



GUIDE TO PCMARS FOR WINDOWS

ADVANCED PAYROLL



***Note:* All examples included in this manual use a Social Security withholding rate of 6.2 for both employee and employer, for a combined rate of 7.65%. This may not be accurate and should be used AS EXAMPLE ONLY.**

ADVANCED PAYROLL MODULE

The Advanced Payroll Module includes the following features:

- Federal Withholding Tax Tables (Percent Method)
- State Tax Tables included for Iowa, Illinois, Minnesota and Michigan.
- Ability to customize an additional 7 labor withholding fields (for a total of 10).
- Ability to customize an additional 6 pay units such as hourly daytime, hourly evening, miles, etc. (for a total of 7).
- Ability to track money loaned or advanced to employees through paycheck deductions.
- Ability to calculate retirement deductions and matching within the non-simplified payroll method.
- Ability to round Federal and State withholdings.
- Pension withholding wages calculation can be automatically adjusted by “subject to” tax preference for all 10 paycheck withholdings.
- Labor Informational Statement to conform to new Minnesota Labor Reporting Requirements on paystubs

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Throughout our booklets we use the symbol “⇒” which means “go to”. So, if we say click on Setup⇒Business Information, that means to **first** click on Setup and **second** click on Business Information.

The Advanced Payroll Module enables more “advanced” features to the payroll transactions. This is a SEPARATE module that is an enhancement to the payroll already in PcMars/PcMars PLUS.

Note: Once the Advanced Payroll is activated for a set of books, this option will carry over to the next year. If you do NOT want Advanced Payroll the following year when carrying over, you will want to deactivate that when carrying over to the new year.

CUSTOM PAY TYPES

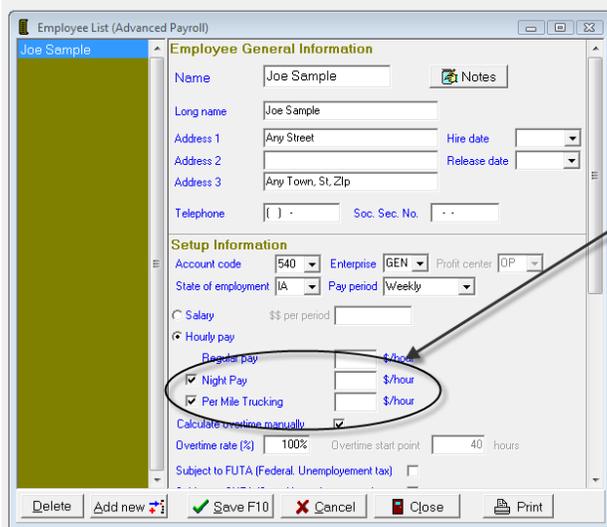
The Advanced payroll allows you to customize up to six additional pay types other than regular pay. These might be for night pay, vacation pay, bonus pay, etc. These can also be set up for “units”, such as trucking per mile or field work by acre.

To set this up, go to: “Setup” ⇒ “Advanced Payroll” ⇒ “Payroll General Information” ⇒ “Employer Data” tab. If you want to add additional pay types, click the check box and then enter a unique description that will be used in the paycheck. By default the unit descriptor is by the hour, but you may change this if this pay type is paid by the mile, acre, etc. Unit descriptors should ALWAYS be singular.

	Pay line description	Unit descriptor
Pay type 1	Regular Pay	hour
Pay type 2 enable <input checked="" type="checkbox"/>	Night Pay	hour
Pay type 3 enable <input checked="" type="checkbox"/>	Per Mile Trucking	mile
Pay type 4 enable <input type="checkbox"/>		hour
Pay type 5 enable <input type="checkbox"/>		hour
Pay type 6 enable <input type="checkbox"/>		hour
Pay type 7 enable <input type="checkbox"/>		hour

Custom Pay Type Examples

After these custom pay types are setup, they will need to be enabled for each employee (that they pertain to). To enable these, go to “Setup⇒”Advanced payroll”⇒ “Employee List”, and select the employee to activate. Check the “custom type” to enable it.



Check to
Enable Custom
Pay Types for
Each Employee

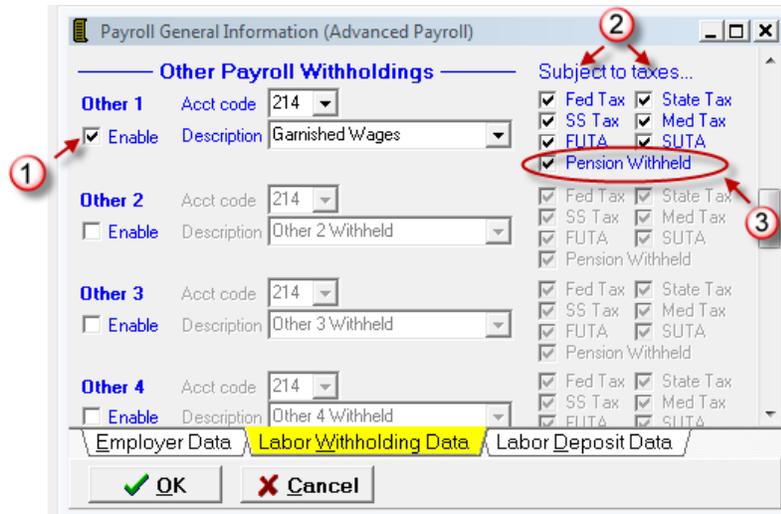
Note: As a reminder, automatic calculation for overtime pay can be set up at “Setup”
⇒ “Advanced Payroll” ⇒ “Employee List” for each employee separately.

CUSTOMIZE ADDITIONAL WITHHOLDING FIELDS

The advanced payroll allows you to customize an additional seven fields for a total of 10. To set up these additional fields, go to “Setup” ⇒ “Advanced Payroll” ⇒ “Payroll General Information, select the “Labor withholding” tab. The withholdings are the same as the regular payroll in PcMars, however below is a review showing how to set them up.

1. Click the “Enable” box to make them available for use. Then change, (as desired) the wording of the description for the withholding. This description will be used for the amount deducted from the paycheck. Be sure to have this worded as you like, for it cannot be changed once a paycheck is entered. In the non-simplified mode only, you can also change the liability account code used for the withheld amount.
2. On the right side of the withholdings deductions are the “Subject to taxes...” check boxes, which relate to how taxes are calculated. If the particular deduction is not subject to taxes (unchecked), the deduction is subtracted from gross before the tax is calculated. For instance, if you unchecked “Fed Tax”, the deduction would be subtracted from the gross before the Federal Tax is calculated. By default, all of the boxes are checked, because this would be how taxes are calculated in the majority of the cases. (see picture below)

3. The Advanced Payroll Module also adds a new subject to taxes field, called “Pension Withheld”. This option is ONLY available when “Pension/Retirement Plans Withholding” is selected. For questions regarding tax preference, consult your tax advisor.



Note: If you entered any descriptions that are not in the description list, the program will ask you if you want to add them. Normally you should answer YES to that question.

