

CYMA^{IV} PR ENTERING ADJUSTMENTS

July 2009

1. WHAT IS AN ADJUSTMENT?

The Adjustment entry in the PR Enter Payment screen is used for creating adjustments to an employee's account.

These can be used to account for an initial loan balance given to an employee outside of Payroll, to adjust paid time off accruals, or to correct the taxable wages associated with your various tax features amongst many other things.

Since an adjusting entry can change the amount, hours, taxable wages associated with any feature in payroll care should be taken in its use.

2. HOW DO I ENTER AN ADJUSTMENT (GENERALLY)?

To create an Adjustment to an employee, follow these steps.

1. Make sure you have a known good backup of your company data.

While adjustments can always be adjusted back out by making even more additional offsetting adjustments this can quickly get messy.

There is no void or undo for an adjustment so sometimes if many adjustments have been quickly done and the affect is not what is desired it can be easiest to restore from a backup made just prior.

2. Run **CYMA^{IV}**.
3. Change to the **PAYROLL MODLE** module.
4. Choose **ENTER** from the main menu.
5. Choose **ADJUSTMENTS** from the sub-menu.
6. Select the Employee ID of the employee who will be receiving the adjustment.
7. In the **ADJUSTMENT DATE** field, type in the date you wish the adjustment to occur.

Note that the quarter and year it is dated within will affect that quarter and years' quarterly and annual reports including the W2 so choose the date accordingly.

8. Choose the **BANK ID** associated with the adjustment. This will populate the Cash Account field on this dialog with the Cash Account associated with the Bank ID.

This account will be used as an offsetting entry to your adjustment if you decide not to check the **Don't Update GL** checkbox and are adjusting the AMOUNT column of a feature that would normally post to General Ledger.

9. Choose to check or leave unchecked the **DON'T UPDATE GL** checkbox.

For some adjustments it will not matter if you do not check or uncheck this box because some adjustments do not result in an amount that needs posted to the General Ledger.

Examples of these would be adjustments to features such as Non Cash Earnings, or adjustments that are made to other columns besides the amount column such as Hours, Taxable Wages, Excess Wages, and Excluded Wages.

Adjusting those columns will not result in an entry that would change any amounts in General Ledger.

It is a good idea to make your own decision on checking the box anyway if you feel that the entry is not one that needs posted to the General Ledger.

10. In the **Grid** locate the feature you wish to adjust by its name.

If you can not see the feature listed it is most likely because it is marked as Inactive on the employee. Only active features are listed in the grid.

If you need to make an adjustment to an inactive feature you would first need to go to the employee in Maintain Employee, edit the feature so it is active, make your adjustments, and then go back and inactivate the feature again after you are done.

A feature may also not list if it is marked active but is considered inactive because it has been given effective dates on Maintain Employee and you are logged into CYMA with a date outside of those effective dates.

You may adjust multiple features and multiple columns inside of the same adjustment.

NOTE: The adjustment screen doesn't show the amount / balance of a feature and you are not entering the balance you wish it to be when making a change. What you are entering is the DIFFERENCE necessary for it to be adjusted to the new balance.

For example, if a feature has a \$10.00 balance and you wished it to be an \$8.00 balance you would not enter \$8.00 for the adjustment you would instead enter \$(2.00). The negative two dollars would indicate you wanted to adjust DOWN the amount by two dollars.

When considering what SIGN to use consider how the amount for feature and column is normally entered.

ENTER ADJUSTMENTS				
EMPLOYEE ID: BAKE70		Larry Baker		
ADJUSTMENT DATE: 01/01/2009		DON'T UPDATE GL ✓		
BANK ID: 02NOR		CASH ACCOUNT: 110000-PAY-000		
DESCRIPTION	AMOUNT	HOURS	TAX WAGES	EXCESS WAGES
Regular Hours	\$0.00 +	0.00 +		
Accrual Pay	\$0.00 +	0.00 +		
Accrual		0.00 +		
Medicare	\$0.00 -		\$0.00 +	\$0.00 +
Medicare (Company)	\$0.00 -		\$0.00 +	\$0.00 +

Earnings features are shown on the grid in **black** and the amounts for such features are generally entered as a positive.

So if you wanted to INCREASE the amount associated with an Earnings feature you would enter a positive adjustment.

Deduction features are shown on the grid in **red** and the amounts for such features are generally entered as a negative.

So if you wanted to INCREASE the amount associated with a deduction feature you would enter the amount as a negative adjustment.

The other columns such as Hours, Tax Wages, and Excess Wages are all entered as positive entries if you wish to INCREASE these (Hours or Taxable Wages) regardless of if they are associated with an earnings or deduction feature.

- When all the adjustment entries have been made in the grid and you have double checked them, click on the **POST** button.

This will post the entries to the Payroll Module and update all the appropriate balances and files with these changes.

No additional recalculation is necessary.

If you did not check the DON'T UPDATE GL checkbox this will have created a check that will post to the General Ledger.

How these checks will affect, or if it will affect, the General Ledger depends on what columns and features were adjusted.

