

Payroll Helpful Hints

Important Facts to Remember

- The Payroll module is based on a calendar year. There is no future period in Payroll. You cannot post a payroll in process with a check date in a future quarter until the current quarter is closed by selecting **Quarter/Year-end Processing** from the **Period End** menu.
- Payroll Year-end Processing in MAS 90 can only be “reversed” by restoring data from a current backup. Reopening a year is not allowed. Data for the current year is cleared during Year-end Processing with the exception of Perpetual History files. **Always keep a current backup.**
- Do not perform Payroll Period-end Processing until the W-2s are printed and Magnetic Media has been processed. Keep a backup of the data for future use prior to closing, if needed.
- Tax tables are system-wide files. PR_09.SOA, PRU.SOA, PRV.SOA, AND PRW.SOA are stored in the PR directory with the Payroll module program files. All companies on one MAS 90 system use the global tax table files. The only exceptions to this are the following Tax Table Maintenance fields.

Company Tax ID Number (federal, state, and local)

G/L Accrual Account (federal, state, and local)

Unemployment Tax (state and local)

Hidden Options

The Fix Button

If you have Supervisor rights while viewing the Tax Summary window in Employee Maintenance, the **Fix** button is available to access the Quarter-to-Date and Year-to-Date wage data. Using this option, you can access and modify the hours worked, days worked, and weeks worked for these fields. This utility should NOT be used for after-the-fact Payroll or for a new Payroll setup.

	Quarter To Date	Year To Date
Wages		
Gross Wages	6,384.85	8,678.57
Withholding	6,357.15	8,650.87
Employee FICA	6,357.15	8,650.87
Employer FICA	6,357.15	8,650.87
Employee Med.	6,357.15	8,650.87
Employer Med.	6,357.15	8,650.87
Unemployment	6,357.15	8,650.87
Tips Reported	.00	.00
Tips Deemed	.00	3.05
Payroll Taxes		
Withholding	713.98	1,018.40
Employee FICA	342.13	423.56
Employee Med.	92.18	125.44
EIC	.00	3.05

Pension Plan	27.70
Cafeteria Plan	.00
Allocated Tips	.00
Fringe Benefit	.00
Nonqualified	.00
Dependent Care	.00

	Quarter To Date	Year To Date
Hours Worked	206	206
Days Worked	55	75
Weeks Worked	11	15

Buttons: Fix, OK, Cancel, ?

Prior to clicking the **Fix** button, many fields are unavailable ("grayed out"). After clicking the **Fix** button, all fields are available for data entry and the actual wages are shown as subject to the specific tax with no limits - observe the limits as specified in Tax Table Maintenance.

CAUTION!

Be very careful using this option as your reports will reflect changes made incorrectly. Using this utility will cause an "out-of-balance" condition in your Payroll.

PRZDRR

This option is used to alter the values (numbers) reported on the 941 Form and allows direct modification to the current quarter 941 Record in the Payroll 941 Form file. The actual 941 print program will function in exactly the same manner, and you will still need to enter the required adjustments and deposits in the 941 Form Printing options.

Print the 941 Form as an audit trail prior to modifying the Payroll 941 Form record. This hidden option overwrites the information in the Payroll 941 Form file with your information, making you solely responsible for the entry of correct data.

You can access the 941 Data Entry Utility by selecting **Run** from the **File** menu. In the Run dialog box, type *PRZDRR* for program name and click **OK**.

PRZRK2

The PRZRK2 program has been written specifically for aligning the W-2 forms on laser printers. This program can only be used with printers that are Hewlett Packard III- or IV-compatible. For more information see PR3000-ABC.

Steps to Reverse an Out-of-Balance Check

MAS 90 is not designed to let you complete an Out-of-Balance entry. However, if something occurs after the entry, (such as a Deduction Code record dropped from the Check lines) then an Out-of-Balance may occur. MAS 90 ordinarily will show an Out-of-Balance message on the Audit Report or the Daily Transaction Register.

Typically, an Out-of-Balance will be caused by an Earnings line, Deduction line, or Tax line being dropped during an update, which results in the Check Amount not equaling the Total Earnings less Deductions less Taxes.

Out-of-Balance messages can usually be corrected if caught prior to the Check Register update. If the Out-of-Balance is noticed after the Check Register update, you must determine where the Out-of-Balance occurred.

To Reverse the Out-of-Balance Check

1. Print the following reports
 - Quarterly Tax Report
 - Earnings Report
 - Deductions Report
 - Check History
2. Verify that the amounts have been updated by the last payroll.
3. If the **QTD** and **YTD Earnings Amounts** are incorrect on the Earnings Report, use the Library Master Utilities Data File Display & Maintenance on PR4 and modify the Earnings Records. Refer to the File Layouts section to see which amounts correspond to which field.
4. If the **QTD** and **YTD Deductions Amounts** are incorrect on the Deductions Report, select Employee Maintenance from the Main menu, then select Deductions Maintenance, and make appropriate corrections.
5. If **QTD** and **YTD Wages** or **Taxes** are incorrect on the Quarterly Tax Report, click the **Fix** button on the Tax Summary screen in Employee Maintenance to make any corrections.
6. If the Amounts on the Check History Report are not correct, they can be corrected using the utility Data File Display & Maintenance. For information about using Data File Display and Maintenance, contact an Authorized Channel Partner or Best Software Customer Support.