FEDERAL & STATE TAX TABLE CALCULATION

The Federal and State Payroll Tables are “date sensitive”. For example, if the Internal Revenue Service changed the Federal withholding table on 7-1-2020, then the program would use the 1-1-2020 to 6-30-2020 tax table, for a paycheck dated 6-25-2020.

FEDERAL WITHHOLDING:

FEDERAL TAX TABLE: The Federal withholding tables are included. To use this feature, go to “Setup” ⇒ “Advanced Payroll” ⇒ “Employee List”, then select the employee.

To activate the Federal withholding table, you must enter the information from the employee W4 form and select one of the three options listed.

The first option is required for all new employees but also may be used for existing employees IF they are using the new 2020 and later W-4 withholding form. You must fill in the additional information derived from the new W-4 Form used to calculate the withholding.

The second option is used for existing employees using the older W-4 form (2019 and prior years W-4 Form) as it was previously.

The third option would be to calculate the Federal Withholding using a percentage of Gross. By checking this option, the percentage you enter will be multiplied by the gross pay to calculate the federal taxes withheld.

Below is a screen shot displaying the information needed for calculating the Federal tax from the tax tables using the updated 2020 and later W-4 Form (Option 1):

Federal withholding
Federal withholding method (select one)
 Federal tax from table, 2020 & later W-4 Input
 Federal tax from table, 2019 & prior W-4 Input
 Percent of gross
Federal Filing Status: Married FICA method: FICA deducted
Step 2: Multiple Jobs or Spouse Works, item (c)
Step 3: Claim Dependents, enter total: \$0.00
Step 4: Other Adjustments - (a) Other Income: 0
Step 4: Other Adjustments - (b) Deductions: \$0.00
Step 4: Other Adjustments - (c) Extra withholding: \$179.23
To claim "exempt", check box here

Below is a screen shot displaying the information needed for calculating the Federal tax from the tax tables using the 2019 & Prior W-4 form (Option 2):

Federal withholding
Federal withholding method (select one)
 Federal tax from table, 2020 & later W-4 Input
 Federal tax from table, 2019 & prior W-4 Input
 Percent of gross
Federal Filing Status: Married FICA method: FICA deducted
No. Exemptions/Withholding Allowances: 3 (Enter "E" for exempt)
Additional amount to withhold per check: []

In order to calculate the paychecks correctly, all of the information on the above screens need to be filled in according to the W-4 forms that the employee has filled out.

FILING STATUS: Enter information from the employee (W-4 Form). This is required for the Federal withholding table to work correctly.

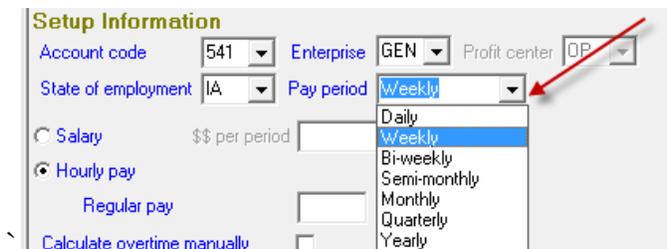
FICA METHOD: Typically this is “FICA deducted” where half is deducted from the employee’s paycheck, and the employer matches the other half. If you selected any other method, be sure to check with your withholding instruction to make sure it is an available option for you.

NO. EXEMPTIONS/WITHHOLDING ALLOWANCES: Enter the number of exemptions that the employee is claiming on the W-4. This only affects withholdings if “Federal Tax Form Table” is selected.

FEDERAL WITHHOLDING METHOD (select one): To calculate the Federal withholding from the tax table, select “Federal Tax from Tax Table”, (the program uses the Percent Method withholding table).

ADDITIONAL AMOUNT TO WITHHOLD PER CHECK: If the employee has any additional amount withheld on their W-4 form, be sure to enter this here.

Also, be SURE to enter the correct pay period under “Pay Period” for each employee.



The screenshot shows a software interface titled "Setup Information". It contains several fields: "Account code" (541), "Enterprise" (GEN), "Profit center" (OP), "State of employment" (IA), and "Pay period" (Weekly). The "Pay period" dropdown menu is open, showing options: Daily, Weekly (highlighted), Bi-weekly, Semi-monthly, Monthly, Quarterly, and Yearly. A red arrow points to the "Weekly" option in the dropdown menu. Below these fields are radio buttons for "Salary" and "Hourly pay" (selected), and a checkbox for "Calculate overtime manually".

The program will use the information entered in the following fields for the calculation.

1. Date the payroll check was written
2. Pay Period
3. Federal Filing Status
4. No. Exemptions/Withholding Allowance (Federal)
5. Additional amount to withhold per check (Federal)

STATE WITHHOLDING:

STATE WITHHOLDING TAX TABLE: This advanced payroll module also includes the State withholding table for IA, IL & MN and MI. To activate the State Withholding tables, you must enter the information from the employee W-4 State form, and select “State tax from table”. Each state has their own W-4 Form that the employee needs to complete (this is in addition to the Federal W-4 Form).

To use this feature, go to “Setup” ⇒ “Advanced Payroll” ⇒ “Employee List, then select the employees.

Below is a screen shot of the State withholding setup screen for Iowa & Minnesota, (the Illinois is discussed later).

The screenshot shows a form titled "State Withholding" with the following fields and options:

- State Filing Status: Single (dropdown menu)
- No. Exemptions/Withholding Allowances: 1 (text input, with a note "(Enter 'E' for exempt)")
- State withholding method (select one):
 - State tax from table
 - Percent of gross
- Starting point: \$0.00 (text input)
- Additional amount to withhold per check: (text input)

STATE FILING STATUS: Enter information from the employee (W-4 Form); this is required for the State withholding table to work correctly.

NO. EXEMPTION/WITHHOLDING ALLOWANCES: Enter the number of exemptions that the employee is claiming on his/her State W-4 Form. This only affects withholdings if “State Tax Form Table” is selected.

STATE WITHHOLDING METHOD (select one): To calculate the state withholding from the state withholding table, the “State Tax from Table” must be selected, (note, this option is ONLY available if the “State of employment” is IA, IL, MN or MI).

ADDITIONAL AMOUNT TO WITHHOLD PER CHECK: If the employee has any additional amount withheld on their W-4 form, be sure to enter this here.

Also, be SURE to enter the correct pay period under “Pay Period” for each employee.

The program will use the information entered in the following fields for the calculation.

1. Date the payroll check was written
2. Pay Period
3. State Filing Status
4. No. Exemptions/Withholding Allowance (State)
5. State of Employment
6. Additional Amount to Withhold per check (State)

Illinois State withholding details: The IL W-4 form is different than Iowa and Minnesota (explained in the above example). For IL, the “No exemption/withholding allowance” is changed to these two input fields:

1. “Line 1 Allowance”
2. “Line 2 Allowance”

Both of these must be completed to match the IL W-4 form. See screen shot below:

The screenshot shows a web form titled "State Withholding". It contains the following fields and options:

- State Filing Status:** A dropdown menu with "Single" selected.
- Line 1 Allowances:** An input field containing "0", with the text "(Enter 'E' for exempt)" to its right. This field is circled in red.
- Line 2 Allowances:** An empty input field. This field is also circled in red.
- State withholding method (select one):** A section with two radio button options:
 - State tax from table
 - Percent of gross
- Starting point:** An input field containing "\$0.00".
- Additional amount to withhold per check:** An empty input field.

