

Chapter 15: Employees, Payroll, and Account Reconciliation

Accuracy. Control. Results.

Sage Peachtree



Employees, Payroll, and Account Reconciliation

- Employees and employers are required to pay local, state, and federal payroll taxes. Employers must withhold taxes from each employee's paycheck. The amount withheld for federal taxes is determined from tax tables published by the IRS.
- The amount withheld depends on the employee's earnings and the number of exemptions or withholding allowances claimed by the employee. FICA taxes and Medicare taxes are also deducted from employee's paychecks.
- It is the purpose of Chapter 15 to show you how to use Peachtree to enter payroll default information, add employees, make journal entries for payroll, print payroll reports, and complete account reconciliation.





Peachtree Tips

- The exercises in Part 3 work together. Exercises 12-1 through 14-2 must be completed before starting Exercise 15-1.
- Steps for using the Payroll Setup Wizard, entering employee and employer defaults, and new employees are on textbook pages 585-598.
- When you use the payroll tables included with the student or educational versions of Peachtree, the payroll tax withholdings are calculated automatically. These calculations are for example purposes only and are not meant for exact computation of withholding amounts.
- The Payroll Entry window is the Payroll Journal.



Backed up and Saved Files in Chapter 15, p. 427

Backup (.ptb extension) Excel (.xlsx) and Adobe (.pdf)	Kilobytes	Page Nos.
Chapter 15 Begin.ptb	1,128 KB	598
Chapter 15.ptb	1,169 KB	621
Chapter 15_PayJ_GLTB_BS_IS_SCF.xlsx	33 KB	621
Exercise 15-1.ptb	1,011 KB	628
Exercise 15-2.ptb	1,039 KB	628
Exercise 15-2_EL_CL_VL_IVR_PayJ_ GLTB_BS_IS_SCF.xlsx	47 KB	628
Exercise 15-1_Employee List.pdf	54 B	628
Exercise 15-2_Vendor Ledgers.pdf	6 KB	628



PDF files, Chapter 15

p. 427

Adobe (.pdf)	Kilobytes	Page Nos.
Exercise 15-2_Customer Ledgers.pdf	6 KB	628
Exercise 15-2_Inventory Valuation Report.pdf	6 KB	628
Exercise 15-2_Payroll Journal.pdf	61 KB	628
Exercise 15-2_General Ledger Trial Balance.pdf	7 KB	628
Exercise 15-2_Balance Sheet.pdf	6 KB	628
Exercise 15-2_Income Statement	5 KB	628
Exercise 15-2_Statement of Cash Flow.pdf	5 KB	628



Employee Default Information, pp. 589-590

- Employee Defaults for payroll withholdings are shown on p. 590.

The screenshot shows a dialog box titled "Employee Defaults" with a close button (X) in the top right corner. Below the title bar, there is a link: "Why should I set up these defaults?". The dialog has five tabs: "General", "Employee Fields", "Company Fields", "Review Ratings", and "Employment Status". The "Employee Fields" tab is selected. Inside the tab, there is a table with the following columns: "Field Name", "G/L Account", "Calc", "Formula", "Amount", "Memo", "Run", and "Adjust". The table contains several rows, with the first four rows having checkboxes in the "Calc" column that are checked. The "St_Income" row is highlighted with a red border. To the right of the table are three buttons: "OK", "Cancel", and "Help". Below the table, there are three bullet points with links: "Do you need to add a new benefit or deduction? [Tell me how](#)", "What are the [Memo](#) and [Run](#) columns?", and "Rows that are disabled on this screen can be edited in [Payroll Settings](#)."

Field Name	G/L Account	Calc	Formula	Amount	Memo	Run	Adjust
Fed_Income	23400	<input checked="" type="checkbox"/>	FIT		<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="▶"/>
Soc_Sec	24000	<input checked="" type="checkbox"/>	FICA EE		<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="▶"/>
MEDICARE	24200	<input checked="" type="checkbox"/>	MEDICARE		<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="▶"/>
St_Income	23600	<input checked="" type="checkbox"/>	***SIT		<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="▶"/>
		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="▶"/>
		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="▶"/>
		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="▶"/>
		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="▶"/>

- Do you need to add a new benefit or deduction? [Tell me how](#)
- What are the [Memo](#) and [Run](#) columns?
- Rows that are disabled on this screen can be edited in [Payroll Settings](#).