3. WHAT ARE SOME COMMON REASONS FOR ADJUSTMENTS?

- To adjust up or down an accrual feature to represent time granted at the start of a year or to account for time lost (if not used) by the end of each year.
- To shift the accrual balance from one year into the next so it shows correctly on the YTD of payroll checks.
- To populate an initial loan amount if it was given to the employee outside of the payroll module.
- To make adjustments to the Taxable and Excess Wages associated with taxes for an employee. This is usually done because the initial checks in the year were calculated against the wrong years caps or if the tax caps for your state change during the year.
- To make adjustments or corrections with the specific intent of affecting the W2.

4. HOW TO POPULATE AN INITIAL ACCRUAL BALANCE?

Adjustments to Accrual Features are generally made for a couple of reasons.

Sometimes people wait till the first check and disperse them as hours accrued on the initial checks but others want the hours already entered prior to the initial check.

1. Make sure you have a known good backup of your company data.
2. Run **CYMA^{IV}**.
3. Change to the **PAYROLL MODLE** module.
4. Choose **ENTER** from the main menu.
5. Choose **ADJUSTMENTS** from the sub-menu.

6. Select the Employee ID of the employee who will be receiving the adjustment.
7. In the **ADJUSTMENT DATE** field, type in the date you wish the adjustment to occur.

For this particular adjustment this would normally be done **on the first day** of the year such as **01/01/2009**.

8. Choose the **BANK ID** associated with the adjustment.

The Adjustment we make for this will only affect the HOURS column and further we will be checking the DON'T UPDATE GL box so we have no amounts that will be posting to General Ledger but we still have to choose a Bank ID because it is a required field.

9. **Check** the **DON'T UPDATE GL** checkbox.
10. In the **Grid** locate the **ACCRUAL** feature you wish to adjust by its' name.
11. Locate the **HOURS** columns for that feature.
12. Enter the amount of hours you wish to add to the employees' Accrued Hours.
13. Click on the POST button.

ENTER ADJUSTMENTS				
EMPLOYEE ID: BAKE70		Larry Baker		
ADJUSTMENT DATE: 01/01/2009		DON'T UPDATE GL <input checked="" type="checkbox"/>		
BANK ID: 02NOR		CASH ACCOUNT: 110000-PAY-000		
DESCRIPTION	AMOUNT	HOURS	TAX WAGES	EXCESS WAGES
Regular Hours	\$0.00	0.00		
Accrual Pay	\$0.00	0.00		
Accrual		40.00		
Medicare	\$0.00		\$0.00	\$0.00
Medicare (Company)	\$0.00		\$0.00	\$0.00

4. HOW TO REDUCE DOWN AN ACCRUAL FEATURE AT YEAR END?

If you have employees who loose unused accrued hours at year end you might make a similar adjustment at the end of each year but with a negative adjustment that would bring them down to a cap.

1. Make sure you have a known good backup of your company data.
2. Run **CYMA^{IV}**.
3. Change to the **PAYROLL MODLE** module.
4. Choose **ENTER** from the main menu.
5. Choose **ADJUSTMENTS** from the sub-menu.
6. Select the Employee ID of the employee who will be receiving the adjustment.
7. In the **ADJUSTMENT DATE** field, type in the date you wish the adjustment to occur.

For this particular adjustment this would normally be done **on the last day** of the year such as **12/31/2009**.

8. Choose the **BANK ID** associated with the adjustment.

The Adjustment we make for this will only affect the HOURS column and further we will be checking the DON'T UPDATE GL box so we have no amounts that will be posting to General Ledger but we still have to choose a Bank ID because it is a required field.

9. **Check** the **DON'T UPDATE GL** checkbox.
10. In the **Grid** locate the **ACCRUAL** feature you wish to adjust by its' name.
11. Locate the **HOURS** columns for that feature.
12. **Enter the amount of hours as a negative** that would adjust down the amount of the employees' total hours to the level you desire.
13. Click on the **POST** button.

ENTER ADJUSTMENTS				
EMPLOYEE ID: BAKE70		Larry Baker		
ADJUSTMENT DATE: 12/31/2009		DON'T UPDATE GL ✓		
BANK ID: 02NOR		CASH ACCOUNT: 110000-PAY-000		
DESCRIPTION	AMOUNT	HOURS	TAX WAGES	EXCESS WAGES
Regular Hours	\$0.00	0.00		
Accrual Pay	\$0.00	0.00		
Accrual		-10.00		
Medicare	\$0.00		\$0.00	\$0.00

Medicare (Company)	\$0.00	\$0.00	\$0.00
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4. HOW TO SHIFT THE ACCRUED BALANCE BETWEEN YEARS?

Currently, due to how YTD information is shown on Payroll Checks, a YTD balance is not shown for a feature UNTIL we find a balance (positive or negative) associated with that feature and that year.

This normally isn't a problem since most features will not have a YTD balance until they also have some YTD activity.

In the case of accrual feature you may have a BALANCE FORWARD that gives you a YTD in the current year even if you have not ACCRUED any additional amount yet in the current year.