THE ABILITY TO “TRACK” MONEY LOANED (OR ADVANCED) TO EMPLOYEES THROUGH A PAYCHECK TRANSACTION.

Starting in PcMars 2.2, the options to track money loaned out (an asset) is available through the Vendor Setup screen. In the advanced payroll module, this feature is enhanced so it can be utilized with the Employee List (for employee loans/advances).

As a word of caution, be sure to check with your tax preparer/advisor for the proper legal documentation and forms needed for employee loans.

Here is a general “overview” of how loans (or advances) will be handled.

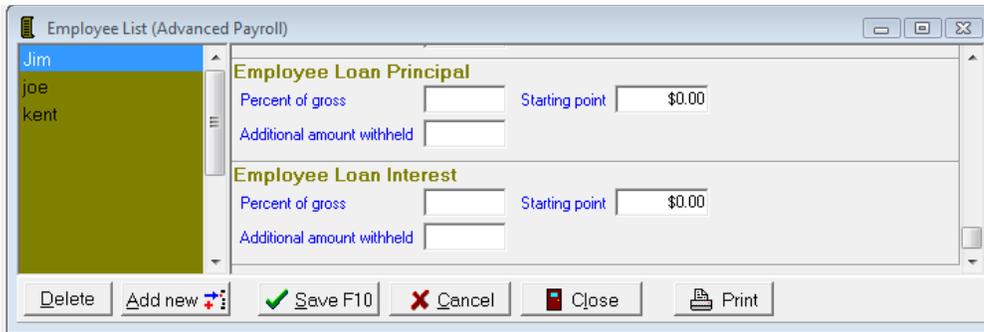
You loan your employee \$1,000 (by giving him a check). In turn, he agrees to repay the loan by having you (employer) deduct payments (principal & interest) from his future paychecks. For bookkeeping purposes, the loan (\$1,000) is an asset to the employer (not deductible to the employer and not taxable to the employee). Therefore, when the payments are deducted from the paychecks, the principal payment reduces the loan amount or the asset (which is not taxable) and interest is considered taxable income to the employer.

To set up this feature; here are the steps.

1. Go to Setup ⇒ Advanced Payroll ⇒ Labor Withholding tab ⇒ Payroll General Information ⇒ Labor Withholding Tab. Then Enable the Loan Advance Principal and Loan Advance Interest under the Employee Advance (Loan) Withholding heading at the bottom of the screen. Select the appropriate account codes from the drop down (our suggestion for IFBA codes are 170 for loan principal & 807 for loan interest) and click OK to close the screen. (see below)

Employee Advance (Loan) Withholding		
Loan advance Principal	Acct code	170 (Subject to all taxes)
<input checked="" type="checkbox"/> Enable	Description	Employee Loan Principal
Loan advance Interest	Acct code	807 (Subject to all taxes)
<input checked="" type="checkbox"/> Enable	Description	Employee Loan Interest

2. Then go to the employee List at Setup ⇒ Advanced Payroll ⇒ Employee List, enter Employee Loan Principal and Employee Loan Interest. You can select percent of gross, additional amount withheld or both. If you choose to manually enter the amount of repayment & interest, leave these boxes blank.

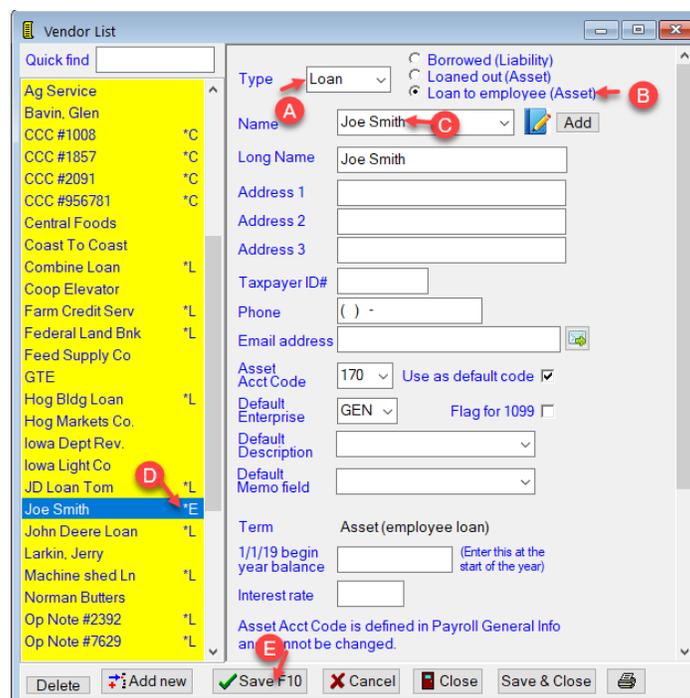


Note: If this is a new employee, you must add them to the employee list.

3. Now add the employee (to whom you are loaning money) to the vendor list as a Loan “*E”. To do this, go to Setup ⇒ Vendor List, click on add new.

See the screen shot below and follow the steps:

- a. Select Loan from the Type drop down list
- b. Select Loan to employer (asset) from the radio button choices
- c. Select the employee from the “name” drop down list. All information including long name, address, etc is copied from the employee list information. When Loan to employee (asset) is selected, the drop down box next to the name field will only contain a list of all the employees.
- d. Note that the employee has been added as *E (asset loan vendor) on the vendor list.
- e. Click on Save or F10 to save.



Note:

1. The Asset Acct Code and Default Enterprise are defined in Payroll General Information and cannot be changed, (as noted on the screen shot above).
2. The beginning of year balance means exactly what it says – enter the loan balance as of the beginning of YOUR accounting year. (January 1, if your books are on a calendar year). A common mistake that is made here is to put the original loan balance in. If the loan was taken out during the current year, then the beginning of the year balance needs to be ZERO. The balance of the loan will show up when the original loan deposit is made.
3. The interest rate is where you would insert the rate applied to your loan. (This is not calculated anywhere in the program – just for reference purposes).

3. Enter the actual amount loaned (advanced) to the employee through a check transaction. Be sure to select the employee loan vendor. “*E”. This is exactly the same procedure as loaning money to any individual. (See check example below)

Code	Entprise	Amount	Description	PC	Units	Weight
*170	GEN	\$1,000.00	Loan advance	OP		

Note: Be sure to use a check transaction NOT a Paycheck transaction

5. Repaying the loan: On payday: go to paycheck transaction ⇒ Calc . If you specified a percentage or dollar amount in the “Employee Advance (Loan) Withholding” setup screen, then the “employee loan principal” and the “employee loan interest” deduction amounts will automatically fill in fields (a) & (b) in the screen shot below. If the % or \$ were left blank on the employee list setup, then you will need to manually enter the principal and interest.

Calculate Paycheck Detail (Advanced Payroll)

Pay Calculation

COVID-19 Payroll Deferral, check this box to apply deferral to this paycheck ?

