

How to distribute payroll expense to multiple GL codes

The payroll expense for gross wages for one employee is booked to the GL account number found in Enter/Maintain Pay Transactions (PR 1,2). The employer payroll taxes are booked to the GL accounts found the Payroll Account Group file (PR 1, 8,3) for the Account Group entered on the Pay Transaction record.

Some users need to charge an employee's gross wages to multiple GL accounts in order to distribute payroll cost by department or division. Here is how to accomplish such distribution:

Salaried Employee – Gross Wages

In the PROMPT Business System sample data for employee #1 John Salary his DES code is 100, his account group is 1 and his G/L Account is 840, with a gross wage of \$36,000 per year.

Assume you wanted to distribute his gross pay 50% to 840 and 50% to 840.1.

You would go to (PR 1, 8, 5) to create a new DES code like 100, Lets assume you use 110. You simply bring up code 100, type over it with 110 and press enter.

Next go back to (PR 1, 2) and scroll to the 100 record for our example case, John Salary. You need to change his Rate/Amount from \$36,000.00 to \$18,000.00.

Next, using the 100 record as a template, type 110 over the DES code and type 840.1 over the G/L account number and press enter. You have now created two separate records with 50% of his pay in each and this cause gross wages to be evenly distributed between the two account numbers. His check stub will not change.

Distribute employer payroll taxes too?

In the above example if both DES codes (100 and 110) are account group 1, all employer expenses will be charged to the GL accounts found in account group 1. If you desire to evenly distribute the employer payroll tax expenses too, it is necessary to set up a second account group in (PR 1, 8, 3) making the "employer Expense" GL accounts 840.1, etc. If this is done, don't forget to change the account group code on the 110 DES record in (PR 1, 2) to a 2.

Hourly employee – Gross wages

The approach to hourly is different and if there is no desire to break out employer payroll taxes too there is no new setup.

The approach to distribution to separate GL accounts is done in Time Record entry at (PR 2, 1). Using our simple example of a 50/50 split like we discussed for salaried here is how it is accomplished.

Let's assume an employee worked 40 hours during the pay period. You would enter 20 hours as usual, then enter a second 20 hours BUT before you hit enter after entry of the time, tab to G/L ACCOUNT and override the account number 840 with 840.1.

If you are not distribution the hourly employee's employer payroll taxes to a separate account group you are ready to press enter, otherwise override the account group 1 with a 2 (provided you have set up account group 2 as discussed above).