Normally checks will not show the EXISTING accrual activity until the employee accrues some additional amount inside of the current year.

For many employees this is not an issue as they would accrue a small amount on their checks and their entire existing accrual balance would show as the YTD for that feature.

Occasionally though some employees might not accrue any additional amounts right away but they would still have a desire to see their accrued balance.

The trick here it to use an adjustment to make some activity in the current year that results in a positive or negative balance.

We can do this be entering TWO adjustments. One made to the prior year reducing the employees' accrued balance to zero and a second adjustment made to the current year restoring that balance back.

Say our employee BAKE70 has an existing balance of 80 hours. We would make an entry on 12/31 of the prior year reducing that by -80 hours and post that.

We would then make a second adjustment on 1/01 of the new year for +80 hours to restore that balance.

1ST ADJUSTMENT

1. Make sure you have a known good backup of your company data.

2. Run **CYMA^{IV}**.
3. Change to the **PAYROLL MODLE** module.
4. Choose **ENTER** from the main menu.
5. Choose **ADJUSTMENTS** from the sub-menu.
6. Select the Employee ID of the employee who will be receiving the adjustment.
7. In the **ADJUSTMENT DATE** field, type in the date you wish the adjustment to occur.

For this particular adjustment this would normally be done **LAST DAY OF THE PRIOR YEAR** of the year such as **12/31/2008**.

8. Choose the **BANK ID** associated with the adjustment.

The Adjustment we make for this will only affect the HOURS column and further we will be checking the DON'T UPDATE GL box so we have no amounts that will be posting to General Ledger but we still have to choose a Bank ID because it is a required field.

9. **Check** the **DON'T UPDATE GL** checkbox.
10. In the **Grid** locate the **ACCRUAL** feature you wish to adjust by its' name.
11. Locate the **HOURS** columns for that feature.
12. **Enter as a negative the amount of hours** that will reduce the employees accrued hours to ZERO.
13. Click on the **POST** button.

ENTER ADJUSTMENTS				
EMPLOYEE ID: BAKE70		Larry Baker		
ADJUSTMENT DATE: 12/31/2008		DON'T UPDATE GL ✓		
BANK ID: 02NOR		CASH ACCOUNT: 110000-PAY-000		
DESCRIPTION	AMOUNT	HOURS	TAX WAGES	EXCESS WAGES
Regular Hours	\$0.00	0.00		
Accrual Pay	\$0.00	0.00		
Accrual		-80.00		
Medicare	\$0.00		\$0.00	\$0.00
Medicare (Company)	\$0.00		\$0.00	\$0.00

2nd ADJUSTMENT

1. Choose **ENTER** from the main menu.
2. Choose **ADJUSTMENTS** from the sub-menu.
3. Select the same Employee ID of the employee who you just made an adjustment for
4. In the **ADJUSTMENT DATE** field, type in the date you wish the adjustment to occur.

For this particular adjustment this would normally be done **FIRST DAY OF THE CURRENT YEAR** such as **01/01/2009**.

5. Choose the **BANK ID** associated with the adjustment.
6. **Check** the **DON'T UPDATE GL** checkbox.
7. In the **Grid** locate the **ACCRUAL** feature you wish to adjust by its' name. The same feature as the previous adjustment.
8. Locate the **HOURS** columns for that feature.
9. **Enter as a positive the amount of hours** that will restore this employees' accrual balance back.
10. Click on the **POST** button.

ENTER ADJUSTMENTS				
EMPLOYEE ID: BAKE70		Larry Baker		
ADJUSTMENT DATE: 01/01/2009		DON'T UPDATE GL ✓		
BANK ID: 02NOR		CASH ACCOUNT: 110000-PAY-000		
DESCRIPTION	AMOUNT	HOURS	TAX WAGES	EXCESS WAGES
Regular Hours	\$0.00	0.00		
Accrual Pay	\$0.00	0.00		
Accrual		80.00		
Medicare	\$0.00		\$0.00	\$0.00
Medicare (Company)	\$0.00		\$0.00	\$0.00

6. HOW TO MAKE ADJUSTMENTS TO AFFECT MY TAXABLE WAGES?

Another reason to enter adjustments is because of mistakes or changes that affect an employee's Taxable or Excess Wages.

A fairly common reason for this to occur is if the Payroll Account Year is set to the prior year when calculating checks, that you intend to eventually date and print within the current year.

When you are sitting on the calculate payroll screen and it figures out tax amounts for those checks it does not know the date you intend to use when you are on the print check screen.

Instead all the tax amounts are determined based on the current Payroll Accounting Year (from Maintain Configuration – Posting Information) when you click on the Calculate button.

Accordingly, the annual caps for those taxes are also based on that year.

So if your SUTA caps annually at \$9,000 for your state and you have already capped in the prior year then if you are sitting in that prior year it will take out zero SUTA when you calculate for that check.

In addition to not taking out any taxes it will make an entry associated with that check to record the EXCESS wages (the amount of wages over the cap). If this check had taxable wages in the amount of \$1,000.00 then an entry would have been made for SUTA (Amount \$0.00 dollars, Taxable Wages \$0.00, Excess Wages \$1,000).