Total hours

Regular hours	<input type="text" value="40"/>	X	<input type="text" value="\$22.00"/>	\$/hour	=	Regular Pay	<input type="text" value="880.00"/>
Overtime hours	<input type="text"/>	X	<input type="text" value="\$22.00"/>	100% OT	=	Overtime Pay	<input type="text" value="\$0.00"/>
Total Gross							880.00

Withholdings

Soc. Security	<input type="text" value="\$54.56"/>	Medicare	<input type="text" value="\$12.76"/>	Federal Tax	<input type="text" value="\$60.62"/>	
State Tax	<input type="text" value="\$38.16"/>	Pension Withheld	<input type="text"/>	Employee Loan Principal	<input type="text" value="\$100.00"/>	
Employee Loan Interest	<input type="text" value="\$5.00"/>	Social Security (employer share)	<input type="text" value="\$54.56"/>	Medicare (employer share)	<input type="text" value="\$12.76"/>	
Calculate Gross Pay from Net Check <input type="checkbox"/>					Net Check	<input type="text" value="608.90"/>

After the “ok” is selected on the paycheck “calc” screen, the paycheck will show these deductions, see screen shot below:

Paycheck (Advanced Payroll)

Bank Account Farmers State Bank Balance \$49,000.00

Paycheck Number Cleared

Pay to the Order of: Joe Smith Date: 12/31/20 Total Amount:

Address: Joe Smith Paycheck

Memo: Batch Print

** Adding NEW

Code	Entprise	Amount	Description	Units	Weight
540	GEN	\$880.00	Regular Pay	40	
540	GEN	(\$54.56)	Social Security Withheld		
540	GEN	(\$12.76)	Medicare Withheld		
540	GEN	(\$60.62)	Federal Withheld		
540	GEN	(\$38.16)	State Withheld		
170	GEN	(\$100.00)	Employee Loan Principal		
807	GEN	\$5.00	Employee Loan Interest		

Amount Left \$0.00

Below is how the paycheck entry will be displayed in the “reports”

Selection: Date = 12/31/20 Type = Expense Number(s) = "3"

ASSET SUMMARY - CASH/CHECKING

<u>Code</u>	<u>Beg Date</u>	<u>End Date</u>	<u>Account Name</u>	<u>Description</u>	<u>Amount</u>
100	12/31/20	12/31/20	Farmers State Bank	Amount Decrease	(608.90)

INCREASE/DECREASE IN CASH/CHECKING (608.90)

NON-CASH ASSETS

<u>Code</u>	<u>Ent</u>	<u>C/D #</u>	<u>Date</u>	<u>T</u>	<u>Bnk</u>	<u>Vendor</u>	<u>Description</u>	<u>Units</u>	<u>Weight</u>	<u>Amount</u>
170	GEN	3	12/31/20	E	100	Joe Smith	Employee Loan Principal			(100.00)
SUBTOTAL Other Investment										(100.00)

A

INCR/DECR IN NON-CASH ASSETS (100.00)

FARM EXPENSE

<u>Code</u>	<u>Ent</u>	<u>C/D #</u>	<u>Date</u>	<u>T</u>	<u>Bnk</u>	<u>Vendor</u>	<u>Description</u>	<u>Units</u>	<u>Weight</u>	<u>Amount</u>
540	GEN	3	12/31/20	E	100	Joe Smith	Regular Pay	40		880.00
540	GEN	3	12/31/20	E	100	Joe Smith	Social Security Withheld			(54.56)
540	GEN	3	12/31/20	E	100	Joe Smith	Medicare Withheld			(12.76)
540	GEN	3	12/31/20	E	100	Joe Smith	Federal Withheld			(60.62)
540	GEN	3	12/31/20	E	100	Joe Smith	State Withheld			(38.16)
SUBTOTAL Payroll,								40		713.90

FARM EXPENSE TOTAL 40 713.90

FARM \$\$ IN TOTAL (+) 100.00
 FARM \$\$ OUT TOTAL (-) 713.90
 FARM \$\$ NET (CHANGE) (=) (613.90)

NON-FARM INCOME

<u>Code</u>	<u>Ent</u>	<u>C/D #</u>	<u>Date</u>	<u>T</u>	<u>Bnk</u>	<u>Vendor</u>	<u>Description</u>	<u>Units</u>	<u>Weight</u>	<u>Amount</u>
807	GEN	3	12/31/20	E	100	Joe Smith	Employee Loan Interest			5.00
SUBTOTAL Int. Income/NF										5.00

B

NON-FARM INCOME TOTAL 5.00

NON-FARM NET 5.00

Note:
 (a) the asset account code 170 (other investment) is REDUCED, because you are lowering the amount that Bob (employee) owes you.
 (b) the non-farm acct code 807 (interest income) is INCREASED because you have received interest from Bob (employee).

PENSION/ RETIREMENT CALCULATION

The advanced payroll module allows you to set up and track different types of retirement accounts.

The available options depend on the payroll “Type” you have selected (Simplified or Non-Simplified). Because of these, we have included a “review” of Simplified vs. Non-Simplified Payroll discussion at the back of this booklet.

Below is a description of the two options you are given.

--**Employee pays** – Select this if the entire amount for the pension plan is paid by the employee through deductions from the paycheck.

--**Employee pays and/or Employer matches** – This is only available for non-simplified payroll. In this case, both the employee and employer can contribute to the pension plan. The employee’s share is deducted from the paycheck. The liability for employer’s share and offsetting pension due expense are also included in the paycheck.

To help demonstrate, here are examples of each:

Employee pays Pension; for Simplified Payroll Example

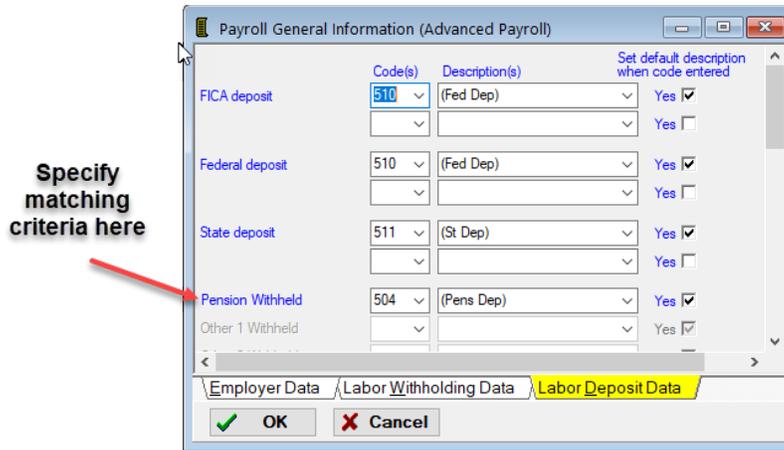
1. To set this up, go to Setup ⇒ Advanced Payroll ⇒ Payroll General Information, click on the Labor Withholding Data tab and:

- a. select enable
- b. specify the tax preferences by checking the appropriate “subject to taxes...” boxes. (For questions regarding tax preference, consult your tax advisor).

