

How to Manually Record Payroll in E2SS

There are two options that may be used to record payroll if you don't use one of the payroll interfaces.

- § Manually enter each employee's check through AP | Check Writing or
- § write a journal entry for the total payroll.

Option 1: Manually enter checks in AP | Check Writing

Enter a check without creating a vendor invoice. The advantage to entering all the payroll checks individually is that you can use the E2SS bank reconciliation for reconciling your payroll bank account.

In the following example, one person's payroll check will be used to explain the entries.

John Doe works in the shop and this is his paycheck for the week:

Gross Wages	\$600.00
Federal Tax	-88.60
Social Security	-37.20
Medicare	-8.70
State Tax	-19.78
Net check amount	\$445.72

Step One: Enter the employee payroll check

1. Go to AP | Check Writing and click New.
2. Enter the check number of the employee's printed check.
3. Skip the vendor code and the invoice number fields.
4. Go to the gross amount column of the check.

In the above example the information is entered like this:

Gross Amt	Discount	Net Amount	GLAccount	Description	Comments
600.00		600.00	5100	Direct Labor	Payroll W/E 6/12/XX
-88.60		-88.60	2170	Fed Withheld	
-19.78		-19.78	2171	State Withheld	
-37.20		-37.20	2172	Social Security Withheld	
-8.70		-8.70	2173	Medicare Withheld	
-445.72		-445.72		Net check total	

Note: The taxes withheld are entered as a negative number.

- The net amount of the check is system generated and reduces the cash account of the bank code selected. In this example \$445.72 will be deducted from the checking account. You may choose to create a separate payroll bank code.

Add Check

Check Number: 198 OK Cancel

Detail | Header | Comments

Vendor: Search Search Criteria

Invoice No:

Name:

Check Date: 12/12/03 Period No: 200312

Bank Code: CHECKING

Currency Code: USA

Exchange Rate: 1

Invoice Number	Gross Amount	Discount Amount	Net Amount	GL Account	Description	Comments
	\$600.00	\$0.00	\$600.00	5100	Direct Labor	
	-\$88.60	\$0.00	-\$88.60	2170	Federal Taxes Withheld	
	-\$19.78	\$0.00	-\$19.78	2171	State Tax Withheld	
	-\$37.20	\$0.00	-\$37.20	2172	Social Security Withheld	
	\$445.72	\$0.00	\$445.72			

Process Delete

- On the header tab of the check type in the payee name "John Doe."
- Create a vendor type called "payroll" by clicking on the blue plus bar. Then, select "payroll" in the vendor type field.

Note: This step is optional. The advantage to doing this is that you can run a check summary filtered by vendor type "payroll" and it will only the payroll checks written.

Add Check

Check Number: 198 OK Cancel

Detail | **Header** | Comments

Pay To Information

Line 1: John Doe

Line 2:

Line 3:

Line 4:

Vendor Type: PAYROLL

Vendor Acct No:

Step Two: Record the employer expenses

Now, you need to record your employer share of Social Security and Medicare. In the example, you withheld \$37.20 for Social Security and \$8.70 for Medicare. You will also have FUTA & SUTA, but for this example, we'll only use these two.

To record this expense, we will write a journal entry as follows:

GLCode	Description	Debit	Credit	Comment
6050	SS Employer Share	37.20		To record Social Security of payroll w/e 6/12/01
2172	Social Security Withholding		37.20	To record Social Security of payroll w/e 6/12/01
6051	Medicare Employer Share	8.70		To record Medicare for payroll w/e 6/12/01
2173	Medicare Withholding		8.70	To record Medicare for payroll w/e 6/12/01

Note: This is only an example. Please verify general ledger coding with your accounting person.

Step Three: Record the tax payment made by wire transfer

In our example, we pay our social security, Medicare and federal taxes via a wire transfer. This is accomplished by creating a journal entry.

In the example, the journal entry is as follows:

GLCode	Description	Debit	Credit	Comment
2172	Social security withheld	74.40		Employee share 37.20 Employer share 37.20 Payroll w/e 6/12/01
2173	Medicare withheld	17.40		Employee share 17.40 Employer share 17.40 Payroll w/e 6/12/01
2170	Federal withheld	88.60		Employee fed tax for w/e 6/12/01
1040	Cash in bank		180.40	To record payment to Federal government for payroll w/e 6/12/01

Step Four: Creating vendor invoices to pay other items withheld

In the above example, the state tax is paid on a monthly basis. A vendor invoice should be created to remind you to pay that at the end of the month. Then, create a check to pay the amount due for the entire month on one check.

In the above example, we owe \$19.78 to the State of Ohio.

1. First, create a vendor for the State of Ohio.
2. Then, create a vendor invoice for the \$19.78.
3. In this example, the general ledger account to select is 2171 the State Withheld liability account. By doing this, you create a debit to the liability account, which clears that account balance, and credits accounts payable.

At the end of the month after all the vendor invoices are entered for the month's payroll, a check is written to pay the State of Ohio.

1. Go to accounts payable.
2. Click on the New button.
3. Select the vendor "State of Ohio" and click on the Search button.
4. Select all invoices to be paid on this check.
5. Click on OK.
6. Click on process.

By entering the check, you debit accounts payable and credit the cash in bank or, whatever bank code you selected.

Option #2

You may choose to create a journal entry for your total payroll for the week instead of entering in each person's check as a manual check. To do this, you use the total page from your payroll that lists total gross wages and all the deductions.

Go to GL, Journals and click on New.

The entry for the example given would be as follows:

GLCode	Description	Debit	Credit	Comment
5100	Direct Labor	600.00		To record payroll for w/e 6/12/01
2170	Fed withholding		88.60	To record payroll for w/e 6/12/01
2171	State withholding		19.78	To record payroll for w/e 6/12/01
2172	Social Security		37.20	To record payroll for w/e 6/12/01
2170	Medicare withholding		8.70	To record payroll for w/e 6/12/01
1040	Cash in bank checking		445.72	To record payroll for w/e 6/12/01

Then, you continue the same process as above in option #1.