife Head Office and Wholesale Center: This branch of the company consists of a jam factory and a large warehouse where the company stores fruit (purchased from wholesale vendors) and the jam it produces. Warehouse workers perform warehouse operations by using barcode scanners or mobile devices with barcode scanning support.
- SweetLife Store: This branch has a retail shop with a small warehouse to which the goods to be sold are distributed from the company's main warehouse.
- Service and Equipment Sales Center: This branch is a service center with a small warehouse where juicers are stored. This branch assembles juicers, sells juicers, installs juicers, trains customers' employees to operate juicers, and provides juicer servicing.

Operational Activity

The company has been operating starting in the *01-2020* financial period. In November 2020, the company started using Acumatica ERP as an ERP and CRM system and migrated all data of the main office and retail store to Acumatica ERP. Because the company has grown, the equipment center has begun its operations in *01-2021*.

Company Purchases

The company purchases fruits and spices from large fruit vendors for sale and for jam production. For producing jams and packing jams and fruits, the company purchases jars, labels, and paper bags from various vendors. For the internal needs of the main office and store, the company purchases stationery (printing paper, pens, and pencils), computers, and computer accessories from various vendors. The company also purchases juicers and juicer parts for sale from a large juicer vendor and either purchases the installation service for the juicers or provides the installation service on its own, depending on the complexity of the installation.

Company Sales and Services

Each company's branch has its own business processes, as follows:

- SweetLife Head Office and Wholesale Center: In this branch, jams and fruit are sold to wholesale customers, such as restaurants and cafés. The company also conducts home canning training at the customer's location and webinars on the company's website.
- SweetLife Store: In the store, retail customers purchase fresh fruit, berries, and jams, or pick up the goods they have ordered on the website. Some of the goods listed in the website catalog are not stored in the retail warehouse, such as tropical fruits (which are purchased on demand) and tea (which is drop-shipped from a third-party vendor).
- Service and Equipment Sales Center: This branch assembles juicers, sells juicers, provides training on equipment use, and offers equipment installation, including site review and maintenance

services. The branch performs one-time endeavors as well as complex projects with their own budgets.

Lesson 1: Payroll Basic Configuration

Payroll Basic Configuration: General Information

This topic provides a general overview of the configuration tasks that you have to perform before you can proceed with the initial configuration of the payroll functionality in Acumatica ERP. Also, this topic describes the recommended configuration steps for the payroll functionality.

Learning Objectives

In this chapter, you will do the following:

- Review the tasks that must be done for the initial configuration of an Acumatica ERP instance
- Enable the necessary feature
- Create numbering sequences for the payroll entities
- Specify payroll preferences

Applicable Scenarios

You configure the payroll functionality in the following cases:

- When you initially implement Acumatica ERP and the *Payroll* feature is included to your license.
- When you need to configure payroll in a previously configured fully functioning environment.

Prerequisites

To prepare the system for the implementation of payroll, you perform the following general steps:

1. You make sure that the license for Acumatica ERP includes the *Payroll* feature, and the feature is enabled on the [Enable/Disable Features](#) (CS100000) form. For details, see [Preparing an Instance for Implementation](#).
2. You complete the initial system configuration and implement the minimum general ledger before you implement payroll. The payroll functionality can be tightly integrated with other Acumatica ERP functional areas, including general ledger, accounts payable, and organization structure. These areas do not require any change in their configuration when payroll is implemented; however, the functionality to be integrated with payroll should be implemented before payroll. For details, see [Configuring a Company Without Branches](#).



In the **Tax Registration ID** box on the **Company Details** tab of the [Companies](#) (CS101500) form, you need to specify the employer identification number that will be used for government reporting.

3. If time tracking in payroll is planned, you perform a basic configuration of the time reporting functionality. For an example of configuration, see [Time Tracking Configuration: General Information](#).
4. The following entities have to be defined in the system:
 - The numbering sequences to be used to numerate documents generated by payroll. We recommend that you use specific naming conventions for numbering sequences to differentiate

payroll documents from other documents generated in the system. For details about numbering sequences, see [Use of Numbering Sequences](#).

- The expense and liability accounts and subaccounts to be used by default for recording the following:
 - *Earnings*: An expense account that will be used to record earnings.
 - *Deductions*: A liability account that will be used to record deductions from employee paychecks.
 - *Benefits*: An expense account that will be used to record benefits to employee paychecks and a liability account to off-set the benefit expense account.
 - *Taxes*: An expense account that will be used to record taxes and a liability account to off-set the tax expense account.

You review the existing chart of accounts and add missing accounts (if needed) by using the [Chart of Accounts](#) (GL202500) form.

- Payment methods and a cash account for each payment method to be used to generate paychecks for an employee. You need to mark the payment methods as available for use in payroll by selecting the **Use in PR** check box in the Summary area of the [Payment Methods](#) (CA204000) form. Also, you need to mark the cash accounts as available for use in payroll by selecting the **Use in PR** check box on the **Allowed Cash Accounts** tab of the [Payment Methods](#) form.



A special export scenario, *Export PR Payment to ACH Balanced*, may be used to handle a specific requirement for payroll direct deposit. Also, a specific report, *Pay Checks (PR641010)*, may be used for printing paychecks.

- Vendors to be used with payroll, such as tax agencies, benefit providers and unions. For details about vendor configuration, see [Vendors: General Information](#) and [Tax Agency: General Information](#).
- The departments and positions that are used in your organization. You can configure the organizational structure by using the [Departments](#) (EP201500) and [Positions](#) (EP201000) forms.
- The work calendar that reflects the work days, work times for each day, and unpaid break time of the employees that are involved in payroll. You define this calendar by using the [Work Calendar](#) (CS209000) form.
- The employees to be defined as payroll employees. You maintain the list of employees employed in your organization by using the [Employees](#) (EP203000) form.

After all prerequisites have been met and the necessary entities have been created, you can start implementing the payroll functionality in the system.

Workflow of the Payroll Implementation

To implement the payroll functionality, you perform the following general steps:

1. On the [Payroll Preferences](#) (PR101000) form, you specify the general settings of payroll, such as the numbering sequences, the posting and retention settings, and the exceptions for transaction dates. After you have performed this basic configuration, you can start setting up payroll entities and using the payroll functionality. For an example of basic configuration, see [Payroll Basic Configuration: Implementation Activity](#).

2. On the [Work Locations](#) (PR101040) form, for each location where work is to be performed, you enter all the address information through the postal code. For an example, see [Work Locations: Implementation Activity](#).
3. On the [Tax Maintenance](#) (PR208000) form, you download the latest tax details from the Tax Symmetry engine so that the system will create tax codes related to all employee addresses and work locations stored in the system. On the **Tax Codes** tab of the form, for each tax, you specify a vendor (tax agency), default attribute settings, and general ledger accounts. On the **Company Tax Settings** tab, you specify the settings linked to the taxes at the company level. For details, see [Taxes: Implementation Activity](#).
4. On the [Earning Type Codes](#) (PR102000) form, you set up earning types. For the predefined earning types, you need to make sure that the settings are specified in the way that suits your organization's needs. Also, if you want a particular earning type to be always assigned to a specific project, you can set it up on this form. For details, see [Earning Types: Implementation Activity](#).
5. On the [Payroll Preferences](#) (PR101000) form, you specify earning type preferences. On the **General Info** tab, in the **Miscellaneous Settings** section, you need to define the earning codes used for the creation of payroll batches when the quick pay process is used. For more information, see [Earning Types: Implementation Activity](#).
6. On the [Workers' Compensation Codes](#) (PR209800) form, you create workers' compensation codes. For details, see [Workers' Compensation Codes: Implementation Activity](#).
7. On the [Deduction and Benefit Codes](#) (PR101060) form, you set up deduction and benefit codes. You can set up each deduction or benefit code to be only a deduction, only a benefit, or both a deduction and a benefit. Also, you can specify if it is subject to all taxes, no taxes, or specific taxes, in which case you need to add the taxes that it is subject to. For health care related benefits, you will be able to set up the information related to the ACA reporting to populate the information on the **ACA Reporting** tab. If you want to associate deduction and benefit codes with workers' compensation codes, you should create one deduction and benefit code for each state. For an example, see [Deduction and Benefit Codes: Implementation Activity](#).
8. On the [Union Locals](#) (PR209700) form, you configure the unions the employees are part of. Different earning rates can be applied to different ranks inside a union and the specific benefits and deductions can be specified on this form to be added to paychecks. For details, see [Unions: Implementation Activity](#).
9. If you use Acumatica ERP Construction Edition, on the [Certified Projects](#) (PR209900) form, you can set up the payroll-related information for government-linked projects. Different earning rates can be applied to different types of labor, specific benefits and deductions can be added, and fringe benefit rate can be specified on this form to be used in the paycheck calculation.
10. On the [Overtime Rules](#) (PR104000) form, you set up overtime rules. To use this functionality, you need to have earning types with the *Overtime* option selected in the **Earning Type Category** box on the [Earning Type Codes](#) (PR102000). For such earning types, you can configure a list of overtime rules to be applied to the employee paycheck calculation. For details, see [Overtime Rules: Implementation Activity](#).
11. On the [Pay Groups](#) (PR205000) form, you set up pay groups to group employees that get paid in the same frequency. For details, see [Pay Groups, Payroll Calendars, and Pay Periods: Implementation Activity](#).
12. On the [Payroll Calendar](#) (PR206000) form, you define pay period frequency and pay dates for each pay group. For an example, see [Pay Groups, Payroll Calendars, and Pay Periods: Implementation Activity](#).

13. On the [Pay Periods](#) (PR201000) form, you generate pay periods for each pay group that has a calendar configured. For details, see [Pay Groups, Payroll Calendars, and Pay Periods: Implementation Activity](#).
14. On the [PTO Banks](#) (PR204000) form, you define various PTO banks (accrual plans) to be used by your employees. For an example, see [Paid Time Off: Implementation Activity](#).
15. On the [Employee Class](#) (PR202000) form, you set up payroll classes. By using employee classes, you can specify certain information as the default settings for employees, including the employee type, pay group, location, union, and paid time off. This information can be overridden at the employee level later. Every change made at this level will propagate to the employee level if the **Use class default value** check box is selected for the employee on the [Employee Payroll Settings](#) (PR203000) form. For an example, see [Employee Payroll Classes: Implementation Activity](#).
16. On the [Employee Payroll Settings](#) (PR203000) form, you need to create employee payroll records. When creating a new payroll employee, the system will bring up each employee that was created on the [Employees](#) (EP203000) form and that is not yet a payroll employee and add payroll data upon selection. For more information, see [Employee Payroll Settings: Implementation Activity](#).
17. On the [Tax Maintenance](#) (PR208000) form, update the taxes to include those related to the home addresses of the recently configured payroll employees. For details, see [Employee Payroll Settings: Implementation Activity](#).