See picture below for details

The screenshot shows the 'Pension / Retirement Plan' configuration window. On the left, the 'Enable' checkbox is checked and highlighted with a red circle 'A'. Below it, the 'Type' is set to 'Employee pays (deducted from paycheck)'. On the right, under 'Subject to taxes...', several checkboxes are checked: 'Fed Tax', 'SS Tax', 'FUTA', 'State Tax', 'Med Tax', and 'SUTA'. The 'Pension Withheld' checkbox is unchecked and highlighted with a red circle 'B'. Other fields include 'Description' (Pension Withheld), 'Withholding Acct code', 'Employer share description' (Pension employer share), 'Employer due exp code', and 'Employer due description' (Pension due).

2. Go to Setup ⇒ Advanced Payroll ⇒ Payroll General Information, click on the Labor Deposit Data tab and specify the matching criteria for the Pension withheld description.



An example of the expanded labor report matching is shown below.

Pension Withheld Balance Due: 26.40 (a-b)

Pension Withheld Deposit Information: (Matching Criteria: Description = (Pens Dep) and Code = 504)

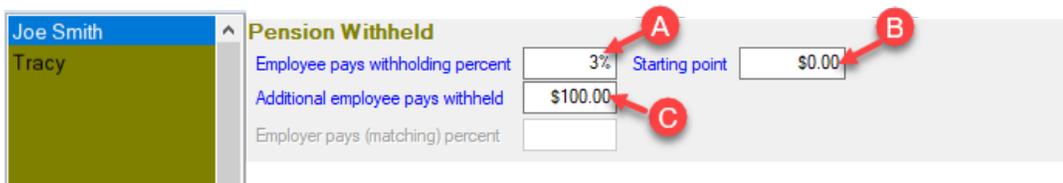
Pension Withheld Deducted from Paycheck transactions		Pension Withheld Matching Summary	
Employee's deduction share	26.40	Payments Matching Above Criteria	0.00 (b)
Total Pension Withheld Due	26.40 (a)		

3. Now you can specify a default withholding % and/or \$ amount for each employee on the employee list. (See screen shot below)

a. “Employee pays withholding percentage”: Enter the percent the employee wants to withhold from his paycheck. This % will be calculated on “pension wages”, (Gross minus any withholding NOT checked ‘subject to taxes...’ for the pension withheld description). If none is to be withheld, leave this blank.

b. Starting point: Enter a dollar value as a starting point for the “Employee pays withholding percent” to start. This is based on “pension wages” and only applies to the “Employee pays withholding percent”.

c. “Additional employee pays withheld”: Enter the additional dollar value to be withheld from the employee’s paycheck. This additional amount will be ADDED to any “Employee pays withholding percent” entered (in A above). If the employee does not want any extra withheld, leave it blank.



NOTE: If any employee pension contribution reached maximum contribution, you will then need to MANUALLY change the Employer contributes % to zero.

Employee Pays Pension Example; for Non-Simplified Payroll

For non-simplified payroll, the user must also select the “withholding acct code”. This additional step is noted in ‘d’ below. The screenshot below is updated to reflect non-simplified account codes, otherwise this example is exactly the same as “employee pays” for simplified payroll.

1. To set this up, go to Setup ⇒ Advanced Payroll ⇒ Payroll General Information and click on the Labor Withholding Data tab and:

- a. select enable
- b. select Employee pays (deducted from paycheck)
- c. specify the tax preferences by checking the appropriate “subject to taxes...” boxes.

(For questions regarding tax preference, consult your tax advisor).

d. specify the withholding account code. This would typically be a payroll liability code. Our suggested “default” code is 215 “pension plan payable” (for the IFBA code setup)

2. Go to Setup ⇒ Advanced Payroll ⇒ Payroll General Information and click on the Labor Deposit Data tab and specify the matching criteria for the Pension withheld description.

This will be displayed on the “Expanded Labor” reports
(As seen below)

Pension Withheld Balance Due: \$0.00 (a-b)

Pension Withheld Deposit Information: (Matching Criteria: Description = (Pens Dep) and Code = 215)

Pension Withheld Deducted from Paycheck transactions		Pension Withheld Matching Summary	
Employee's deduction share	\$124.00		
Total Pension Withheld Due	\$124.00 (a)	Payments Matching Above Criteria	\$124.00 (b)

3. After the pension/retirement withholding is setup, you can specify a default withholding for each employee on the employee list.

a. “Employee pays withholding percentage”: Enter the percent the employee wants to withhold from his paycheck. This % will be calculated on “pension wages”, (Gross minus any withholding NOT checked ‘subject to taxes...’ for the pension withheld description). If none is to be withheld, leave this blank.

b. Starting point: Enter a dollar value as a starting point for the “Employee pays withholding percent” to start. This is based on “pension wages” and only applies to the “Employee pays withholding percent”.

c. “Additional employee pays withheld”: Enter the additional dollar value to be withheld from the employee’s paycheck. This additional amount will be ADDED to any “Employee pays withholding percent” entered (in A above). If the employee does not want any extra withheld, leave it blank.

Pension Withheld

Employee pays withholding percent **A**

Starting point **B**

Additional employee pays withheld **C**

Employer pays (matching) percent

NOTE: If any employee pension contribution reached maximum contribution, you will then need to MANUALLY change the “Employer contributes % “to zero.

Employee Pays and/or Employer Pays (matches) Pension Example for Non-Simplified Payroll

- This option allows for employee pension contribution to be paid by the employee, the employer, or both. The amount (or percent) that the employer and/or the employee contribute are set up under the employee setup (employee list). For any employer contribution or matching, the “Employer pays (matching) percent is REQUIRED for each employee.

To Set Up:

1. Go to Setup ⇒ Advanced Payroll ⇒ Payroll General Information , click the “Labor Withholding Data” tab then:
 - a. select enable
 - b. specify description. Pension Withheld is the default, but you can type anything in that you want (ie. Simple IRA...)
 - c. select “Employee pays and/or Employer pays (matches).
 - d. select “Withholding Acct Code”. This code will be used for both the “employee deductions” and “employer deductions”. This is typically a liability code; the default is code 215 (Pension Plan Payable).
 - e. select “Employer share description”. We suggest using the default of “Pension employer share”.
 - f. select “Employer due exp code”. This is where the employer contribution will show as an expense. This is entered WHEN the paycheck is entered.
 - g. select “Employer due description”. We suggest you use the default of “Pension due”
 - h. specify the tax treatment by checking the appropriate “subject to taxes...” boxes.

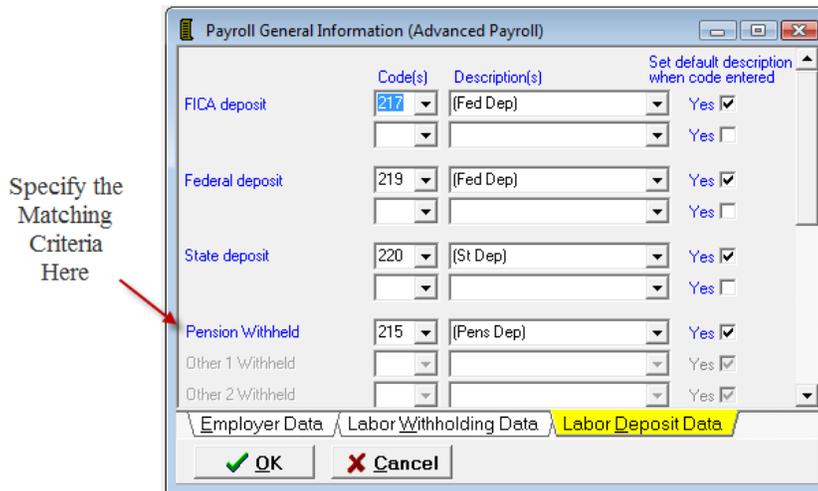
For questions regarding tax preference, consult your tax advisor.