Then when the check is printed and given a date in the new year (1/05/09 for example) it affects the quarterly and annual reports of 2009.

If we printed a SUTA report for QTR 1, 2009 for this employee it would show \$1000 excess wages instead of \$1000 taxable.

Most people catch this mistake when they go to print the first quarters' tax reports and notice Excess wages on employees who should not yet have capped. If caught early enough it is fairly easy to correct.

The first thing to determine is how many adjustments will need to be made.

At a minimum you will need to enter one adjustment per employee, and date that adjustment sometime within the quarter, to affect that employees' quarterly total.

You might make a single adjustment for the aggregate amount that you need to correct or you might make several adjustments dated the same as the incorrect checks in that quarter.

Say you run a Quarterly Report for an Employee and see the following.

STATE UNEMPLOYMENT TAX ATTACHMENT						Page 1
For the Quarter Ending 03/31/2009						
Company: Southwest Industries 1545 North Central Avenue Suite # 115 Phoenix, AZ 85078			Employer ID: 91-3546579 SUTA ID: 7799865			
SOCIAL SEC #	EMPLOYEE NAME	EXCESS	EXCLUDED	TAXABLE	TOTAL	
897-66-5478	Baker, Larry	\$2000.00		\$1000.00	\$3000.00	

You then run a DETAIL LEDGER [LANDSCAPE] for that employee for a date range that covers the same quarter (01/01/2009 though 03/31/2009) and we see they had three checks.

PAYROLL JOURNAL						Page 1
BAKE70 BAKER, LARRY						
CHECK: 1 CK DATE: 1/5/2009 AMOUNT \$1000.00						
Employee Portion						
Salary	Hours: 80	Amount: \$1000.00				
Employer Portion						
Suta		Amount: 0.00	Taxable: \$0.00	Excess: \$1000.00		
CHECK: 2 CK DATE: 2/2/2009 AMOUNT \$1000.00						
Employee Portion						
Salary	Hours: 80	Amount: \$1000.00				
Employer Portion						
Suta		Amount: 0.00	Taxable: \$0.00	Excess: \$1000.00		
CHECK: 3 CK DATE: 3/2/2009 AMOUNT \$900.00						
Employee Portion						
Salary	Hours: 80	Amount: \$900.00				
Employer Portion						
Suta		Amount: (100.00)	Taxable: \$1000.00	Excess: \$0.00		

The tale these two reports tell is that when the first two checks of the year were calculated the entire amount was considered Excess.

When the third check was calculated some tax was actually taken out and the wages were considered Taxable Wages. Both reports give us the same TOTAL number but the Payroll Journal gives us a better idea what happened check by check.

For this sample employee I might enter a single adjustment dated within the quarter (say 03/31/2009 for -2000 Excess Wages, and +2000 Taxable Wages).

Alternately I might make two entries to match the dates of the incorrect checks and make adjusting entries appropriate to each incorrect check. Say one adjustment dated (1/5/2009 for -1000 Excess Wages, and +100 Taxable Wages) and another adjustment (on 2/2/2009 for -1000 Excess Wages, and +100 Taxable Wages).

Either way doing a single lump sum adjustment or several smaller adjustments, the quarterly balance for the employee will be correct.

Once you know how many adjustments you will be making, the amount and date of each you can then precede.

The following example shows how to make a lump sum correction for the above sample data.

1. Make sure you have a known good backup of your company data.
2. Run **CYMA^{IV}**.
3. Change to the **PAYROLL MODLE** module.
4. Choose **ENTER** from the main menu.
5. Choose **ADJUSTMENTS** from the sub-menu.
6. Select the Employee ID of the employee who will be receiving the adjustment.
7. In the **ADJUSTMENT DATE** field, type in the date you wish the adjustment to occur.

For this particular adjustment this we will just be making sure the date is within the quarter we need to change. **Last day of the quarter** such as **03/31/2009**.

8. Choose the **BANK ID** associated with the adjustment.

The Adjustment we make for this will only affect the TAXABLE and EXCESS wages columns and further we will be checking the DON'T UPDATE GL box so we have no amounts that will be posting to General Ledger but we still have to choose a Bank ID because it is a required field.

9. **Check** the **DON'T UPDATE GL** checkbox.

10. In the **Grid** locate the affected **TAX** feature you wish to adjust by its' name.

If you have several taxes that need adjusted you can either make separate adjustments for each or make all the adjustments at the same time. So you have three tax features with incorrect taxable wages you can find the line for the first, adjust it, find the next, and so on.

When all the changes have been made then all of them can be posted together.

This feature might have multiple lines such as one for the Employee portion and a separate line for the Employer / Company portion.

If this is a tax which has both an employee and an employer portion taken out you will adjust both lines. Else you need only concern yourself with the appropriate line for the tax.

For our sample data we are going to locate the SUTA (Company Portion) line.

11. Locate the **EXCESS WAGES** columns for that feature.

You may have to scroll to the RIGHT to see it (there is a scroll bar on the right side of the screen to scroll up and down through the features but there is also a scroll bar on the bottom of the screen to show you additional columns that do not fit on the screen.