Payroll Basic Configuration: Implementation Activity

In the following implementation activity, you will learn how to prepare the system to support the processing of payroll documents.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that you, as an implementation manager, need to specify the minimum settings that are required to start using the payroll functionality in the system.

Process Overview

In this activity, to prepare the system for the implementation of the payroll functionality, you will do the following:

1. On the [Numbering Sequences](#) (CS201010) form, you will create numbering sequences for payroll entities because the system offers no predefined numbering sequences to be used by default.
2. On the [Payroll Preferences](#) (PR101000) form, you will specify the numbering sequences and save the settings.
3. On the [Payment Methods](#) (CA204000) form, you will enable a payment method for use in the payroll functionality.
4. On the [Cash Accounts](#) (CA202000) form, you will enable a cash account for use in the payroll functionality.

System Preparation

Before you start performing the initial configuration of the payroll functionality, you should launch the Acumatica ERP website, and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Enabling the Payroll Feature

On the [Enable/Disable Features](#) (CS100000) form, enable the *Payroll* feature.

Step 2: Creating Numbering Sequences

To create numbering sequences for payroll batches and transactions, do the following:

1. Open the [Numbering Sequences](#) (CS201010) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area of the form, specify the following settings:
 - a. **Numbering ID:** BATCHPR
 - b. **Description:** PR Batch
 - c. **New Number Symbol:** <NEW>
4. In the table, add a row with the following settings:
 - a. **Start Number:** PR000000
 - b. **End Number:** PR999999

The system prefills the rest of the settings, which you can leave as-is.
5. On the form toolbar, click **Save** and then click **Add New Record**.
6. In the Summary area of the form, specify the following settings:
 - a. **Numbering ID:** PRTRANSAC
 - b. **Description:** PR Transactions
 - c. **New Number Symbol:** <NEW>
7. In the table, add a row with the following settings:
 - a. **Start Number:** 000000
 - b. **End Number:** 999999
8. On the form toolbar, click **Save** and then click **Add New Record**.
9. In the Summary area of the form, specify the following settings:
 - a. **Numbering ID:** PRBATCH

b. Description: Payroll Batch Numbering

c. New Number Symbol: <NEW>

10. In the table, add a row with the following settings:

a. Start Number: 000000

b. End Number: 999999

11. On the form toolbar, click **Save**.

Step 3: Specifying the Payroll Preferences

To specify the numbering sequences and save the payroll preferences that are required for using the payroll functionality, do the following:

- 1.** Open the [Payroll Preferences](#) (PR101000) form.
- 2.** On the **General Info** tab, in the **Numbering Settings** section, specify the following settings:
 - **Batch Numbering Sequence:** *BATCHPR*
 - **Transaction Numbering Sequence:** *PRTRANSAC*
 - **Payroll Batch Numbering Sequence:** *PRBATCH*
- 3.** On the **General Info** tab, in the **Posting and Retention Settings** section, select the **Update GL** and **Automatically Post on Release** check boxes.
- 4.** On the form toolbar, click **Save**.

Step 4: Enabling a Payment Method for Use in PR

To enable a payment method for use in the payroll functionality, do the following:

- 1.** Open the [Payment Methods](#) (CA2040PL) form and click the *CHECK* payment method.
- 2.** In the Summary area of the [Payment Methods](#) (CA204000) form, which opens, select the **Use in PR** check box.
- 3.** On the **Settings for Use in PR** tab of the same form, do the following:
 - a.** Make sure that the **Print Checks** option is selected.
 - b.** In the **Report** box, select the *Pay Checks (PR641010)* report.
- 4.** On the form toolbar, click **Save**.

Step 5: Enabling a Cash Account for Use in PR

To enable a cash account for use in the payroll functionality, do the following:

- 1.** Open the [Cash Accounts](#) (CA2020PL) form and click the *10200WH* cash account.
- 2.** On the **Payment Methods** tab of the [Cash Accounts](#) (CA202000) form, which opens, for the *CHECK* payment method, select the **Use in PR** check box.

3. On the form toolbar, click **Save**.

Lesson 2: Creation of Work Locations

Work Locations: General Information

A work location includes an address and other information pertaining to a physical location where work is performed. This may be a business location of the employer, or it may be a job site where work is being carried out. Work locations are used in the calculation of state and local taxes and workers' compensation. All work locations where taxes may need to be withheld need to be set up, and the work associated with them needs to be tracked in payroll.

Learning Objectives

In this chapter, you will learn how to create a work location.

Applicable Scenarios

You configure work locations if your company has business in multiple states and you need to calculate state and local taxes for those locations.

Configuration of Work Locations

You create and edit work locations on the [Work Locations](#) (PR101040) form. For each location, you specify an address, including the postal code, which the system will use for the calculation of state and local taxes.

If a work location shares the address of a branch, you can select that branch in the **Use Address from Branch ID** box, and the address boxes in the **Main Address** section will be automatically populated with the information from the branch record. In this case, if the branch address changes, the work location address will also change automatically.

You can specify multiple work locations for an employee class in the **Work Locations** table on **Payroll Settings** tab of the [Employee Class](#) (PR202000) form. Only the work locations that are specified in the table will be available in an employee's paychecks and adjustments and in the related payroll batches if the **Use Class Default Value** check box is selected for the employee on the **General Info** tab of the [Employee Payroll Settings](#) (PR203000) form. You must mark one work location as the default for the system to use it on transaction entry if no specific work location is specified.

Work Locations: Implementation Activity

In the following implementation activity, you will learn how to create a work location.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that the SweetLife company needs to keep track of the work associated with its head office. Acting as an administrator, you need to create a work location that corresponds to the Head Office branch of SweetLife Fruits & Jams.

Process Overview

You create a work location on the [Work Locations](#) (PR101040) form.

System Preparation

Before you start creating a work location, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step: Creating a Work Location

To create a work location, do the following:

1. Open the [Work Locations](#) (PR101040) form.
2. On the form toolbar, click **Add New Record**.
3. Specify the following settings:
 - **Location ID:** HEADOFFICE
 - **Location Name:** Head office
 - **Use Address from Branch ID:** Empty
4. Leave the **Active** check box selected.
5. In the **Main Address** section, specify the following settings:
 - **Address Line 1:** 69 Main St, Flushing
 - **City:** New York
 - **Country:** US
 - **State:** NY
 - **Postal Code:** 11367
6. On the form toolbar, click **Save**.

Lesson 3: Configuration of Taxes

Taxes: General Information

Each payroll-related tax (whether it is of the employee withholding type or the employer type) is represented by a payroll tax code. The tax code describes the type of tax, the jurisdiction it is associated with, the tax agency that receives the tax payments, and the specific tax location information necessary for the calculation of the tax by the Symmetry Tax Engine software. Many taxes require additional detailed information, as mandated by the specific government entity, and these details are entered and maintained through attributes associated with the specific tax code.

Learning Objectives

In this chapter, you will learn how to create payroll-related taxes and assign the appropriate taxes to employees based on their work location or address.

Applicable Scenarios

You configure payroll-related taxes if you want to process payroll documents with state withholding taxes and employer taxes calculated because the system will prevent you from calculating a paycheck if the relevant taxes are not assigned to the employee.

Setting Up Taxes

By clicking **Update Taxes** on the form toolbar of the [Tax Maintenance](#) (PR208000) form, you download the latest tax details from the Tax Symmetry engine, and then the system creates tax codes related to all employee addresses and work locations stored in the system. As a result, the **Tax Codes** tab on that form becomes populated with data. You need to perform this operation during the initial configuration of taxes in the system and then each time new tax information becomes available in the Tax Symmetry engine—you will see a warning on the [Paychecks and Adjustments](#) (PR302000) and [Payroll Batches](#) (PR301000) forms if tax information needs to be updated in the system.

On the **Tax Codes** tab of the [Tax Maintenance](#) form, all available taxes are listed in the table. In the row of each tax code whose settings need to be updated or reviewed, a warning or an error icon is displayed, depending on whether the setting is marked as required. The settings of the selected tax code are displayed in the **Tax Settings** table. By clicking **View Tax Details** on the table toolbar, you can open the **Tax Details** dialog box, which displays the details of the selected tax, such as the government-issued identification code for the employer and information from the tax engine.

On the **Company Tax Settings** tab of the [Tax Maintenance](#) form, you can review and edit details for various employee attributes used for taxation. The list of attributes is loaded from the Tax Symmetry engine and updated when you click **Update Taxes** on the form toolbar.

After the taxes have been created and reviewed, you can click **Assign Taxes to Employees** on the form toolbar. As a result, the system assigns the relevant taxes to all employees based on their work locations and resident addresses, which are specified on the **General Info** tab of the [Employee Payroll Settings](#) (PR203000) form. (For more information about work locations, see [Work Locations: General Information](#).)

To assign taxes to an individual employee, you need to click the **Import Taxes** button on the **Taxes** tab of the [Employee Payroll Settings](#) form. As a result, the system fills in the table in the left pane of the tab with the relevant taxes based on the work locations and the address specified for the employee.

Using Custom Notes

To record a piece of information about a tax code or tax attribute and share it with other users, you can use custom text notes.

Each of the following tables has the Note column, which you can use to attach a custom text note to a particular line:

- The **Tax Codes** table on the **Tax Codes** tab of the *Tax Maintenance* (PR208000) form
- The **Tax Settings** table on the **Tax Codes** tab of the *Tax Maintenance* form. A note added through this table is displayed for the same tax attribute in the **Company Notes** column of the **Tax Settings** table on the **Taxes** tab of the *Employee Payroll Settings* (PR203000) form
- The table on the **Company Tax Settings** tab of the *Tax Maintenance* form. A note added through this table is displayed for the same tax attribute in the **Company Notes** column of the table on the **Tax Settings** tab of the *Employee Payroll Settings* form
- The table on the **Tax Settings** tab of the *Employee Payroll Settings* form
- The **Tax Settings** table on the **Taxes** tab of the *Employee Payroll Settings* form

Taxes: Implementation Activity

In the following implementation activity, you will learn how to set up taxes in payroll.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that you as a system administrator need to create all necessary tax codes related to the work locations stored in the system.