The screenshot shows the "Pension / Retirement Plan" setup form. It includes the following fields and options:

- a**: Enable
- b**: Description: Pension Withheld
- d**: Withholding Acct code: 215
- c**: Type: Employee pays and/or Employer pays (matches)
- e**: Employer share description: Pension employer share
- f**: Employer due exp code: 504
- g**: Employer due description: Pension due
- h**: Subject to taxes...: Fed Tax, State Tax, SS Tax, Med Tax, FUTA, SUTA, Pension Withheld

Tip!! For simplicity, we recommend you select the same description for “Labor Withholding Data” and “Labor Deposit Data”

2. Go to Setup ⇒ Advanced Payroll ⇒ Payroll General Information and click on the “Labor Deposit Data” tab and specify the matching criteria for the Pension withheld description.



This will be displayed on the “Expanded Labor” reports
(As seen below)

Pension Withheld Balance Due: \$0.00 (a-b)
Pension Withheld Deposit Information: (Matching Criteria: Description = (Pens Dep) and Code = 215)

Pension Withheld Deducted from Paycheck transactions		Pension Withheld Matching Summary	
Employee's deduction share	\$30.00		
Employer's deduction share	\$30.00		
Total Pension Withheld Due	\$60.00 (a)	Payments Matching Above Criteria	\$60.00 (b)

The pension due includes both the employee and the employer share

3. After the pension/retirement withholding is set up, you can specify a default withholding %/ for each employee on the employee list.

- “Employee pays withholding percentage”: Enter the percent the employee wants to withhold from his paycheck. This % will be calculated on “pension wages”, (Gross minus any withholding NOT checked ‘subject to taxes...’ for the pension withheld description). If none is to be withheld, leave this blank.
- Starting point: Enter a dollar value as a starting point for the “Employee pays withholding percent to start. This is based on “pension wages” and only applies to the “Employee pays withholding percent”.
- “Additional employee pays withheld”: Enter the additional dollar value to be withheld from the employee’s paycheck. This additional amount will be ADDED to any

“Employee pays withholding percent” entered (in A above). If the employee does not want any extra withheld, leave it blank.

d. Employer pays withholding percentage: Enter the percent the employer wants to withhold from his paycheck. This % will be calculated on “pension wages”, (Gross minus any withholding NOT checked ‘subject to taxes...’ for the pension withheld description). If none is to be withheld, leave this blank.

The screenshot shows a form titled "Pension Withheld" with the following fields and callouts:

- a**: Points to the "Employee pays withholding percent" input field.
- b**: Points to the "Starting point" input field, which contains "\$0.00".
- c**: Points to the "Additional employee pays withheld" input field.
- d**: Points to the "Employer pays (matching) percent" input field.

NOTE: If any employee pension contribution reached maximum contribution, you will then need to MANUALLY change the “Employer contributes %” to zero.

4. When entering the paycheck through the “calc” screen, the “Employer pays (matching)” will be displayed. See screen shot below.

The screenshot shows the "Calculate Paycheck Detail (Advanced Payroll)" window with the following details:

- Pay Calculation:**
 - Regular hours: [] × \$0.00 \$/hour = Regular Pay \$1,000.00
 - Overtime hours: [] × \$0.00 100% OT = Overtime Pay []
 - Total Gross:** \$1,000.00
- Withholdings:**
 - Soc. Security: \$62.00
 - Medicare: \$14.50
 - Federal Tax: \$159.01
 - State Tax: \$46.08
 - Pension Withheld: \$30.00
 - Garnished Wages: []
 - Pension employer share: ± 30.00
- Net Check:** \$688.41
- Buttons: Reset Values, Ok, Cancel

Note: Employer Contribution

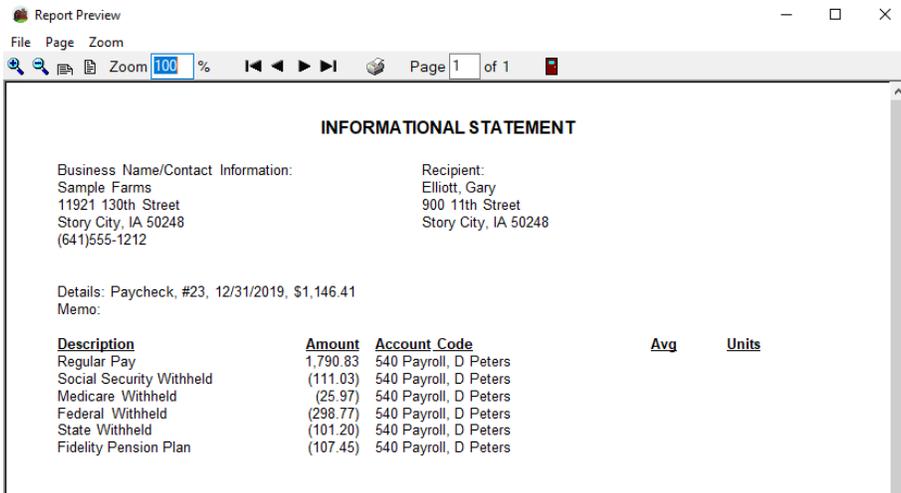
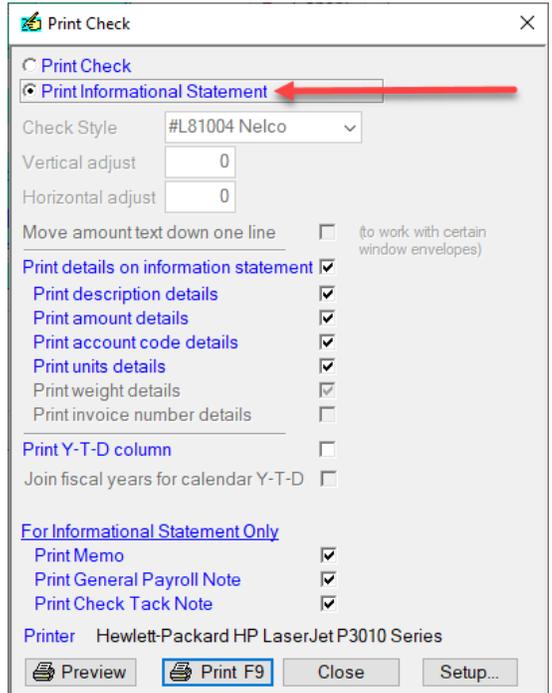
OTHER ADDITIONAL FEATURES

- Modified Expanded Labor Reports to handle the additional withholdings and added supplement page(s) for the extra withholdings.
- Modified the other reports to handle the extra withholdings.
- Added a "view paycheck calculation detail" report, a right click option from the Calculate Paycheck Detail screen.
- Added warning message if expense codes are entered for withholdings in non-simplified mode.
- The Advanced Payroll Paycheck screen has a "Resize to show everything" option available from the right click menu. This will automatically resize the screen every time, based on the withholdings and pay lines that are enabled. It is "on" by default.
- There is now a Daily Liability Report. This report prints the federal and/or state labor liability on a daily basis. It will get this information from paycheck entry dates and the amounts from the Social Security, Medicare, Federal and State Tax withheld from paychecks. This reports the liability for each day of the year similar to the format of Federal Form 943-a.
- The Advanced Payroll module now supports the new IRS 2020 W-4 and prior W-4 forms to calculate Federal Withholding correctly.
- An employee for a new paycheck must be in the employee list. This is to make certain all labor reports are accurate. Also, all joined fiscal labor reports will additionally list and report on any prior year employees that are not in the current year's books.
- An option was added that will allow users to print an information statement to conform to the new Minnesota Labor Reporting Requirements on paystubs. More info on the following page.