Use that bottom scroll bar now if you have to in order to see the Excess Wages column.

12. Taxable and Excess wages are recorded as positive amounts. So if we wish to decrease / reduce the amount of Excess Wages we need to **enter a negative amount in excess wages**. The amount should be what we need to bring the Excess Wages down to where they should be.

For our sample data the amount is going to be **negative 2000.00**.

13. On that same line we are going to shift the total to Tax Wages column. Locate the **TAX WAGES** column for this feature. We wish to increase the

amount of Taxable Wages so we will be **entering a positive amount in Tax Wages**.

For our sample data the amount is going to be a **positive 2000.00**.

14. If you have other taxes you also need to adjust make those additional adjustments now.

15. Click on the **POST** button.

ENTER ADJUSTMENTS				
EMPLOYEE ID: BAKE70		Larry Baker		
ADJUSTMENT DATE: 03/31/2009		DON'T UPDATE GL ✓		
BANK ID: 02NOR		CASH ACCOUNT: 110000-PAY-000		
DESCRIPTION	AMOUNT	HOURS	TAX WAGES	EXCESS WAGES
Regular Hours	\$0.00	0.00		
Accrual Pay	\$0.00	0.00		
Accrual		0.00		
SUTA	\$0.00		\$0.00	\$0.00
SUTA (Company)	\$0.00		\$2,000.00	- 2,000.00

7. WHAT IF ADJUSTMENTS TO ONE QUARTER AFFECT ANOTHER?

Most of the time, and in the above sample data, things that cause changes to Excess and Taxable Wages are both usually small and generally caught during the first quarter.

Occasionally they are not. A state may issue a mid year cap to a tax that is retroactive back to the first of the year.

Consider the following example data. Imagine these are the checks for a particular employee along with the Taxable and Excess Wages for each check.

Say that a tax exists with a \$9000 cap and that this represented the check activity for an employee with that tax.

CHECK	DATE	AMOUNT	TAXABLE	EXCESS
1	1/15/2009	\$1,750.00	\$1,750.00	\$0.00
2	1/31/2009	\$1,750.00	\$1,750.00	\$0.00
3	02/15/2009	\$1,750.00	\$1,750.00	\$0.00
4	02/28/2009	\$1,750.00	\$1,750.00	\$0.00
5	03/15/2009	\$1,750.00	\$1,750.00	\$0.00

6	3/31/2009	\$1,750.00	\$250.00	\$1,500.00
	QUARTER 1	\$10,500.00	\$9,000.00	\$1,500.00

CHECK	DATE	AMOUNT	TAXABLE	EXCESS
7	4/15/2009	\$1,750.00	0.00	\$1,750.00
8	4/30/2009	\$1,750.00	0.00	\$1,750.00
9	05/15/2009	\$1,750.00	0.00	\$1,750.00
10	05/31/2009	\$1,750.00	0.00	\$1,750.00
11	06/15/2009	\$1,750.00	0.00	\$1,750.00
12	06/30/2009	\$1,750.00	0.00	\$1,750.00
	QUARTER 2	\$10,500.00	\$0.00	\$10,500.00

TOTAL SO FAR \$21,000.00 \$9,000.00 \$12,000.00

Now what adjustments would be necessary for the above sample data if the State decides to make a mid year change that the tax cap was 12,000 and retroactive to January 1.

Based on the TOTAL WAGES for the quarters (10,500) we see that Quarter 1 should not have had any Excess Wages.

The revised taxes would have split along the following lines.

CHECK	DATE	AMOUNT	TAXABLE	EXCESS
1	1/15/2009	\$1,750.00	\$1,750.00	\$0.00
2	1/31/2009	\$1,750.00	\$1,750.00	\$0.00
3	02/15/2009	\$1,750.00	\$1,750.00	\$0.00
4	02/28/2009	\$1,750.00	\$1,750.00	\$0.00
5	03/15/2009	\$1,750.00	\$1,750.00	\$0.00
6	3/31/2009	\$1,750.00	\$1,750.00	\$0.00
	QUARTER 1	\$10,500.00	\$10,500.00	\$0.00

CHECK	DATE	AMOUNT	TAXABLE	EXCESS
7	4/15/2009	\$1,750.00	\$1,500.00	\$250.00
8	4/30/2009	\$1,750.00	\$0.00	\$1,750.00
9	05/15/2009	\$1,750.00	\$0.00	\$1,750.00
10	05/31/2009	\$1,750.00	\$0.00	\$1,750.00
11	06/15/2009	\$1,750.00	\$0.00	\$1,750.00
12	06/30/2009	\$1,750.00	\$0.00	\$1,750.00
	QUARTER 2	\$10,500.00	\$1,500.00	\$9,000.00

TOTAL SO FAR \$21,000.00 \$12,000.00 \$9,000.00

This means adjustments have to be made not only to Quarter 1 but also to Quarter 2.