Process Overview

You download the latest tax details from the Tax Symmetry engine by clicking **Update Taxes** on the form toolbar of the *Tax Maintenance* (PR208000) form and then you enter missing required settings on the **Tax Codes** tab of that form.

System Preparation

Before you start setting up taxes in the system, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Creating Taxes

To download tax details from the tax engine and create all necessary taxes in the system, do the following:

1. Open the [Tax Maintenance](#) (PR208000) form.
2. On the form toolbar, click **Update Taxes**.

Wait until the update process is completed. As a result, the **Tax Codes** tab of the form becomes populated with tax data.

3. Review the data downloaded from the tax engine and the error messages about missing tax settings.

Step 2: Specifying Missing Settings

Because required settings are missing in the tax codes listed on the **Tax Codes** tab, do the following:

1. In the **Tax Codes** table of the **Tax Codes** tab, do the following:
 - Select the *IRS* vendor for each federal tax and the *NYTAXDEP* vendor for each New York tax.
 - For each tax code, click **View Tax Details** on the table toolbar and in the **Tax Details** dialog box, which opens, select *Code Name* in the **Invoice Descr. Source** box and then click **OK**.
 - Specify missing expense accounts and liability accounts, if applicable. For example, specify *24050* in the **Liability Account** column for all listed taxes and *65100* in the **Expense Account** column for each tax of the *Employer Tax* category.
2. In the **Tax Settings** table of the **Tax Codes** tab, for each tax code that has an error message displayed, specify appropriate values for the required attributes. For instance, specify the following values for the **Rate** attribute:
 - 6.2 for the *ER FUTA* tax
 - 3.2 for the *NY ER SUTA* tax
 - 0.5 for the *NY ER SUTA SC* tax
3. On the form toolbar, click **Save**.

Lesson 4: Creation of Earning Types

Earning Types: General Information

In payroll, an earning type code determines the type of earning an employee is paid during the pay period.

Learning Objectives

In this chapter, you will learn how to create and set up earning type codes in payroll.

Applicable Scenarios

You configure earning type codes to be able to record hours and earnings information for employees.

Categories of Earning Types

The system recognizes the following categories of earning types:

- *Wage*: An earning type of this category is processed as a normal earning. These earning types are available on the **Compensation** tab of the *Employee Payroll Settings* (PR203000) form. Also, the regular hours on the *Payroll Preferences* (PR101000) form display only earning types of this category.
- *Overtime*: The system processes an earning type of this category as an overtime. For an overtime earning type, you need to specify a multiplier by which an employee's regular pay rate is to be multiplied to determine the final pay rate, and an earning type to be used as the source of the regular pay rate.
- *Amount Based*: Earning types of this category are amount-based. That is, if such an earning type is specified for a record on the **Earning Details** tab of the *Paychecks and Adjustments* (PR302000) form, the **Hours** and **Rate** columns are non-editable for that record and you need to specify an amount in the **Amount** column.

Only an amount-based earning type may be selected in the **Commission Earning Type** box on the *Payroll Preferences* form.

- *Piecework*: An earning type of this category is processed as a piecework. That is, if such an earning type is selected for a record on the **Earning Details** tab of the *Paychecks and Adjustments* form, the **Unit** and **Unit Type** columns become available for the record and the system calculates earned amount by multiplying the rate by the number of units instead of hours.

If an employee has been assigned a piecework earning type on the *Employee Payroll Settings* form and you add such an employee to a payroll batch on the *Payroll Batches* (PR301000) form, you can specify the number of units and their type in the table of the **Earning Details** dialog box.

This type of earnings is not included in overtime calculation.

- *Time Off*: Earning types of this category are processed as time off. Only these earning types are available on the *PTO Banks* (PR204000) form for a disbursing earning. Also, the holidays settings on the *Payroll Preferences* form display earning type codes only of this category. For a time off earning type, you need to specify an earning type to be used as the source of the pay rate.

You can create earning types by using the [Earning Type Codes](#) (PR102000) form. Earning types of the *Piecework* category can be created only if the **Enable Piecework as an Earning Type** check box is selected on the [Payroll Preferences](#) form.

Predefined Earning Types

By default, the following earning types are available in the system:

- *Regular Hours (RG)*: Standard working hours that are paid based on the standard employee rate.
- *Overtime (OT)*: Overtime working hours that are paid based on the standard rate multiplied by the value of the overtime multiplier.
- *Public Holidays (HL)*: Non-working hours of public holidays, which are payable. You can use this earning type to indicate that certain days included in the paycheck are public holidays when no work is done.
- *Vacations (VL)*: Non-working hours of vacations, which are also payable. You can use this earning type to indicate that the employee is not working due to vacation.

Earning Type Settings

For an earning type code, you can define the following settings:

- Whether the hours linked with the earning type code are considered for PTO calculation
- Whether the earning type is to appear in Box 12 of the W-2 report and which code it will use
- The method used to determine the list of applicable taxes
- A project and project task to be associated with the earning type code by default
- GL accounts to be used to record transactions linked with the earning type code

Only earning types marked as *Active* can be used in the calculation of a paycheck.

Earning Types: Implementation Activity

In the following implementation activity, you will learn how to define new earning types in addition to the predefined set of earning types in Acumatica ERP.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that in addition to the predefined earning types for regular work hours, overtime, public holidays, and vacations, the SweetLife company is going to use earning type codes for bonuses, double time, personal time, and tips. Also, the predefined code for vacations will be used to accrue paid time off, so its default settings need to be updated correspondingly. Acting as a system administrator, you need to create and define the needed earning type codes.

Process Overview

You create the needed earning type codes by using the [Earning Type Codes](#) (PR102000) form.

System Preparation

Before you start creating earning type codes, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Creating an Earning Type Code for Bonuses

To create an earning type code for bonuses, do the following:

1. Open the [Earning Type Codes](#) (PR102000) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area of the form, specify the following settings:
 - **Code:** *BN*
 - **Description:** *Bonus*
 - **Earning Type Category:** *Amount-Based*
 - **Wage Type:** *SUPPLEMENTAL*
4. Review the following settings in the Summary area that the system inserted by default:
 - **Reporting Type:** *NORMAL*
 - **Subject to Taxes:** *Per Tax Engine*
 - **Active:** Selected
 - **Contributes to WCC Calculation:** Selected
 - **Accrue Time Off:** Selected
5. On the **GL Accounts** tab, in the **Earnings Account** box, specify *69500*.
6. On the form toolbar, click **Save**.

Step 2: Creating an Earning Type Code for Double Time

To create an earning type code for double time, do the following:

1. Open the [Earning Type Codes](#) (PR102000) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area of the form, specify the following settings:
 - **Code:** *DT*

- **Description:** *Double Time*
 - **Earning Type Category:** *Overtime*
 - **Multiplier:** *2.00*
 - **Regular Time Type Code:** *RG*
4. Review the following settings in the Summary area that the system inserted by default:
 - **Wage Type:** *REGULAR*
 - **Reporting Type:** *NORMAL*
 - **Subject to Taxes:** *Per Tax Engine*
 - **Active:** Selected
 - **Contributes to WCC Calculation:** Selected
 - **Accrue Time Off:** Selected
 5. On the **GL Accounts** tab, in the **Earnings Account** box, specify *69500*.
 6. On the form toolbar, click **Save**.

Step 3: Creating an Earning Type Code for Personal Time

To create an earning type code for personal time, do the following:

1. Open the [Earning Type Codes](#) (PR102000) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area of the form, specify the following settings:
 - **Code:** *PT*
 - **Description:** *Personal Time*
 - **Earning Type Category:** *Time Off*
 - **Regular Time Type Code:** *RG*
4. Review the following settings in the Summary area that the system inserted by default:
 - **Wage Type:** *REGULAR*
 - **Reporting Type:** *NORMAL*
 - **Subject to Taxes:** *Per Tax Engine*
 - **Active:** Selected
 - **Contributes to WCC Calculation:** Selected
 - **Accrue Time Off:** Selected
5. On the **GL Accounts** tab, in the **Earnings Account** box, specify *69500*.

6. On the form toolbar, click **Save**.

Step 4: Creating an Earning Type Code for Tips

To create an earning type code for tips, do the following:

1. Open the [Earning Type Codes](#) (PR102000) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area of the form, specify the following settings:
 - **Code:** TP
 - **Description:** Tips
 - **Wage Type:** TIPS
4. Review the following settings in the Summary area that the system inserted by default:
 - **Earning Type Category:** Wage
 - **Reporting Type:** NORMAL
 - **Subject to Taxes:** Per Tax Engine
 - **Active:** Selected
 - **Contributes to WCC Calculation:** Selected
 - **Accrue Time Off:** Selected
5. On the **GL Accounts** tab, in the **Earnings Account** box, specify 69500.
6. On the form toolbar, click **Save**.

Step 5: Updating the Predefined Earning Type Code for Vacations

To update the settings of the predefined earning type code, do the following:

1. Open the [Earning Type Codes](#) (PR102000) form.
2. In the Summary area, do the following:
 - a. In the **Code** box, select VL.
 - b. In the **Earning Type Category** box, select *Time Off*.
 - c. In the **Regular Time Type Code** box, select RG.
3. On the **GL Accounts** tab, in the **Earnings Account** box, specify 69500.
4. On the form toolbar, click **Save**.

Lesson 5: Creation of Workers' Compensation Codes

Workers' Compensation Codes: General Information

Workers' compensation class codes (WCC codes) are used to fairly distribute the costs of workers' compensation insurance among employers. A WCC code determines the amount of the workers' compensation depending on the category of work performed by the workers.

Learning Objectives

In this chapter, you will learn how to create workers' compensation codes.

Applicable Scenarios

You create workers' compensation class codes to determine the compensation rates for the types of jobs that your employees do.

Creating Workers' Compensation Class Codes

You create new workers' compensation class codes or modify existing ones by using the [Workers' Compensation Codes](#) (PR209800) form. One WCC code is created for each category of work performed by employees in your organization.