Labor Informational Statement:

An option was added that will allow users to print an informational statement to conform to the new Minnesota Labor Reporting Requirements on paystubs. The Informational Statement option has been added in PcMars to abide by the Minnesota Wage Theft Bill, which requires that employers include additional information in the earning statements provided to employees at the end of each pay period.

You can find this Informational Statement when printing paychecks. You can choose to Print Check and/or choose to Print Informational Statement.



PAYROLL OPTIONS: SIMPLIFIED VS NON-SIMPLIFIED

There is NO difference between the “regular” and the “advanced” payroll in regards to “Simplified vs Non-Simplified”. However, since the “pension” matching capability is only available for the “Non-Simplified” payroll method, the review below was included to help clarify any questions.

Both the cash and accrual versions of PcMars allow you to select either “non-simplified (accrual) method” or use the “simplified payroll method”.

This choice is under “Setup” ⇒ “Payroll” ⇒ “General Payroll Information”.

Many cash basis producers select the “Simplified Payroll Method” option, because it matches their “net check” written. This option affects how payroll is displayed in the reports, as explained below.

Non-Simplified Payroll Method (accrual)

The gross paycheck is treated as an expense and all withholdings are considered liabilities. Thus, when a producer pays the withholding (Federal, FICA, State, etc.), the check would reduce the liabilities (200 codes).

PAYCHECK EXAMPLE

Below Jim was paid gross paycheck of \$500, the Federal withholding (\$47.06), State withholding (\$15.31) and FICA withholding (\$31.00) were deducted resulting in a net check of \$399.38.

Notice:

1. Total liability is \$138.87. This is the actual amount withheld PLUS the Employer share of FICA.
2. The total payroll expense is \$538.25. This is the gross check PLUS the Employer share of FICA.

See paycheck calculation below for details

Calculate Paycheck Detail (Advanced Payroll)

Pay Calculation

Regular hours	<input type="text"/>	(Salaried)	Regular Pay	\$500.00
Overtime hours	<input type="text"/>		Overtime Pay	<input type="text"/>
			Total Gross	500.00

Withholdings

Soc. Security	\$31.00	Medicare	\$7.25	Federal Tax	\$47.06
State Tax	\$15.31	Pension Withheld	<input type="text"/>	Other 1 Withheld	<input type="text"/>
Other 2 Withheld	<input type="text"/>	Other 3 Withheld	<input type="text"/>	Social Security (employer share)	\$31.00
Medicare (employer share)	\$7.25	Pension (employer share)	\$0.00		

Calculate Gross Pay from Net Check

Net Check 399.38

Paycheck (Advanced Payroll)

Bank Account 100 Business Account Balance (\$630.98)

Paycheck Number 3 Cleared

Pay to the Order of: Jim Sample Date: 5/7/21 Total Amount: 399.38

Address: Jim Sample Paycheck

Memo: **** Adding** NEW

Code	Entprise	Amount	Description	Units	Weight
540	GEN	\$500.00	Regular Pay	0	
217	GEN	(\$31.00)	Social Security Withheld		
217	GEN	(\$7.25)	Medicare Withheld		
219	GEN	(\$47.06)	Federal Withheld		
220	GEN	(\$15.31)	State Withheld		
217	GEN	(\$31.00)	Soc Sec Employer share		
217	GEN	(\$7.25)	Medicare Employer share		
501	GEN	\$38.25	FICA due		

Amount Left \$0.00

Below is the paycheck viewed as a report:

ASSET SUMMARY - CASH/CHECKING

<u>Code</u>	<u>Beg Date</u>	<u>End Date</u>	<u>Account Name</u>	<u>Description</u>	<u>Amount</u>
100	5/7/21	5/7/21	Business Account	Amount Decrease	(399.38)

INCREASE/DECREASE IN CASH/CHECKING **(399.38)**

LIABILITIES

<u>Code</u>	<u>Ent</u>	<u>C/D #</u>	<u>Date</u>	<u>T</u>	<u>Bank</u>	<u>Vendor</u>	<u>Description</u>	<u>Units</u>	<u>Weight</u>	<u>Amount</u>
217	GEN	3	5/7/21	E	100	Jim Sample	Social Security Withheld			31.00
217	GEN	3	5/7/21	E	100	Jim Sample	Medicare Withheld			7.25
217	GEN	3	5/7/21	E	100	Jim Sample	Soc Sec Employer share			31.00
217	GEN	3	5/7/21	E	100	Jim Sample	Medicare Employer share			7.25
SUBTOTAL FICA Payable										76.50

219	GEN	3	5/7/21	E	100	Jim Sample	Federal Withheld			47.06
SUBTOTAL Fed WH Payable										47.06

220	GEN	3	5/7/21	E	100	Jim Sample	State Withheld			15.31
SUBTOTAL State WH Payable										15.31

INCREASE/DECREASE IN LIABILITIES **138.87**

FARM EXPENSE

<u>Code</u>	<u>Ent</u>	<u>C/D #</u>	<u>Date</u>	<u>T</u>	<u>Bank</u>	<u>Vendor</u>	<u>Description</u>	<u>Units</u>	<u>Weight</u>	<u>Amount</u>
501	GEN	3	5/7/21	E	100	Jim Sample	FICA due			38.25
SUBTOTAL Bus Share, FICA										38.25

540	GEN	3	5/7/21	E	100	Jim Sample	Regular Pay			500.00
SUBTOTAL Payroll, _____										500.00

FARM EXPENSE TOTAL **538.25**

Below are the payments (from the employer) for both 1/2s of FICA and the federal withholdings as well as payment for the state withholding.

Code	Ent	Amount	Description	Units	Weight
217	GEN	\$76.30	(Fed Dep)		
219	GEN	\$47.06	(Fed Dep)		

Amount Left: \$0.00

Code	Ent	Amount	Description	Units	Weight
220	GEN	\$15.31	(St Dep)		

Amount Left: \$0.00

As you can see below, paying the withholding liabilities had **no effect on the farm expense**.