Employer or Company Default Information, pp. 590-591

- Company or Employer Defaults for payroll liabilities and expenses are shown on page 591.

Employee Defaults

[Why should I set up these defaults?](#)

Employee Defaults

General | Employee Fields | **Company Fields** | Review Ratings | Employment Status

Field Name	Liability	Expense	Calc	Formula	Adjust
Soc_Sec_C	24100	72510	<input checked="" type="checkbox"/>	FICA ER	▶ ▲
Medicare_C	24400	72520	<input checked="" type="checkbox"/>	MEDICARE	▶
Fed_Unemp_	23500	72530	<input checked="" type="checkbox"/>	FUTA ER	▶
St_Unemp_C	23700	72540	<input checked="" type="checkbox"/>	**SUI ER	▶
			<input type="checkbox"/>		▶
			<input type="checkbox"/>		▶
			<input type="checkbox"/>		▶
			<input type="checkbox"/>		▶
			<input type="checkbox"/>		▶
			<input type="checkbox"/>		▶
			<input type="checkbox"/>		▶

▪ Do you need to add a new benefit or deduction? [Tell me how](#)

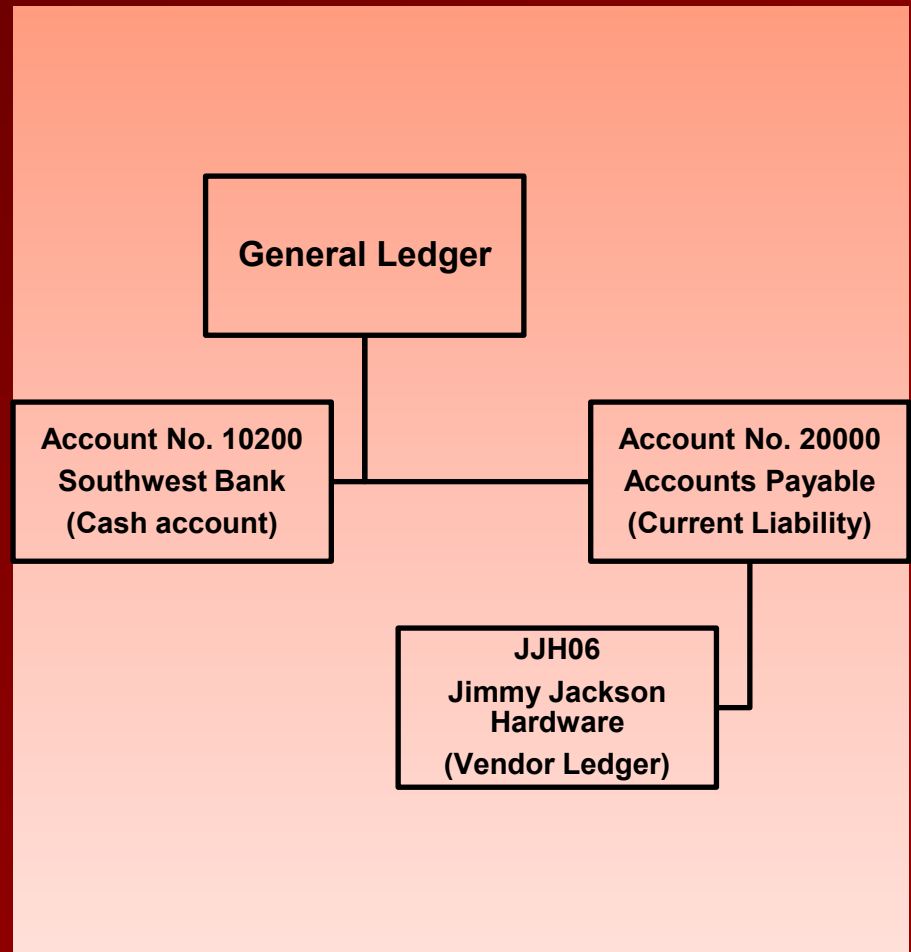
▪ Rows that are disabled on this screen can be edited in [Payroll Settings](#).