ADJUSTMENT # 1

1. Make sure you have a known good backup of your company data.
2. Run **CYMA^{IV}**.
3. Change to the **PAYROLL MODLE** module.
4. Choose **ENTER** from the main menu.
5. Choose **ADJUSTMENTS** from the sub-menu.
6. Select the Employee ID of the employee who will be receiving the adjustment.
7. In the **ADJUSTMENT DATE** field, type in the date you wish the adjustment to occur.

For this particular adjustment this we will just be making sure the date is within the quarter we need to change. In this case the **last day of the first quarter - 03/31/2009**.

8. Choose the **BANK ID** associated with the adjustment.

The Adjustment we make for this will only affect the TAXABLE and EXCESS wages columns and further we will be checking the DON'T UPDATE GL box so we have no amounts that will be posting to General Ledger but we still have to choose a Bank ID because it is a required field.

9. **Check** the **DON'T UPDATE GL** checkbox.
10. In the **Grid** locate the affected **TAX** feature you wish to adjust by its' name.

You may have several taxes that need adjusted you can either make separate adjustments for each or make all the adjustments here. So you have three tax features with incorrect taxable wages you can find the line for the first, adjust it, find the next, and so on.

When all the changes have been made then all of them can be posted together.

This feature might have multiple lines such as one for the Employee portion and a separate line for the Employer / Company portion.

If this is a tax which has both an employee and an employer portion taken out you will adjust both lines. Else you need only concern yourself with the appropriate line for the tax.

For our sample data we are going to locate the SUTA (Company Portion) line.

11. Locate the **EXCESS WAGES** columns for that feature.

You may have to scroll to the RIGHT to see it (there is a scroll bar on the right side of the screen to scroll up and down through the features but there is also a scroll bar on the bottom of the screen to show you additional columns that do not fit on the screen.

Use that bottom scroll bar now if you have to in order to see the Excess Wages column.

12. Taxable and Excess wages are recorded as positive amounts.

So if we wish to **decrease** / reduce the amount of Excess Wages we need to **enter a negative amount in excess wages**. The amount should be what we need to bring the Excess Wages down to where they should be.

If we wish to **increase** the amount of Excess Wages we need to **enter a positive amount in excess wages**.

Which entry you need to make depends on which way you need to adjust your particular data.

For our sample data the amount is \$1,500.00 in excess and needs to be \$0.00. The entry is going to be **negative \$1,500.00**.

13. On that same line we are going to shift the total to Tax Wages column. Locate the **TAX WAGES** column for this feature. We wish to increase the amount of Taxable Wages so we will be **entering a positive amount in Tax Wages**.

For our sample data we need to go from \$10,500 excess to \$9,000 excess. The amount is going to be a **positive \$1,500.00**.

14. If you have other taxes you also need to adjust make those additional adjustments now.

15. Click on the **POST** button.

ENTER ADJUSTMENTS				
EMPLOYEE ID: BAKE70		Larry Baker		
ADJUSTMENT DATE: 03/31/2009		DON'T UPDATE GL ✓		
BANK ID: 02NOR		CASH ACCOUNT: 110000-PAY-000		
DESCRIPTION	AMOUNT	HOURS	TAX WAGES	EXCESS WAGES

Regular Hours	\$0.00	0.00		
Accrual Pay	\$0.00	0.00		
Accrual		0.00		
Sample Tax	\$0.00		\$0.00	\$0.00
Sample Tax (Company)	\$0.00		\$1,500.00	- \$1,500.00

ADJUSTMENT # 2

16. Choose **ENTER** from the main menu.

17. Choose **ADJUSTMENTS** from the sub-menu.

18. Select the Employee ID. The same one we entered our first adjustment for.

19. In the **ADJUSTMENT DATE** field, type in the date you wish the adjustment to occur.

For this particular adjustment this we will just be making sure the date is within the quarter we need to change. In this case the **last day of the second quarter - 06/30/2009**.

20. Choose the **BANK ID** associated with the adjustment.

Use the same one as was used in the first adjustment.

21. **Check** the **DON'T UPDATE GL** checkbox.

22. In the **Grid** locate the affected **TAX** feature you wish to adjust by its' name.

Make adjustments to any taxes that need second quarter totals adjusted based on the changes we have already made in the prior adjustment.

23. Locate the **EXCESS WAGES** columns for that feature.

24. Taxable and Excess wages are recorded as positive amounts.

So if we wish to **increase** the amount of Excess Wages we need to **enter a positive amount in excess wages**. The amount should be what we need to bring the Excess Wages up to where they should be.

If we wish to **decrease** the amount of Excess Wages we need to **enter a negative amount in excess wages**. The amount should be what we need to bring the Excess Wages down to where they should be.

Which adjustment you make will depend on how you need to change the Excess Wages.

For our sample data the amount is going to be **negative \$1,500.00**.

25. On that same line we are going to shift the total to Tax Wages column. Locate the **TAX WAGES** column for this feature. We wish (in this sample data) to increase the amount of Taxable Wages so we will be **entering a positive amount in Tax Wages**.

For our sample data the amount is going to be a **positive \$1,500.00**.