LIABILITIES

<u>Code</u>	<u>Ent</u>	<u>C/D #</u>	<u>Date</u>	<u>T</u>	<u>Bank</u>	<u>Vendor</u>	<u>Description</u>	<u>Units</u>	<u>Weight</u>	<u>Amount</u>
217	GEN	3	5/7/21	E	100	Jim Sample	Social Security Withheld			31.00
217	GEN	3	5/7/21	E	100	Jim Sample	Medicare Withheld			7.25
217	GEN	3	5/7/21	E	100	Jim Sample	Soc Sec Employer share			31.00
217	GEN	3	5/7/21	E	100	Jim Sample	Medicare Employer share			7.25
217	GEN	4	5/7/21	E	100	IRS-EFTPS	(Fed Dep)			(76.50)
SUBTOTAL FICA Payable										0.00
219	GEN	3	5/7/21	E	100	Jim Sample	Federal Withheld			47.06
219	GEN	4	5/7/21	E	100	IRS-EFTPS	(Fed Dep)			(47.06)
SUBTOTAL Fed WH Payable										0.00
220	GEN	3	5/7/21	E	100	Jim Sample	State Withheld			15.31
220	GEN	5	5/7/21	E	100	State Treasurer	(St Dep)			(15.31)
SUBTOTAL State WH Payable										0.00
<u>INCREASE/DECREASE IN LIABILITIES</u>										<u>0.00</u>

FARM EXPENSE

<u>Code</u>	<u>Ent</u>	<u>C/D #</u>	<u>Date</u>	<u>T</u>	<u>Bank</u>	<u>Vendor</u>	<u>Description</u>	<u>Units</u>	<u>Weight</u>	<u>Amount</u>
501	GEN	3	5/7/21	E	100	Jim Sample	FICA due			38.25
SUBTOTAL Bus Share, FICA										38.25
540	GEN	3	5/7/21	E	100	Jim Sample	Regular Pay			500.00
SUBTOTAL Payroll,_____										500.00
<u>FARM EXPENSE TOTAL</u>										<u>538.25</u>

“Simplified Payroll Method” SELECTED

By checking “simplified method”, the gross check is also entered as an expense; HOWEVER, all deductions are entered as negative expenses, **making the net check also the net farm expense**. Now, when a producer actually pays the withholdings, he would enter the check as an expense (500 codes). Because users typically think of the withholding payments as an “expense”, this method is referred to as the “simplified payroll method”. NOTE: PcMars will track the amount of withholding owed through the labor reports.

PAYCHECK EXAMPLE:

Below, Jim was paid a gross paycheck of \$500. The Federal withholding (\$47.06), State withholding (\$15.31) and FICA withholding (\$31.00) were deducted; resulting in a net check of \$399.38 (same example as before).

Notice:

1. The total payroll expense is \$399.38 (only the amount of the net payroll check).
2. The liability is \$0

See the paycheck calculations below for details

Calculate Paycheck Detail (Advanced Payroll)

Pay Calculation			
Regular hours	<input type="text"/>	(Salaried)	Regular Pay <input type="text" value="\$500.00"/>
Overtime hours	<input type="text"/>		Overtime Pay <input type="text"/>
			Total Gross 500.00
Withholdings			
Soc. Security	<input type="text" value="\$31.00"/>	Medicare	<input type="text" value="\$7.25"/>
State Tax	<input type="text" value="\$15.31"/>	Federal Tax	<input type="text" value="\$47.06"/>
Employee Loan Interest	<input type="text"/>	Pension Withheld	<input type="text"/>
		Social Security (employer share)	<input type="text" value="\$31.00"/>
		Medicare (employer share)	<input type="text" value="\$7.25"/>
Calculate Gross Pay from Net Check <input type="checkbox"/>			Net Check 399.38

Reset Values

Paycheck (Advanced Payroll)

Bank Account 100 Farmers State Bank Balance \$47,808.60

Paycheck Number 5 Cleared

Pay to the Order of Jim Sample Date 5/7/21 Total Amount

Address Jim Sample Batch Print

Memo **** Adding NEW**

Code	Entprise	Amount	Description	Units	Weight
540	GEN	\$500.00	Regular Pay		0
540	GEN	(\$31.00)	Social Security Withheld		
540	GEN	(\$7.25)	Medicare Withheld		
540	GEN	(\$47.06)	Federal Withheld		
540	GEN	(\$15.31)	State Withheld		

Amount Left \$0.00

Below is the paycheck viewed as a transaction:

ASSET SUMMARY - CASH/CHECKING

<u>Code</u>	<u>Beg Date</u>	<u>End Date</u>	<u>Account Name</u>	<u>Description</u>	<u>Amount</u>
100	5/7/21	5/7/21	Farmers State Bank	Amount Decrease	(399.38)

INCREASE/DECREASE IN CASH/CHECKING

(399.38)

FARM EXPENSE

<u>Code</u>	<u>Ent</u>	<u>C/D #</u>	<u>Date</u>	<u>T</u>	<u>Blk</u>	<u>Vendor</u>	<u>Description</u>	<u>Units</u>	<u>Weight</u>	<u>Amount</u>
540	GEN	5	5/7/21	E	100	Jim Sample	Regular Pay			500.00
540	GEN	5	5/7/21	E	100	Jim Sample	Social Security Withheld			(31.00)
540	GEN	5	5/7/21	E	100	Jim Sample	Medicare Withheld			(7.25)
540	GEN	5	5/7/21	E	100	Jim Sample	Federal Withheld			(47.06)
540	GEN	5	5/7/21	E	100	Jim Sample	State Withheld			(15.31)
SUBTOTAL Payroll,_____										399.38

FARM EXPENSE TOTAL

399.38

In the above report, you can see that the “actual” amount of the check (net) is the farm expense. The withholdings are “negative expenses” at the time the paycheck is written. The amount the employer owes is (FICA x 2) + fed withholding + state withholding, BUT these only become EXPENSES when the employer writes the check to the state Treasurer and to his bank to pay them.

Below are the payments (from the employer) for both 1/2s of FICA and the federal withholdings as well as payment for the state withholding.

Below the withholdings have been paid, notice this **DID affect the farm expense.**

FARM EXPENSE

<u>Code</u>	<u>Ent</u>	<u>C/D #</u>	<u>Date</u>	<u>T</u>	<u>Bnk</u>	<u>Vendor</u>	<u>Description</u>	<u>Units</u>	<u>Weight</u>	<u>Amount</u>
510	GEN	6	5/7/21	E	100	IRS-EFTPS	(Fed Dep)			123.56
						SUBTOTAL Federal Labor Deposits				123.56
511	GEN	7	5/7/21	E	100	State Treasurer	(St Dep)			15.31
						SUBTOTAL State Labor Deposits				15.31
540	GEN	5	5/7/21	E	100	Jim Sample	Regular Pay			500.00
540	GEN	5	5/7/21	E	100	Jim Sample	Social Security Withheld			(31.00)
540	GEN	5	5/7/21	E	100	Jim Sample	Medicare Withheld			(7.25)
540	GEN	5	5/7/21	E	100	Jim Sample	Federal Withheld			(47.06)
540	GEN	5	5/7/21	E	100	Jim Sample	State Withheld			(15.31)
						SUBTOTAL Payroll,				399.38
<u>FARM EXPENSE TOTAL</u>										<u>538.25</u>