The system calculates workers' compensation through deduction and benefit codes. By using the **Rate** table on the [Workers' Compensation Codes](#) form, you can associate a WCC code with any number of deduction and benefit codes, each of which should be associated with a different state. In this table, through the use of deduction codes, you can specify the rate for the WCC code in different states. Alternatively, you can use the **WCC Code** tab of the [Deduction and Benefit Codes](#) form to specify a WCC code rate for a particular state.



Only deduction and benefit codes with *Work Class Compensation* selected in the **Associated With** box on the [Deduction and Benefit Codes](#) (PR101060) form can be associated with a workers' compensation code.

For each deduction code, you need to specify the effective date, which is the date when the specified rate comes into effect. A deduction code with an actual rate is marked as **Active**. The **Active** check box is cleared for a deduction code whose rate is no longer effective.

Specifying Sources for Workers' Compensation Codes

By using the **Sources** pane on the [Workers' Compensation Codes](#) (PR209800) form, you can specify the sources for the workers' compensation codes that the system inserts by default when a paycheck or a time activity is created.

A project, project task, labor item, or cost code (which is available if the *Cost Codes* feature is enabled on the [Enable/Disable Features](#) (CS100000) form) can be used as the source for workers' compensation codes. If a project is selected on the **Project Tasks** tab of the **Sources** pane but no specific project task is specified, the system will use the WCC code from the project for all project tasks related to that project. One cost code, project, project task, or labor item cannot be assigned to multiple workers' compensation codes.

The system inserts the appropriate workers' compensation code as the default setting into the **WCC Code** column of an earning detail line when a user creates a paycheck by using the [Paychecks and Adjustments](#) (PR302000) or [Payroll Batches](#) (PR301000) form, and into the **WCC Code** column of a time activity detail line when a user enters a time activity by using the [Employee Time Activities](#) (EP307000), [Employee Time Card](#) (EP305000), or [Weekly Crew Time Entry](#) (EP307100) form.

If multiple sources are specified for a workers' compensation code, the system checks the availability of the following sources and populates the **WCC Code** column with the first value it finds, in the specified order of priority:

1. Project task
2. Project
3. Labor item
4. Cost code
5. Employee payroll settings

Workers' Compensation Codes: Implementation Activity

In the following implementation activity, you will learn how to create workers' compensation class codes.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that the SweetLife company is going to calculate workers' compensation in paychecks. Acting as a system administrator, you need to create the following WCC codes: 8742 (Salespersons), 8810 (Clerical Work), 5606 (Project Manager), 8292 (Warehousing), and 5437 (Installation).

Process Overview

You create the needed WCC codes by using the [Workers' Compensation Codes](#) (PR209800) form.

System Preparation

Before you start creating WCC codes, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step: Creating Workers' Compensation Class Codes

To create the needed WCC codes, do the following:

1. Open the [Workers' Compensation Codes](#) (PR209800) form.
2. Add five WCC codes to the table. To add a code, click **Add Row** on the table toolbar of the **WCC Code** table and specify the corresponding information from the table below.

Row #	WCC Code	Description
1	8742	Salespersons
2	8810	Clerical Work
3	5606	Project Manager
4	8292	Warehousing
5	5437	Installation

3. On the form toolbar, click **Save**.

Lesson 6: Creation of Deduction and Benefit Codes

Deduction and Benefit Codes: General Information

A deduction code reduces the employee net pay and a benefit code increases the cost of payroll for the company. In Acumatica ERP, a deduction and benefit code may include an employee (deduction) or an employer (contribution) component, or both components. Each component may involve complex calculation methods. Also, a deduction and benefit code may or may not be subject to various taxes.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create deduction and benefit codes
- Specify whether the created code is an employee deduction, an employer contribution, or both
- Specify a source entity with which the code can be used
- Specify how deductions or benefits should be calculated
- Specify what earning types may be used in the calculation of deductions and benefits
- Specify which payroll items may increase or decrease the applicable wage, if applicable

Applicable Scenarios

You configure deduction and benefit codes if you need to calculate employee deductions and employer contributions to employee wages.

Creation of a Deduction and Benefit Code

You can create and edit deduction and benefit codes by using the [Deduction and Benefit Codes](#) (PR101060) form.

For each code, you need to specify in the **Contribution Type** box whether it should be calculated as an employee deduction, an employer contribution, or both.

You can also specify a vendor for a deduction and benefit code. This vendor is to be owed the liability resulting from the deduction or benefit and will be used for an AP liability bill.

Calculation of Deductions and Benefits

Depending on the contribution type specified for the deduction and benefit code, on the **Employee Deduction Settings** or **Employer Contribution Settings** tab (or on both tabs) of the [Deduction and Benefit Codes](#) form, you can select one of the following options in the **Calculation Method** box:

- *Fixed Amount*: The deduction uses the amount specified in the **Amount** box on the same tab. The amount is added in each pay period.
- *Percent of Gross*: The deduction is calculated by multiplying the gross wages (the total of all earning types that contribute to gross wages) by the percentage specified in the **Percent** box on the same tab.

- *Percent of Custom*: The deduction is calculated as a percentage of the applicable wage. For the calculation, the system uses the percent specified in the **Percent** box on this tab and the information specified on the **Applicable Wage** tab of this form where you can define which payroll items may increase or decrease the applicable wage.

This option is available only if the **Affects Tax Calculation** check box in the Summary area of the form is cleared.

- *Percent of Net*: The deduction is calculated by multiplying the net wages (the total of all earning types that contribute to net wages) by the percentage specified in the **Percent** box on the same tab.
- *Amount per Hour*: The deduction is calculated by multiplying the total hours for all earning types (typically hours, but could be piecework, miles, or another unit) by the amount specified in the **Amount** box on the same tab.

In the **Applicable Earnings** box on these tabs, you can specify what earning types can be used in the calculation of employee deductions or employer contributions based on the categories of those earning types. The category of each earning type code is specified in the Summary area of the [Earning Type Codes](#) (PR102000) form.

- *Total Earnings*: Earning types of the *Wage*, *Overtime*, and *Time Off* categories can be used in the calculation. This option appears in the drop-down list only if the *Percent of Gross*, *Percent of Custom*, or *Amount per Hour* calculation method is selected on the tab.
- *Regular Earnings*: Only *Wage* earnings can be used for the calculation. This option appears in the drop-down list only if the *Percent of Gross* or *Amount per Hour* calculation method is selected on the tab.
- *Regular and OT Earnings*: Earning types of the *Wage* and *Overtime* categories can be used in the calculation. This option appears in the drop-down list only if the *Percent of Gross* or *Amount per Hour* calculation method is selected on the tab.
- *Straight Time Earnings*: If the *Percent of Gross* calculation method is selected on the tab, earning types of the *Wage* and *Overtime* categories can be used in the calculation. If the *Percent of Custom* calculation method is selected on the tab, earning types of any category can be used in the calculation but the system will not apply the overtime multiplier (if any)—that is, for an overtime earning type, the system will use only the employee's standard pay rate, which is based on the earning type specified in the **Regular Time Type Code** box on the [Earning Type Codes](#) (PR102000), without the overtime multiplier applied to it.

This option appears in the drop-down list only for the *Percent of Gross* and *Percent of Custom* calculation methods.

- *Straight Time Earnings and Time Off*: Earning types of the *Wage*, *Overtime*, and *Time Off* categories can be used in the calculation. This option appears in the drop-down list only if the *Percent of Gross* calculation method is selected on the tab.

Deduction and Benefit Code Source

Each deduction and benefit code can be associated with only one source: employee settings, certified projects, unions, or workers' compensation codes. You can select a source in the **Associated With** box on the [Deduction and Benefit Codes](#) form.

With this capability, correct YTD, QTD, and MTD amounts of deductions and benefits associated with a particular union or certified project can be calculated for reports.

For an existing deduction and benefit code, you cannot modify the **Associated With** option specified for the code if the code is already associated with an entity or payment.

Workers' Compensation Class Codes

Workers' compensation is calculated through the use of deduction codes. If *Work Class Compensation* is selected in the **Associated With** box on the *Deduction and Benefit Codes* form, the **WCC Code** tab appears on that form, where you can specify all WCC code rates that should be calculated for the specified state through the selected deduction code. For each WCC code, you need to specify a rate, which is applicable in the specified state.

If you need to calculate workers' compensation for different states, you should create and set up a deduction code for each state.

Reporting

In the **Reporting Type** box on the **Employee Deduction Settings** and **Employer Contribution Settings** tabs of the *Deduction and Benefit Codes* form, you can specify if the contribution is to appear in Box 12 of the W-2 report and which code it will use. If the contribution should not appear in Box 12 of the W-2 report, you need to select the *0-Normal* option.

Taxes

If you select the **Affects Tax Calculation** check box, the **Tax Settings** tab becomes available on the *Deduction and Benefit Codes* form. You can use that tab to determine which taxes this code is subject to.

ACA Information

You can mark a deduction and benefit code as containing ACA information by selecting the **ACA Applicable** check box in the Summary area of the *Deduction and Benefit Codes* form. As a result, the **ACA Information** tab will appear on the form where you can specify information needed for ACA reporting.

Benefits with No Impact on the General Ledger

You can create benefits that do not produce financial transactions and thus have no impact on the posting to the general ledger. To set up such a benefit, select the **No Financial Transaction** check box on the **Employer Contribution Settings** tab of the *Deduction and Benefit Codes* form.



The **No Financial Transaction** check box is not available if in the Summary area of the form, the **Payable Benefit** check box is selected or the *Work Class Compensation* option is specified in the **Associated With** box.

The deduction and benefit code with this check box selected is calculated and displayed on the **Deduction** tab of the *Paychecks and Adjustments* (PR302000) form for the related document, but this code is not displayed in the **Benefit Details** dialog box, which you can open by clicking **Benefit Details** on the table toolbar of that tab. Also, the system does not use the calculated amount of the benefit when verifying that the summary amount equals the details total. The system does not create a liability bill for this benefit, and when the document is released, the system does not create any record for the deduction and benefit code in the GL batch, but the benefit is included in the pay stub.

You do not need to specify GL accounts for the benefit when setting up the deduction and benefit code.

If the deduction and benefit code is associated with a certified project, the system uses this code in calculations for the certified project. Also, if a certified reporting type is specified for the deduction

and benefit code, this code is available for selection in the **Benefits Reducing the Rate** table on the **Fringe Benefits** tab of the [Certified Projects](#) (PR209900) form.