26. If you have other taxes you also need to adjust make those additional adjustments now.

27. Click on the **POST** button.

ENTER ADJUSTMENTS				
EMPLOYEE ID: BAKE70		Larry Baker		
ADJUSTMENT DATE: 03/31/2009		DON'T UPDATE GL ✓		
BANK ID: 02NOR		CASH ACCOUNT: 110000-PAY-000		
DESCRIPTION	AMOUNT	HOURS	TAX WAGES	EXCESS WAGES
Regular Hours	\$0.00	0.00		
Accrual Pay	\$0.00	0.00		
Accrual		0.00		
Sample Tax	\$0.00		\$0.00	\$0.00
Sample Tax (Company)	\$0.00		\$1,500.00	-\$1,500.00

CHECK	DATE	AMOUNT	TAXABLE	EXCESS
1	1/15/2009	\$1,750.00	\$1,750.00	\$0.00
2	1/31/2009	\$1,750.00	\$1,750.00	\$0.00
3	02/15/2009	\$1,750.00	\$1,750.00	\$0.00
4	02/28/2009	\$1,750.00	\$1,750.00	\$0.00
5	03/15/2009	\$1,750.00	\$1,750.00	\$0.00
6	3/31/2009	\$1,750.00	\$250.00	\$1,500.00
Adjustment	3/31/2009	\$0.00	\$1,500.00	-\$1,500.00
QUARTER 1		\$10,500.00	\$10,500.00	\$0.00

CHECK	DATE	AMOUNT	TAXABLE	EXCESS
7	4/15/2009	\$1,750.00	\$0.00	\$1,750.00
8	4/30/2009	\$1,750.00	\$0.00	\$1,750.00
9	05/15/2009	\$1,750.00	\$0.00	\$1,750.00
10	05/31/2009	\$1,750.00	\$0.00	\$1,750.00
11	06/15/2009	\$1,750.00	\$0.00	\$1,750.00
12	06/30/2009	\$1,750.00	\$0.00	\$1,750.00

Adjustment	06/30/2009	\$0.00	\$1,500.00	-\$1500.00
	QUARTER 2	\$10,500.00	\$1,500.00	\$9,000.00
	TOTAL SO FAR	\$21,000.00	\$12,000.00	\$9,000.00

Remember that the above is an example only.

Consider how the changes you make are going to increase or decrease the taxable and excess wages of your own tax features quarter to quarter.

Make the appropriate adjustments accordingly (one per quarter, per employee, to the features or features that need adjusted, for the amounts of excess and taxable wages that need shifted).

8. IF I ADJUST TAXABLE WAGES, WHAT ABOUT THE AMOUNT COLUMN?

This question is trickier than if or how the Taxable Wages are changes.

Basically, if the Taxable Wages are wrong they need to be corrected and that's done by making the appropriate adjustments.

But this then leaves the question of what to do with the amount column. If the Taxable Wages should have been \$12,000 but I only collected actual tax amounts based on \$9,000 then I've under collected on the taxes.

For Employer / Company portion only taxes, an entry could be made to the amount column for the amount of taxes that should have been collected.

For an Employee Portion the case is harder to make because, you didn't actually collect that tax, and if you had it would have actually changed the amount of the employees check resulting in more or less pay – something adjusting in the tax amount won't account for by itself.

I leave the decision on how to handle that up to the person making the adjustments but if practical, for employee portion tax overage / underage, I advise considering overriding the tax amount of the employees' next check or checks reducing or increasing the amount of tax withheld to compensate.

If you are going to make adjustments to the amount column remember that if you adjust the amount column for any feature that normal posts to General Ledger (so excluding Reported Tips, Non Cash Earnings) you are making an entry that will post to the General Ledger unless you check the **Don't Update GL** check box.

9. HOW WILL MY ADJUSTMENTS IMPACT MY W2?

Most any adjustment you make to an amount, tax wage, or excess wage column will have some impact on the W2 associated with the year you have dated the adjustment.

The following is a list of W2 boxes and what feature and column you would have to adjust to make a change to one of them.

Box 1 – Wages, Tips, and Other Compensation.

Box 1 is composed of earnings amounts, the amounts of pre-tax deductions, and the amounts of company portion / company taxable benefits. A change to the amount column of any of those features will have an impact on Box 1.

For example, if we adjusted the amount column for a salary feature by a positive \$1,000.00 then Box 1 would increase by \$1,000.00.

Box 1 is NOT the Tax Wages associated with Federal Income Tax.

The amounts of the two may be the same but changing Federal Income Tax Wages will not change Box 1.

Box 2 – Federal Income Tax Withheld.

Box 2 is the amount of Federal Income Tax (not the Wages the FIT tax is based on but the actual amount of tax withheld).

Any adjustment made to the Federal Income Tax feature, made to the amount column will change box 2.

Tax amounts are recorded as negative amounts so a negative adjustment to the Federal Taxes amount column will increase the amount in Box 2.

Box 3 – Social Security Wages

Box 3 is the Taxable Wages associated with the Social Security feature MINUS those that are specifically considered Social Security Tips (Box 7).