Payroll Posting Dates

There are two important dates that affect Payroll Files and Reports.

Check Date	Pay Period Ending Date
Files Updated	
PR3 – Employee Tax Summary File	PR4 – Employee Earnings/Deductions Summary File
PR5 – Check History File	PRM - Worker’s Compensation Detail File
PRO – Quarterly Tax Recap File	
PRR – 941 Form File	
PR_22 – Perpetual History Header File	
PR_23 – Perpetual History Detail File	
Reports	
Quarterly Tax Report (PR3)	Earnings Report (PR4)
Quarterly Governmental Report (PR3)	Deduction Report (PR4)
W-2’s (PR3)	Worker’s Compensation Report (PRM)
Check History Report (PR5)	
Quarterly Pay Period Recap (PRO)	
Quarterly 941 (PRR)	
Payroll Perpetual History Report (PR_22) & (PR_23)	

How Taxes are Calculated

MAS 90 Payroll annualizes wages in the calculation of withholding taxes, which is why it may differ from the Circular E distributed by the IRS. Annualizing offers a more exact method of calculating taxes.

To manually calculate taxes you must consider the following information.

1. Filing Status
2. Pay Cycle
3. Fringe Benefits
4. 401k & Cafeteria Plans
5. Tax Calculation Steps

SAMPLE

Calculating California State Withholding Tax

- Employee Salary = \$1600.00
- Filing Status = Married
- Dependent Exemptions = 0
- Personal Exemptions = 1
- Pay Cycle = Monthly
- Fringe Benefits = \$500.00
- 401k & Cafeteria Plan = \$100.00
- Tax Calculation Steps = 2-9-6-4-7-5

1		Calculate Taxable Amount
		Salary + Fringe – Cafeteria Plan = Taxable Amount 1,600.00 + 500.00 – 100.00 = 2,000.00
2	Step 2	Annualize Wages
		Taxable Amount * (Pay Cycle* # Pay Cycle per Year) 2,000.00 * (1 * 12) = 24,000.00
3	Step 9	Check against Low Income Limit (Low Income Limit = 16,080.00)
		Low Income Limit(16,080.00) < Taxable Amount(24,000.00)
4	Step 6	Check Dependent Exemption
		Dependent Exemptions = 0
5	Step 4	Subtract Standard Deduction
		Standard Deduction = 5,166.00
		Taxable Amount – Standard Deduction 24,000.00 - 5,166.00 = 18,834.00
6	Step 7	Apply Tax Table
		Taxable Amount – At Least Amount 18,834.00 – 10,032.00 = 8,802.00 8,802.00 * 2% (percent of excess) = 176.04 176.04 + 100.32 = 276.36
7	Step 5	Subtract Personal Exemption annual amount
		276.36 – 68.00 = 208.36 208.36 = Annual Tax Amount
8		Divide Annual Tax Amount by Number of Pay Cycles per Year
		208.36/12 = 17.36

941 Form Calculations

Line #	Where Data is Stored and/or How it is Calculated	Original Source
2	Total Wages - PRR[0]	Check Register Update
3	Total Tax Withheld - PRR[3]	Check Register Update
5	Adjusted Total Income Tax Withheld - PRR[3]	941 Line 3
6a	Total Wages * ((Employee + Employer) FICA Rate)/100 (PRR[1] - PRR[2]) * (PRU[0] + PRU[1])/100	Check Register Update &
6b	Total FICA Wages * (Employee + Employer) FICA Rate/100 PRR[2] * (PRU[0] + PRU[1]) / 100	Check Register Update &
7	(Total MEDICARE (Wages + Tips)) * ((Employee + Employer) MEDICARE Rate)/100 PRR[2] * (PRU[0] + PRU[1]) / 100	Check Register Update & Tax Code Entry
8	Total FICA and MEDICARE Taxes	941 Line 6a+6b+7
9	Net Taxes - (IV Total for Quarter) Line16 - (PRR[5] thru PRR[28]) or Amount Entered by User	Check Register Update or Override Amount from 941 screen
10	FICA & MEDICARE Taxes + FICA & MEDICARE Tax Adjustment	941 Line 8+9

Line #	Where Data is Stored and/or How it is Calculated	Original Source
14	Adjusted Total Taxes Withheld + Adjusted FICA and MEDICARE Taxes PRR[3] + Line 8	Check Register Update and 941 Line 8
15	AEIC Payments PRR[4]	Check Register Update
16	Total Taxes - AEIC Payments	941 Line 14-15
17	Total Deposits for the Quarter	Entered at 941 screen
18	Balance Due	941 Line 17-16
19	Over Payment if Line 17 > 16	941 line 18 > 0
	Lines 04, 11, 12 and 13 Not Used	

Source Field Key

PRR[0]	Gross Wages minus "P" and "C" Deductions
PRR[1]	FICA Wages
PRR[2]	Tips Reported
PRR[3]	Federal Taxes Withheld
PRR[4]	EIC payments
PRR[5 thru 28]	Individual Periodic Tax Liability
PRR[29]	Medicare Wages
PRU[0]	Employee FICA Rate
PRU[1]	Employer FICA Rate
PRX-00[0]	Employer Medicare Rate
PRX-02[0]	Employee Medicare Rate