Payable Benefits

A payable benefit is a recurring payment that may be included in employee paychecks. To be able to set up a payable benefit, you need to select the **Payable Benefit** check box in the Summary area of the [Deduction and Benefit Codes](#) (PR101060) form.

When this check box is selected, the system does the following:

- Inserts *Employer Contribution* in the **Contribution Type** box of the Summary area (in this case, no other option is available in the drop-down list)
- Makes the **Is Garnishment** and **ACA Applicable** check boxes in the Summary area unavailable
- Displays only the *Fixed Amount* and *Amount per Hour* options in the **Calculation Method** box on the **Employer Contribution Settings** tab
- Displays only the **Benefit Expense Account** and **Benefit Expense Sub.** settings on the **GL Accounts** tab
- If the **Affects Tax Calculation** check box is selected in the Summary area, displays only the *All* and *All but Listed Below* options—that is, the options that may increase the taxable wage if the payable benefit is properly configured—in the **Subject to Taxes** box on the **Tax Settings** tab

A payable benefit increases the gross amount of the paycheck. As a result, the sum of the earnings might not be equal to the gross pay.

Deduction and Benefit Codes: Implementation Activity

In the following implementation activity, you will learn how to create and set up deduction and benefit codes.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that the SweetLife company needs to calculate the following deductions and benefits:

- 401(k) retirement plan, which has an employee deduction part and an employer contribution part
- Overdue child support deductions
- Workers' compensation for the New York state
- Union dues

Acting as a system administrator, you need to create and define the needed deduction and benefit codes.

Process Overview

You create the needed deduction and benefit codes by using the [Deduction and Benefit Codes](#) (PR101060) form.

System Preparation

Before you start creating deduction and benefit codes, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Creating a Deduction and Benefit Code for the 401(k) Retirement Plan

To create a deduction and benefit code for the 401(k) retirement plan, do the following:

1. Open the [Deduction and Benefit Codes](#) (PR101060) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area, specify the following information:
 - **Code:** 401K
 - **Description:** 401(k) Retirement Plan
 - **Contribution Type:** *Both Deduction & Contribution*
 - **Associated With:** *Employee Settings*
 - **Vendor:** *NYBANK*
 - **Invoice Descr. Source:** *Code + Code Name*
 - **Active:** Selected
 - **Affects Tax Calculation:** Selected

Make sure that the remaining check boxes in the Summary area are cleared.

4. On the **Employee Deduction Settings** tab, specify the following settings:
 - **Calculation Method:** *Percent of Gross*
 - **Percent:** 6.00
 - **Maximum Frequency:** *No Maximum*
 - **Applicable Earnings:** *Total Earnings*
 - **Reporting Type:** *BOX12D*
5. On the **Employer Contribution Settings** tab, specify the following information:
 - **Calculation Method:** *Percent of Gross*

- **Percent:** 3
- **Maximum Frequency:** *No Maximum*
- **Applicable Earnings:** *Total Earnings*
- **Reporting Type:** *NORMAL*

Make sure that the **No Financial Transaction** check box is cleared.

6. On the **Tax Settings** tab, specify the following settings:

- **Subject to Taxes:** *Per Tax Engine*
- **Benefit Type:** *PLAN401K*

7. On the **GL Accounts** tab, specify the following accounts:

- **Deduction Liability Account:** *20300*
- **Benefit Expense Account:** *69600*
- **Benefit Liability Account:** *20300*

8. On the form toolbar, click **Save**.

Step 2: Creating a Deduction and Benefit Code for Workers' Compensation

To create a deduction and benefit code for workers' compensation for the New York state, do the following:

1. Open the [Deduction and Benefit Codes](#) (PR101060) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area, specify the following information:
 - **Code:** NYWC
 - **Description:** *NY Workers' Compensation*
 - **Contribution Type:** *Employer Contribution*
 - **Associated With:** *Work Class Compensation*
 - **Vendor:** *NYTAXDEP*
 - **Invoice Descr. Source:** *Code Name*
 - **Active:** Selected

Make sure that the remaining check boxes in the Summary area are cleared.

4. On the **Employer Contribution Settings** tab, specify the following settings:

- **Calculation Method:** *Percent of Gross*
- **Applicable Earnings:** *Total Earnings*

- **Reporting Type:** *NORMAL*
5. On the **WCC Code** tab, in the Summary area, in the **State** box, select *NY*.
 6. On the form toolbar, click **Save**.
 7. In the table on the **WCC Code** tab, specify the previously created workers' compensation codes by specifying the settings from the following table.

Active	WCC Code	Benefit Rate	Effective Date
Selected	5437	7.05	01/01/2020
Selected	5606	0.62	01/01/2020
Selected	8292	5.62	01/01/2020
Selected	8742	0.44	01/01/2020
Selected	8810	0.2	01/01/2020

8. On the **GL Accounts** tab, specify the accounts as follows:
 - **Benefit Expense Account:** *69600*
 - **Benefit Liability Account:** *20300*

9. On the form toolbar, click **Save**.

Step 3: Creating a Deduction and Benefit Code for Overdue Child Support

To create a deduction and benefit code for workers' compensation that is applicable to the New York state, do the following:

1. Open the [Deduction and Benefit Codes](#) (PR101060) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area, specify the following information:
 - **Code:** *CHILD*
 - **Description:** *Overdue Child Support*
 - **Contribution Type:** *Employee Deduction*
 - **Associated With:** *Employee Settings*
 - **Vendor:** *NYTAXDEP*
 - **Invoice Descr. Source:** *Code + Code Name*
 - **Active:** *Selected*
 - **Is Garnishment:** *Selected*

Make sure that the remaining check boxes in the Summary area are cleared.

4. On the **Employee Deduction Settings** tab, specify the following information:
 - **Calculation Method:** *Fixed Amount*
 - **Amount:** 50
 - **Maximum Frequency:** *Per Calendar Year*
 - **Maximum Amount:** 2000
 - **Reporting Type:** *NORMAL*
5. On the **GL Accounts** tab, in the **Deduction Liability Account** box, select 20300.
6. On the form toolbar, click **Save**.

Step 4: Creating a Deduction and Benefit Code for Union Dues

To create a deduction and benefit code for union dues, do the following:

1. Open the [Deduction and Benefit Codes](#) (PR101060) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area, specify the following information:
 - **Code:** DUES
 - **Description:** *Union Dues*
 - **Contribution Type:** *Employee Deduction*
 - **Associated With:** *Union*
 - **Vendor:** *NYLABOR*
 - **Invoice Descr. Source:** *Code + Code Name*
 - **Active:** Selected

Make sure that the remaining check boxes in the Summary area are cleared.

4. On the **Employee Deduction Settings** tab, specify the following information:
 - **Calculation Method:** *Amount per Hour*
 - **Amount:** 0
 - **Maximum Frequency:** *No Maximum*
 - **Applicable Earnings:** *Total Earnings*
 - **Reporting Type:** *NORMAL*
5. On the **GL Accounts** tab, in the **Deduction Liability Account** box, select 20300.
6. On the form toolbar, click **Save**.

Lesson 7: Creation of Unions

Unions: General Information

In Acumatica ERP, you can configure the unions that employees are part of. Different earning rates can be applied to different ranks inside a union. A union can be linked with specific benefits and deductions.

Learning Objectives

In this chapter, you will learn how to create a union and define specific earning rates within the union. Also, you will link deductions and benefits with the union.

Applicable Scenarios

You configure a union to be able to define specific earning rates within the union and to keep track of deductions and benefits associated with the union.

Creation of a Union

You can create a union record by using the [Union Locals](#) (PR209700) form. Employees can be assigned only to unions that are marked as active.

Earning Rates

On the **Earning Rates** tab of the [Union Locals](#) form, you can specify a list of labor items and their rates within the union. The system may use a rate from this list if the combination of the union and labor item is specified in the earning details of the employee. When calculating a paycheck, the system always uses the higher rate between the calculated pay rate and the union rate specified for the labor item.

In the table on the **Earning Rates** tab, you can add a row with no labor item specified, but with a specific earning rate. In this case, the system will use this rate for any labor entered for a union employee.

Deductions and Benefits

On the **Deductions and Benefits Package** tab of the [Union Locals](#) form, you can specify deductions and benefits, such as union dues or health insurance, that will be included in paychecks of union employees. A deduction or benefit can be applied to any labor entered for a union employee if no particular labor item is specified for the deduction and benefit code, or you can associate a deduction or benefit with a specific labor item. The amount or percentage (depending on what is applicable) is editable for each deduction and benefit code listed in the table.

On this tab, you can select only deduction and benefit codes that have *Union* selected in the **Associated With** box on the [Deduction and Benefit Codes](#) (PR101060) form.

Unions: Implementation Activity

In the following implementation activity, you will learn how to create and specify the settings of a union.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that some employees in your company are part of a union. Your company will have to make sure it is paying the rate agreed in the collective agreement and withhold the union dues from the employees. Acting as a system administrator, you need to create a union record for the New York State Laborers' Union and define the earning rates.

Process Overview

You create unions and modify their settings by using the [Union Locals](#) (PR209700) form.

System Preparation

Before you start creating a union, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step: Creating a Union

To create a union, do the following:

1. Open the [Union Locals](#) (PR209700) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area of the form, specify the following information:
 - **Union Local ID:** *NYS*
 - **Active:** Selected
 - **Description:** *NYS Laborers Union*
 - **Vendor:** *NYLABOR*
 - **Location:** Default value
4. On the **Earning Rates** tab, specify the settings from the table below.

Labor Item	Rate	Effective Date
<i>CONSULTJR</i>	30.0000	<i>01/01/2020</i>
<i>CONSULTSR</i>	45.0000	<i>01/01/2020</i>

5. On the **Deductions and Benefits Package** tab, add a row with the following settings:
 - **Deduction and Benefit Code:** *DUES*

- **Deduction Amount:** 0.5
- **Effective Date:** *01/01/2020*

6. On the form toolbar, click **Save**.

Lesson 8: Configuration of Overtime Rules

Overtime Rules: General Information

Overtime rules are used for automatic tracking of overtime in the system. Overtime rules are applied during the calculation of a paycheck to transform regular hours into overtime hours according to the specified settings. Overtime rules can be disabled at the employee, batch, or paycheck level.