Any adjustment made to the Social Security feature that changes the Tax Wage column will change box 3, as long as the adjustment entry does not also contain a change to paid or reported tips.

Wages are recorded as positive amounts so a positive adjustment to the Tax Wage column would increase the amount in Box 3.

Box 4 – Social Security Tax Withheld

Box 4 is the actual amount of Social Security Tax Withheld so any adjustment entry made to the Social Security feature and the amount column will change the amount in Box 4.

Taxes are recorded as negative amounts so any negative adjustment made to the amount of Social Security tax will increase the amount in Box 4.

Box 5 – Medicare Wages and Tips.

Box 5 is the Taxable Wages associated with the Medicare Feature. Any adjustment made to the Medicare feature and the Tax Wages column will change box 5.

Wages are recorded as positive amounts so a positive adjustment to the Tax Wage column would increase the amount of Box 5.

Box 6 – Medicare Tax Withheld

Box 6 is the actual amount of Medicare Tax withheld so any adjustment made to the Medicare feature and to the amount column will change the amount in Box 6.

Taxes are recorded as negative amounts so any negative adjustment made to the amount of Medicare tax will increase the amount in Box 6.

Box 7 – Social Security Tips

Social Security Tips are based on the Taxable Wages associated with the Social Security feature, if the check or in this case Adjustment also includes changes to a paid or reported tips feature.

Example,

Someone is paid \$1000.00 salary and \$(100) Social Security. That check or adjustment would impact Box 1 (Wages, Tips, and Other) for \$1,000.00, Box 3 (Social Security Wages) in the amount of \$1,000.00, and Box 4 (Social Security Tax withheld) in the amount of \$100.00.

The same check or adjustment hitting paid tips instead of salary would result in Box 1 (Wages, Tips, and Other) increasing by \$1,000.00, Box 4 (Social Security Tax withheld) in the amount of \$100.00, and Box 7 (Social Security Tips) in the amount of \$1,000.00.

Any adjustment made to JUST social security alone and nothing else will only impact boxes 3 (if you adjusted the Tax Wages) and Box 4 (if you adjusted the amount).

A change to social security alone as the only feature can not change Box 7.

Box 8 – Allocated Tips

Box 8 is the amount column associated with the Allocated Tips feature.

This is an earnings feature so its amounts are recorded as a positive. Any positive change made to the amount column for this feature will increase the amount in Box 8.

Box 9 – Advance EIC payments

Box 9 is the amount column associated with the EIC feature.

Box 10 – Dependent Care Benefits

Box 10 would be the amount column of a benefit or pre-tax deduction feature belonging to an employee which had been setup in Maintain Employees, on that particular employee, to show in Box 10 on the W2.

Benefits and Pre-Tax deductions are recorded as negative amounts. Any negative adjustment made to the appropriate features amount column will increase the amount of Box 10.

Box 11 – Nonqualified Plans

Box 11 would be the amount column of a benefit or pre-tax deduction feature belonging to an employee which had been setup in Maintain Employees, on that particular employee, to show in Box 11 on the W2.

Benefits and Pre-Tax deductions are recorded as negative amounts. Any negative adjustment made to the appropriate features amount column will increase the amount of Box 11.

Box 12 – Deferred Compensation

Box 12 would be the amount column of a benefit or pre-tax deduction feature belonging to an employee which had been setup in Maintain Employees, on that particular employee, to show in Box 12 on the W2.

Benefits and Pre-Tax deductions are recorded as negative amounts. Any negative adjustment made to the appropriate features amount column will increase the amount of Box 12.

Box 16 – State Wages

Box 16 is the Taxable Wages associated with the State Tax feature. Any adjustment made to the Tax Wage column of the State Tax feature will change box 16.

Wages are recorded as positive amounts so any positive adjustment made to Tax Wages for the State Tax feature will increase the amount of Box 16.

Box 17 – State Income Tax

Box 17 is the amount of State Income tax withheld. Any adjustment made to the Amount column of the State Tax feature will change the amount of Box 17.

Tax amounts are recorded as a negative amount so any negative entry made to the State Tax amount column will increase the amount in Box 17.

Box 18 – Local Wages, Tips, etc.

Box 18 is the Taxable Wages associated with the Local Income Tax feature. Any adjustment made to the Tax Wage column of the Local Income Tax feature will change box 18.

Wages are recorded as positive amounts so any positive adjustment made to Tax Wages for the Local Income Tax feature will increase the amount of Box 18.

Box 19 – Local Income Tax

Box 19 is the amount of Local Income tax withheld. Any adjustment made to the Amount column of the Local Income Tax feature will change the amount of Box 19.

Tax amounts are recorded as a negative amount so any negative entry made to the Local Income Tax amount column will increase the amount in Box 19.

10.WHAT ARE THE KNOWN ISSUES WITH ADJUSTMENTS?

As of the date of this write up no known issues exist with how Enter Adjustments works.

There is an enhancement request (11712) logged to add a toggle or checkbox to see features which are being filtered off the grid because they are inactive.