OK
Cancel
Help



Account Reconciliation and Printing Reports, pp. 608-620

- Read page 608. Peachtree's general ledger is integrated with other parts of the program.
- The Southwest Bank bank statement is on p. 609.
- The Payroll Checking Account bank statement is on p. 610.
- Printing Reports: Account Reconciliation, General Ledger, Customer Ledgers, Vendor Ledgers, and Inventory reports are on pp. 610-620.



Glossary of Terms

Chapter 15



Exemptions, p. 579

- These are withholding allowances claimed by the employee. The number of exemptions or withholding allowances usually includes one for the employee, one for the employee's spouse, and one for each dependent.



Withholding allowances, p. 579

- Exemptions claimed by the employee. The number of exemptions or withholding allowances usually includes one for the employee, one for the employee's spouse, and one for each dependent.



FICA taxes, p. 579

- This deduction from wages is also called the social security tax and provides qualified workers who retire at age 62 or older with monthly payments from the federal government. A portion of this tax is for Medicare.



Medicare, p. 580

- A portion of FICA taxes (also called social security taxes) deducted from wages of qualified workers. Medical benefits called Medicare are received by retirees after reaching age 65.



W-2 forms, p. 580

- An annual report of an employee's wages subject to FICA and federal income tax that shows the amounts of these taxes that were withheld.



Going to the Net, p. 622

Access the Employer Reporting and Instructions website at <http://www.ssa.gov/employer/>. Link to General W-2 Filing Information, then answer these questions.

1. What are dates that employers must send W-2 information to the Social Security Administration? (Include the dates for *both* electronic and paper filing.)
2. When must employers give employees their W-2?
3. What two forms do employers send to the Social Security Administration?



Analysis Question, p. 631

■ Peachtree's automatic payroll withholding calculations are based on what year? Explain.

The following table compares 2011 and 2012 FICA tax rates and maximum social security earnings for tax contributions.

Social Security	2011	2012 (Pending Legislation)
FICA tax rate:		
• Social Security for employees	4.2%	6.2%
• Social Security for employers	6.2%	6.2%
• Medicare	1.45%	1.45%
Maximum Social Security earnings for tax contributions	\$106,800	\$110,100
Medicare taxable earnings	No limit	No limit

Peachtree's automatic payroll withholding calculations are based on 2011 legislation. Remember, Peachtree's payroll tax calculations are for example purposes only. Payroll products can be purchased from Sage Software after annual federal legislation (<http://www.peachtree.com/productsservices/payrollsolutions>).

Assessment Rubric, p. 632

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
1/7	Issue payroll Check No. 6050 to Richard Clinton for 40 regular hours.	Employees & Payroll; Pay Employees, Enter Payroll for One Employee Payroll	Payroll Entry	Payroll Journal Dr. 77500, Wages Expenses, \$500 Dr. 72510, FICA Expense, \$31 Dr. 72520, Medicare Expense, \$7.25 Dr. 72530, FUTA Expense, \$4 Dr. 72540, SUTA Expense, \$17 Dr. 72545, SUTA2 Expense, \$0.40 Cr. 23400, Federal Payroll Taxes Payable, \$50.10 Cr. 24000, FICA Employee Taxes Payable, \$21 Cr. 24200, Medicare Employee Taxes Payable, \$7.25 Cr. 23600, State Payroll Taxes Payable, \$20.58 Cr. 24100, FICA Employer Taxes Payable, \$31 Cr. 24400, Medicare Employer Taxes Payable, \$7.25 Cr. 23500, FUTA Tax Payable, \$4 Cr. 23700, SUTA Payable, \$17 Cr. 23755, SUTA2 Payable, \$0.40 Cr. 10300, Payroll Check Account, \$401.07

Online Learning Center

- Go online to www.mhhe.com/yacht2012 for additional resources. Link to Student Edition, select Chapter 15.
 - **Interactive Testing**
 - **Glossary of Terms**
 - **Feature Quiz**
 - **Narrated PowerPoints**
 - **Assessment Rubric**
 - **Going to the Net**
 - **QA Templates**