Learning Objectives

In this chapter, you will learn how to configure overtime rules and apply these rules to the calculation of paychecks.

Applicable Scenarios

You configure overtime rules if you want the system to determine overtime based on a specified set of rules.

Configuration of Overtime Rules

You can create new overtime rules and modify existing ones by using the [Overtime Rules](#) (PR104000) form. An overtime rule includes the following information:

- Conditions that determine when the rule should be applied. In the **Type** box, you can select whether the rule should be applied on a daily basis or weekly. Weekly overtime rules are applicable only to weekly and bi-weekly pay periods. In the **Threshold for Overtime (Hours)** box, you can specify the number of hours (for instance, 8 if the rule should be applied daily or 40 if the rule should be applied weekly) after which the system starts converting hours to overtime hours; if the threshold for overtime is set to 0, the rule will be applied to all hours entered for the specified overtime earning type. In the **Day of Week** box, which is editable only for the *Daily* type of rule, you can select a particular day of week when the rule is to be applied.
- An overtime earning type, based on which overtime is to be calculated. The specified earning type would be the source of the regular earning type and the multiplier that will be used in the calculation of the overtime pay rate.
- Filters, such as **State**, **Union Local**, or **Project**, that you can use to link the rule with only a particular state, union, or project. If these filters are empty, the rule is applicable to all employees that are not exempt from overtime rules.

In the case of conflicting overtime rules, the system always uses the rule that results in a higher overtime pay rate.

Calculation of the Overtime Pay Rate

The overtime pay rate is calculated based on the earning type code, which can belong to only the *Overtime* category, that is specified for the overtime rule in the **Disbursing Earning Type** box. This earning type code contains information about the multiplier by which an employee's regular pay rate is to be multiplied to determine the final pay rate, and an earning type to be used as the source of the regular pay rate. The system compares the calculated pay rate with the labor cost rate (if applicable) and the rate from the labor item, and then, during the paycheck calculation, the system uses the highest of the rates as the overtime pay rate.

Application of Overtime Rules

You can exempt an employee from overtime rules by selecting the **Exempt from Overtime Rules** check box on the **General Info** tab of the [Employee Payroll Settings](#) (PR203000) form. The system will never calculate overtime hours for an exempt employee, but a user will still be able to manually assign overtime hours to that employee.

For a non-exempt employee, you still can disable overtime rules at the payroll batch or paycheck level before the paycheck is calculated. On the **Overtime Rules** tab of the [Payroll Batches](#) (PR301000) form, you can clear the **Apply Overtime Rules for the Document** check box to disable all overtime rules for the selected document, or you can deactivate particular rules in the table on that tab if the **Apply Overtime Rules for the Document** check box is selected. In a similar way, you can choose the overtime rules to be applied to a paycheck by using the **Overtime Rules** dialog box, which opens if you click the **Overtime Rules** button on the **Earning Details** tab of the [Paychecks and Adjustments](#) (PR302000) form.

Overtime Rules: Implementation Activity

In the following implementation activity, you will learn how to configure overtime rules.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that the SweetLife company wants to use the following overtime rules:

- If an employee works over eight hours (but less than 10 hours) on any day, the overtime pay rate should be calculated based on the *OT* (*Overtime*) earning type.
- If an employee works over 10 hours on any day, the overtime pay rate should be calculated based on the *DT* (*Double Time*) earning type.

Acting as a system administrator, you need to configure the needed overtime rules.

Process Overview

You configure overtime rules on the [Overtime Rules](#) (PR104000) form.

System Preparation

Before you start creating deduction and benefit codes, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step: Configuring Overtime Rules

To configure overtime rules, do the following:

1. Open the [Overtime Rules](#) (PR104000) form.
2. On the form toolbar, click **Add Row**.
3. In the table, specify the following settings for the added row:
 - **Active:** Selected
 - **Overtime Rule:** DAILY8
 - **Description:** Daily over 8 hours
 - **Disbursing Earning Type:** OT
 - **Type:** Daily
 - **Threshold for Overtime (Hours):** 8
4. On the form toolbar, click **Add Row**.
5. In the table, specify the following settings for the added row:
 - **Active:** Selected
 - **Overtime Rule:** DAILY10
 - **Description:** Daily over 10 hours
 - **Disbursing Earning Type:** DT
 - **Type:** Daily
 - **Threshold for Overtime (Hours):** 10
6. On the form toolbar, click **Save**.

Lesson 9: Configuration of Pay Groups, Payroll Calendars, and Pay Periods

Pay Groups, Payroll Calendars, and Pay Periods: General Information

A pay group is a group of employees that have the same pay period frequency and pay dates, which are defined through a payroll calendar individually for each pay group. For a pay group that has a configured payroll calendar, pay periods are generated.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create pay groups
- Configure payroll calendars for pay groups
- Generate pay periods

Applicable Scenarios

You create pay groups to group employees that have the same pay period frequency (for instance, once a month) and pay dates. For each pay group, you need to create a pay schedule, which you do by configuring a template for pay periods (that is, a payroll calendar) and then generating pay periods for a particular year.

Pay Groups

You create pay groups by using the [Pay Groups](#) (PR205000) form. Pay groups are used for grouping employees according to when they are paid during a specific pay run. For example, all hourly employees that are paid biweekly on Tuesdays might constitute a specific pay group. Pay groups can also be used to create different pay runs by location, department, or any other required category. An employee may be included in only one pay group at a time. A pay group may be assigned to an employee by default based on the employee class settings.

Payroll Calendars

You create payroll calendars on the [Payroll Calendar](#) (PR206000) form. You can open this form from the [Pay Groups](#) form by selecting a pay group in the table and then clicking **Calendar** on the form toolbar.

A payroll calendar is a template that the system uses to generate a payroll schedule for a pay group. One payroll calendar can be assigned to one pay group.

For a payroll calendar, you need to specify the starting year of the payroll schedule and the pay frequency, which you can select from a list of predefined options or define by specifying a custom number of periods. If you have created a payroll calendar for a wrong year, you may need to shift the first year to one year earlier by clicking **Shift the First Year** on the form toolbar.

If you select the weekly or biweekly pay frequency, you need to specify a day of the week on which the pay period starts and the day of the week on which employees are to be paid.

Once you have specified the necessary settings, you can click **Create Periods** on the form toolbar to create template pay periods for the selected pay group. (The **Create Periods** button is not available if the weekly or biweekly pay frequency is selected because in this case the number of pay periods may be different for different years, which cannot be reflected in a template schedule.) The system uses the created periods as a template when generating pay periods for a particular year on the [Pay Periods](#) (PR201000) form.

You can delete the calendar periods created for a particular pay group by clicking **Delete Pay Group Periods** on the form toolbar.

Pay Periods

After a payroll calendar has been configured for a pay group, you can generate pay periods for this pay group by using the [Pay Periods](#) form.

When you select a pay group and click **Create Periods** on the form toolbar, the **Create Periods** dialog box opens. In this dialog box, you can choose whether you want the system to automatically change transaction dates based on the exceptions calendar, which is maintained on the **Transaction Date Exceptions** tab of the [Payroll Preferences](#) (PR101000) form. Also, you can choose whether employees should be paid on the first business day before the exception or on the first business day after the exception. When you click **Generate**, pay periods are generated for the pay group in accordance with the specified settings.

Pay Groups, Payroll Calendars, and Pay Periods: Implementation Activity

In the following implementation activity, you will learn how to create pay groups, configure payroll calendars, and generate pay periods for each pay group with the configured payroll calendar.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that the SweetLife company is going to use the following pay period schedule:

- Hourly employees are to be paid on a weekly basis.
- Salaried employees are to be paid once a month.

Acting as a system administrator, you need to create two pay groups—one for hourly employees and one for monthly employees, and then prepare a pay period schedule by configuring payroll calendars and generating pay periods for these pay groups.

Process Overview

You create pay groups on the [Pay Groups](#) (PR205000) form. For each pay group, on the [Payroll Calendar](#) (PR206000) form, you configure a payroll calendar. For each pay group with the configured payroll calendar, on the [Pay Periods](#) (PR201000) form, you generate pay periods.

System Preparation

Before you start configuring pay groups, payroll calendars, and pay periods, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Creating a Monthly Pay Group

To create a monthly pay group, do the following:

1. Open the [Pay Groups](#) (PR205000) form.
2. On the form toolbar, click **Add Row**.
3. In the table, specify the following settings for the added row:
 - **Pay Group ID:** MONTHLY
 - **Pay Group Name:** Salaried employee group
 - **Earning Account:** 69500
 - **Deduction Liability Account:** 20300
 - **Benefit Expense Account:** 69600
 - **Benefit Liability Account:** 20300
 - **Tax Expense Account:** 65100
 - **Tax Liability Account:** 24100
 - **Is Default:** Cleared
4. On the form toolbar, click **Save**.

Step 2: Creating a Weekly Pay Group

To create a weekly pay group, do the following:

1. On the form toolbar of the [Pay Groups](#) form, click **Add Row**.
2. In the table, specify the following settings for the added row:
 - **Pay Group ID:** WEEKLY
 - **Pay Group Name:** Hourly employee group
 - **Earning Account:** 69500
 - **Deduction Liability Account:** 20300
 - **Benefit Expense Account:** 69600
 - **Benefit Liability Account:** 20300

- **Tax Expense Account:** 65100
- **Tax Liability Account:** 24100
- **Is Default:** Cleared

3. On the form toolbar, click **Save**.

Step 3: Configuring a Payroll Calendar for the Monthly Pay Group

To configure a payroll calendar for the monthly pay group, do the following:

1. On the *Pay Groups* form, select the *MONTHLY* pay group in the table.
2. On the form toolbar, click **Calendar**.

As a result, the *Payroll Calendar* (PR206000) form opens with the *MONTHLY* pay group selected in the **Pay Group** box.

3. In the **Period Type** box, select *Monthly*.
4. Review the default values of the other settings.
5. On the form toolbar, click **Create Periods**.

As a result, the table on the form is populated with template periods.

6. On the form toolbar, click **Save**.

Step 4: Configuring a Payroll Calendar for the Weekly Pay Group

To configure a payroll calendar for the weekly pay group, do the following:

1. On the *Payroll Calendar* form, in the **Pay Group** box, select *WEEKLY*.
2. In the **Period Type** box, select *Weekly*.
3. Review the default values of the other settings.
4. On the form toolbar, click **Save**.

Step 5: Generate Pay Periods for the Monthly Pay Group

To generate pay periods for the monthly pay group, do the following:

1. Open the *Pay Periods* (PR201000) form.
2. In the **Pay Group** box, select *MONTHLY*.
3. Make sure that the correct year is selected in the **Year** box.
4. On the form toolbar, click **Create Periods**.

The **Create Periods** dialog box opens.

5. In the dialog box, review the default settings and accept them by clicking **Generate**.

As a result, the dialog box closes and the table on the form becomes populated with pay periods according to the template of the payroll calendar that was set up for this pay group.

6. On the form toolbar, click **Save**.

Step 6: Generate Pay Periods for the Weekly Pay Group

To generate pay periods for the weekly pay group, do the following:

1. On the *Pay Periods* (PR201000) form, in the **Pay Group** box, select *WEEKLY*.
2. Make sure that the correct year is selected in the **Year** box.
3. On the form toolbar, click **Create Periods**.

The **Create Periods** dialog box opens.

4. In the dialog box, review the default settings and accept them by clicking **Generate**.

As a result, the dialog box closes and the table on the form becomes populated with pay periods according to the template of the payroll calendar that was set up for this pay group.

5. On the form toolbar, click **Save**.

Lesson 10: Configuration of Paid Time Off

Paid Time Off: General Information

Many companies permit employees to accrue hours or days of paid time off (PTO) as they work, to use for sick or vacation leave. In Acumatica ERP, you can define various PTO accrual plans (PTO banks) for your employees.

Learning Objectives

In this chapter, you will learn how to create PTO banks and link them with individual employees.

Applicable Scenarios

You configure PTO banks if you want to be able to accrue hours that employees may use for paid time off and to keep track of these hours.

PTO Banks

On the [PTO Banks](#) (PR204000) form, you can create PTO banks, which then can be assigned to individual employees through the [Employee Class](#) (PR202000) and [Employee Payroll Settings](#) (PR203000) forms. If you want the same PTO bank to have different accrual rates over the course of time, you can add this PTO bank multiple times, but each entry must have a different start date. Depending on the start date, when the transaction date of a paycheck is past the start date of a PTO bank, the system automatically inserts the appropriate PTO bank on the **Paid Time Off** tab of the [Paychecks and Adjustments](#) (PR302000) form.

PTO banks accrue hours from earnings that have the **Accrue Time Off** check box selected on the [Earning Type Codes](#) (PR102000) form. For each PTO bank, you need to specify an accrual rate and a unique disbursing earning type. You also can establish an accrual limit for a PTO bank—that is, the maximum number of hours that can be accrued for that bank.

You can decide whether you want to allow negative balances in paychecks, choose how you want to use carryover hours, and specify the start date individually for each PTO bank used by an employee in the employee payroll settings. Also, if you decide that a PTO bank should be loaded for employees at the beginning of the year, you can specify the number of front loading hours for this PTO bank.

You can mark a PTO bank as active or inactive. Inactive PTO banks stop accruing hours, but you still can use hours from those banks.

PTO banks are updated during a paycheck release.

Paid Time Off in Employee Payroll Settings

On the **Paid Time Off** tab of the [Employee Payroll Settings](#) form, you can review information about an employee's paid time off and modify the settings if needed.

If the **Use PTO Banks from Employee Class** check box is selected in the Selection area of the tab, the PTO banks specified on the [Employee Class](#) form for the related employee class are loaded by the system to the table on this tab and the **Use Class Default Values** check box is automatically selected for the added PTO banks.

Even if the **Use PTO Banks from Employee Class** check box is selected, you can add a PTO bank that is not assigned to the employee class. In this case, the system will select the **Active** check box and clear and make non-editable the **Use Class Default Values** check box for the added PTO bank.

If a PTO bank from the employee class has been in use for an employee and then the **Use PTO Banks from Employee Class** check box has been cleared, the **Active** check box remains selected for the PTO bank, but the **Use Class Default Values** check box becomes cleared.

If the **Use PTO Banks from Employee Class** check box has been cleared and then you select it, the system adds PTO banks from the employee class to the table and selects the **Active** and **Use Class Default Values** check boxes for these PTO banks. If a PTO bank that is not assigned to the employee class was previously assigned to the employee, this PTO bank remains in the table and the **Active** check box remains selected and the **Use Class Default Values** check box becomes cleared for this PTO bank.

If a PTO bank with the **Active** and **Use Class Default Values** check boxes selected is removed from the employee class, the system clears these check boxes for the PTO bank in the employee payroll settings. If you remove from the employee class a PTO bank with the **Active** check box selected and the **Use Class Default Values** check box cleared, the system does not change the state of the check boxes in the employee payroll settings.

You cannot clear the **Active** check box for a PTO bank that is assigned to the employee class if the **Use PTO Banks from Employee Class** check box is selected for the employee.

Paid Time Off: Implementation Activity

In the following implementation activity, you will learn how to create PTO banks for accrual of paid time off.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that in the SweetLife company, paid time off can be accrued and used for employees' personal time and vacation. Acting as a system administrator, you need to create corresponding PTO banks.

Process Overview

You create PTO banks by using the [PTO Banks](#) (PR204000) form.

System Preparation

Before you start creating deduction and benefit codes, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Creating a Personal Time PTO Bank

To create a PTO bank to accrue hours of personal time, do the following:

1. Open the [PTO Banks](#) (PR2040PL) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area of the [PTO Banks](#) (PR204000) form, which opens, specify the following information:
 - **Bank ID:** PTO
 - **Default Accrual %:** 0
 - **Accrual Limit:** 0
 - **Disbursing Earning Type:** PT
 - **Description:** Personal Time
 - **Start Date:** January 1
 - **Active:** Selected
 - **Allow Negative Balance:** Cleared

Make sure that the remaining check boxes are cleared as well.

4. On the **General Settings** tab, in the **Front Loading Amount** box, specify 24.00.
5. On the form toolbar, click **Save**.

Step 2: Creating a Vacation PTO Bank

To create a PTO bank to accrue hours of vacation time, do the following:

1. Open the [PTO Banks](#) (PR204000) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area, specify the following information:
 - **Bank ID:** VLC
 - **Default Accrual %:** 6.00
 - **Accrual Limit:** 0
 - **Disbursing Earning Type:** VL
 - **Description:** Vacation
 - **Start Date:** January 1
 - **Active:** Selected
 - **Allow Negative Balance:** Selected

Make sure that the remaining check boxes are cleared.

4. On the **General Settings** tab, in the **Carryover Type** box, select *Total*.
5. On the form toolbar, click **Save**.

Lesson 11: Creation of Employee Payroll Classes

Employee Payroll Classes: General Information

In Acumatica ERP, an employee payroll class is used to group payroll employees by type and establish certain default settings for new employees of the class.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create a new employee payroll class
- Specify class settings that will be used as default settings for new employees of the class

Applicable Scenarios

You create an employee payroll class in the following cases:

- You need to group payroll employees based on specific characteristics.
- You need to establish specific default settings for new payroll employees.

Employee Payroll Classes

You can create, view, and edit employee payroll classes by using the [Employee Class](#) (PR202000) form.

When you create a linked payroll record for an employee, you must specify an employee payroll class for that record. As a result, the system will fill in many of the elements on the form with default values provided by the class.

For a class, you can specify the following settings on the **Payroll Settings** tab of the form:

- An employee type, which can be one of the following:
 - *Salaried Exempt*: Employees of the class are compensated based on their salary, which is typically paid once or twice a month. For employees of this type, the payroll batch will always use the quick functionality and create one earning line per pay period with always the same amount for the entire year.
 - *Salaried Non-Exempt*: Employees of the class are compensated based on their salary, with overtime hours paid additionally. An employee of this type will be paid the same amount every pay period regardless of the number of regular hours worked.
 - *Hourly*: Employees of the class are paid (usually weekly or biweekly) based on an hourly rate for hours worked.
 - *Other – piecework, commission only, etc.*: Employees of the class are compensated based on some other factor (for example, for each item produced).
- A pay group, which is defined on the [Pay Groups](#) (PR205000) form
- A work calendar to be used by default to import the hours to the payroll batch for quick pay and to calculate the number of hours worked during the week. Work calendars are defined on the [Work Calendar](#) (CS209000) form.

- A workers' compensation code to be used as the default code when a transaction is generated if no other specific code is specified in the payroll batch or paycheck. You use the [Workers' Compensation Codes](#) (PR209800) form to define the workers' compensation codes.
- A union to be used as the default union when a transaction is entered if no specific union is specified. You use the [Union Locals](#) (PR209700) form to define unions.
- Work locations to be used for employees of the class. You can mark one of the specified work locations as the default. Only the work locations that are specified on this form are available in an employee's paychecks and adjustments and in the related payroll batches if the **Use Class Default Value** check box is selected for the employee on the **General Info** tab of the [Employee Payroll Settings](#) (PR203000) form.

Also, you can specify whether overtime rules should not be applied by default to employees of the class.

All these settings can be overridden for any employee if the **Use Class Default Value** check box is cleared for this employee on the **General Info** tab of the [Employee Payroll Settings](#) form.

On the **Paid Time Off** tab of the [Employee Class](#) form, you can establish the default settings for paid time off for employees of the class. These settings also may be overridden at the employee level on the [Employee Payroll Settings](#) form.



If the **Use Class Default Value** check box is selected for a setting on the [Employee Payroll Settings](#) form, the system will automatically update this settings for the employee with the changes made to the corresponding class setting on the [Employee Class](#) form.

Employee Payroll Classes: Implementation Activity

In the following implementation activity, you will learn how to create an employee payroll class.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that the SweetLife company employs the following types of employees: salaried, who are paid once a month, and hourly, who are paid on a weekly basis and whose overtime is calculated additionally. Each of these types has specific characteristics that should be reflected in the settings of the employees and, eventually, in their paychecks. Acting as a system administrator, you need to create and set up the needed employee payroll classes.

Process Overview

You create and set up employee payroll classes by using the [Employee Class](#) (PR202000) form.

System Preparation

Before you start creating deduction and benefit codes, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Creating a Payroll Class for Hourly Employees

To create an employee payroll class for hourly employees, do the following:

1. Open the [Employee Class](#) (PR202000) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area of the form, specify the following information:
 - **Payroll Class ID:** HOURLY
 - **Description:** Employees paid on a weekly basis
4. On the **Payroll Settings** tab, specify the following settings:
 - **Employee Type:** Hourly
 - **Pay Group:** WEEKLY
 - **Default Calendar:** MAIN
 - **Net Pay Minimum:** 500.00
 - **Location** (in the **Work Locations** table): HEADOFFICE

For the rest of the settings on this tab, accept the default values.

5. On the **Paid Time Off** tab, do the following:
 - a. Click **Add Row** on the table toolbar.
 - b. In the **PTO Bank** column, select VLC.
6. On the form toolbar, click **Save**.

Step 2: Creating a Payroll Class for Salaried Employees

To create an employee payroll class for salaried employees, do the following:

1. Open the [Employee Class](#) (PR202000) form.
2. On the form toolbar, click **Add New Record**.
3. In the Summary area of the form, specify the following information:
 - **Payroll Class ID:** SALARIED
 - **Description:** Salaried employees
4. On the **Payroll Settings** tab, specify the following settings:
 - **Employee Type:** Salaried Non-Exempt
 - **Pay Group:** MONTHLY

- **Default Calendar:** *MAIN*
- **Net Pay Minimum:** 1200.00
- **Default WCC Code:** *8810*
- **Location** (in the **Work Locations** table): *HEADOFFICE*

For the rest of the settings on this tab, accept the default values.

5. On the **Paid Time Off** tab, do the following:
 - a. Click **Add Row** on the table toolbar.
 - b. In the **PTO Bank** column, select *VLC*.
 - c. Click **Add Row** on the table toolbar.
 - d. In the **PTO Bank** column, select *PTO*.
6. On the form toolbar, click **Save**.

Lesson 12: Configuration of Employee Payroll Settings

Employee Payroll Settings: General Information

To be able to process payroll documents related to a particular employee, you need to create a linked payroll record for that employee and specify necessary payroll settings for that record.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create a payroll employee record linked with an employee
- Specify necessary payroll settings for payroll employees
- Update taxes to take into account the employee addresses specified for payroll employee records

Applicable Scenarios

You create a payroll employee record and specify employee payroll settings if you are going to process payroll documents for this employee and need to maintain all the payroll-related data of the employee.

Creating a Payroll Employee Record

In Acumatica ERP, you use the [Employees](#) (EP203000) form to set up your employees. On this form, you need to fill in the general information (especially the employee's address for tax purposes), the work calendar (to calculate the number of hours worked by the employee during a week and put a labor item to be used by default in the payroll transactions), the employment history (including the employee's current position and hire date; some validations will be run to prevent the user from paying an employee before the start date or after the end date), and the GL accounts that are required.

After an employee has been set up, you can create a linked payroll record by clicking **Actions > Create Payroll Employee** on the form toolbar. As a result, the [Employee Payroll Settings](#) (PR203000) form opens, populated with the settings of the employee.

Specifying Employee Payroll Settings

On the [Employee Payroll Settings](#) (PR203000) form, you can specify the following payroll settings of an employee:

- On the **General Info** tab, if you need to change the default values that have been set up for the employee class, clear the **Use class default value** check box next to each box you need to change and then make your change. On this tab, you also can modify the settings copied from the employee record.
- On the **Tax Settings** tab, you need to enter the social security number for the employee as well as all the items that pertain to your employee taxes.
- On the **Taxes** tab, you need to make sure that all taxes that apply to this employee have been set up (home taxes and work location taxes). If you select a tax on the top panel, the system displays the attributes that belong to that tax on the bottom panel. You must fill in the items that apply.

- On the **Compensation** tab, you need to add the earning types that will be used as the normal earnings (wages) that apply to the employee. You can select the pay rate, such as hourly or annual (or miscellaneous for piecework). Also, you should enter a start date for each earning type. If you enter an earning type with the same code, you'll also have to specify an end date for the previous rate.
- On the **Deductions and Benefits** tab, you can enter the items that apply to the employee. You can change the default settings if you clear the **Use Deduction Defaults** or **Use Contribution Defaults** check box.
- On the **Paid Time Off** tab, you need to review the settings that have been copied from the employee class. You can change the default settings if you clear the corresponding **Use Class Default Values** check box.
- On the **Payment Settings** tab, you must specify a payment method and a cash account and enter the direct deposit information for the employee. Employees can distribute their pay into an unlimited number of bank accounts.
- On the **GL Accounts** tab, you can specify general ledger accounts to be used for this employee.

You can delete a payroll record with all the payroll settings only for an employee that has no linked payroll transactions.

After a new employee payroll record has been created or the resident address has been modified for an employee, you may need to update the tax details in the system by clicking **Update Taxes** on the form toolbar of the [Tax Maintenance](#) (PR208000) form, and then you may need to reassign the relevant taxes to employees by clicking **Assign Taxes to Employees** on the form toolbar of the same form.

Employee Payroll Settings: Implementation Activity

In the following implementation activity, you will learn how to create a payroll employee record and specify payroll settings for that employee.



The following activity is based on the *U100* dataset. If you are using another dataset, or if any system settings have been changed in *U100*, these changes can affect the workflow of the activity and the results of the processing. To avoid any issues, restore the *U100* dataset to its initial state.

Story

Suppose that a payroll employee record should be created for Anna Johnson, an accountant in the SweetLife company, and the relative taxes, earnings, and other payroll settings need to be specified for this employee so that the necessary deductions and benefits are included in the paycheck calculation.

Process Overview

On the [Employees](#) (EP203000) form, you invoke the **Create Payroll Employee** action to create a payroll employee record, and then, on the [Employee Payroll Settings](#) (PR203000) form, you specify necessary payroll settings for the employee.

System Preparation

Before you start creating a payroll employee record and specifying employee payroll settings, you should launch the Acumatica ERP website and sign in as a system administrator by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Creating a Payroll Employee

To perform a step, do the following:

1. Open the [Employees](#) (EP2030PL) form and click the *EP00000013* employee (Anna Johnson).
2. On the **Employment History** tab of the [Employees](#) (EP2030PL) form, which opens, make sure that a row with the following settings is added:
 - **Active:** Selected
 - **Position:** *Accountant*
 - **Start Date:** *01/01/2020*
3. On the form toolbar, click **Save**.
4. On the form toolbar, click **Actions > Create Payroll Employee**.

As a result, the [Employee Payroll Settings](#) (PR203000) form opens, populated with the settings of the *Anna Johnson* employee.

Step 2: Specifying Required Payroll Settings

To specify the required payroll settings, do the following:

1. On the **General Info** tab of the [Employee Payroll Settings](#) form, in the **General Info** section, do the following:
 - a. In the **Class ID** box, select *HOURLY*.
 - b. Clear the **Use Class Default Value** check box for the **Default Union** box, and in the box, select *NYS*.
2. On the **Tax Settings** tab, in the *Social Security Number* line, specify the employee's SSN in the **Value** column (for example, *887-56-4321*).

Review the rest of the tax settings on this tab.

3. On the **Payment Settings** tab, specify the following settings:
 - **Payment Method:** *CHECK*
 - **Cash Account:** *10200WH*
4. On the form toolbar, click **Save**.

Step 3: Specifying the Address Information

On the **General Info** tab of the [Employee Payroll Settings](#) form, in the **Address Info** section, specify the following information and then click **Save** on the form toolbar:

- **Address Line 1:** 90 1ST Ave
- **City:** New York
- **Country:** US
- **State:** NY
- **Postal Code:** 10009

Step 4: Importing Taxes

To update the employee's tax details with the relevant taxes based on the work locations and the address specified for the employee, do the following on the [Employee Payroll Settings](#) form:

1. On the **Tax Settings** tab, select the check box in the **Value** column for the *Employee is a resident of the state or location* setting.
2. On the **Taxes** tab, click **Import Taxes** on the table toolbar.

As a result, the table becomes populated with the relevant tax details.

3. On the form toolbar, click **Save**.

Step 5: Defining the Regular Earnings

To define the regular earnings of the employee, do the following:

1. On the **Compensation** tab of the [Employee Payroll Settings](#) form, enter a row with the following settings specified:
 - **Earning Type:** RG
 - **Active:** Selected
 - **Pay Rate:** 30.00
 - **Unit of Pay:** Hour
 - **Start Date:** 01/01/2020
2. On the form toolbar, click **Save**.

Step 6: Specifying Deductions and Benefits

To specify deductions and benefits for the employee, navigate to the **Deductions and Benefits** tab of the [Employee Payroll Settings](#) form and do the following:

1. Add a row with the following settings:
 - **Deduction Code:** CHILD
 - **Active:** Selected

- **Sequence:** 1
 - **Start:** 01/01/2020
2. For the added row, click **Garnishment Details** on the table toolbar.
 3. In the **Garnishment Details** dialog box, which opens, specify the following information:
 - **Vendor:** Empty
 The system will use the vendor specified for the deduction code on the [Deduction and Benefit Codes](#) (PR101060) form.
 - **Court Name:** Washington Labor Court
 - **Document ID:** 00003578
 - **Court Date:** 12/01/2019
 - **Original Amount:** 5000.00
 4. Add another row with the following settings:
 - **Deduction Code:** 401K
 - **Active:** Selected
 - **Start:** 01/01/2020
 5. On the form toolbar, click **Save**.

Step 7: Specifying PTO Banks

To specify the PTO banks that the employee will be able to use, do the following:

1. On the **Paid Time Off** tab of the [Employee Payroll Settings](#) form, add a row with the following settings:
 - **PTO Bank:** PTO
 - **Active:** Selected

Because this PTO bank is not included in the employee payroll class of the employee, the **Use Class Default Values** check box is cleared and non-editable for this bank.

Accept the default values for the remaining settings.

2. On the form toolbar, click **Save**.

Step 8: Updating Taxes in the System

To update taxes in the system after the payroll settings of all payroll employees have been specified, do the following:

1. Open the [Tax Maintenance](#) (PR208000) form.
2. On the form toolbar, click **Update Taxes**.

Wait until the update process is completed. As a result, the data on the **Tax Codes** tab of the form is updated.

3. Review the data downloaded from the tax engine.
4. On the form toolbar, click **Save**.
5. On the form toolbar, click **Assign Taxes to Employees** to assign the relevant taxes to all payroll employees based on their addresses and work locations.