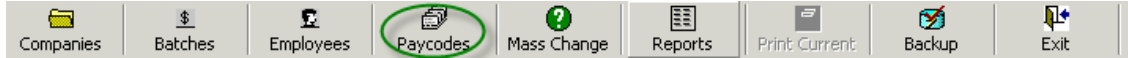
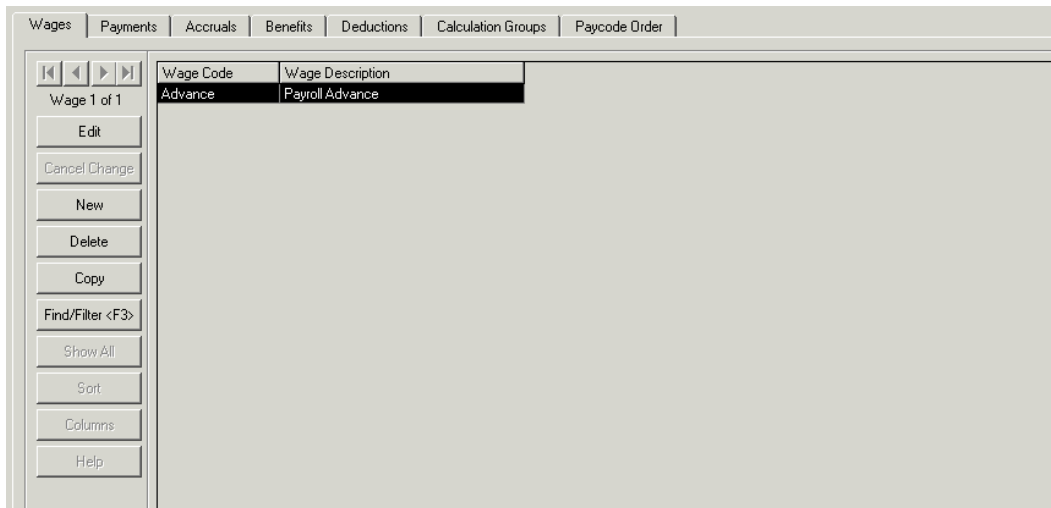


Lesson 4 - Setting up Paycodes

Select **Paycodes** from the Toolbar.



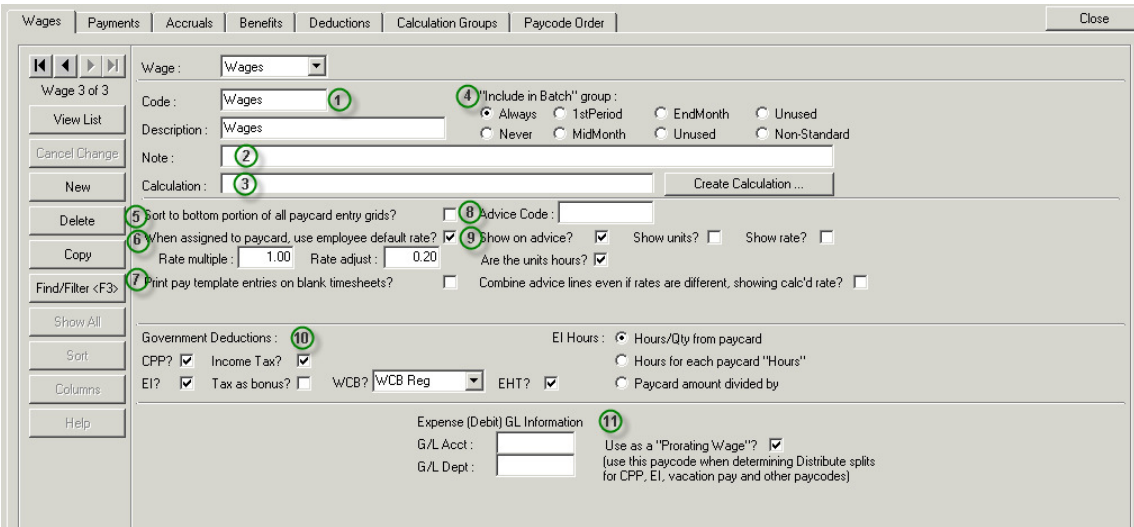
In this lesson, we will outline the setup of several different types of pay-codes. This function is extremely important and it is recommended that you refer to the documentation that accompanies your PayDirt Payroll program, or consult your software consultant before making any changes or adding new pay-codes in this section.



To view the parameters for each of the Paycode groups, select the **Edit** button.

Wages

This is the section in which you set up the employees' earnings codes that are subject to deductions. Typical examples are hourly and salary earning codes. From the Paycodes window, select the **Wages** folder.



When setting up the various Paycodes, there are a number of options that are common to all of them.

1. Enter a unique code for this Paycode.
2. This is a memo field for the Paycode and is only displayed in the Paycode window.
3. You can create a formula that will be used in calculating the amount. Calculations are beyond the scope of this manual. It is recommended that you obtain the advice of your accounting software consultant when creating formulas. There is also information available in the documentation provided with the PayDirt Payroll software.
4. Select the pay frequency where you will want this pay code to be used. When creating a batch (see Lesson 6 - Entering Pay Cheques), you will be give the option to include pay codes that will be included in the pay frequency of the batch being created.
5. When selected, this option will display the Paycode at the bottom of the data entry grid. These Paycodes are usually a flat rate or calculated by a formula that normally does not require any editing. However, for those Paycodes that require editing, such as entering in hours, this option should not be selected to in order to keep the Paycode at the top of the data entry grid.
6. By selecting this option, the employee's default pay rate will be used when this pay code is being used. You will also be able to set a rate multiplier and adjustment that will be applied to the default rate. When this option is deselected, the pay rate will need to be entered in the Paycard template for this pay code. Also, the option for the rate multiplier or rate adjustment will not be displayed when this option is not selected.
7. When de-selected, this option will prevent the Paycode from being printed on the Employee Pay Templates. This is useful when you do not want to include those Paycodes that are automatically calculated or universal to show when printing the Employee Time Templates.
8. If this field remains blank, the Code associated with this Paycode will be printed on the employee pay advice. However, if you want to have the system print another code, you can enter it here. This is useful if you have two Paycodes that you want combined into one. For example, if there is

a Paycode defined as 'Salary', and another as 'Retro-pay', you may want these two codes combined into a code defined as 'Salaries'. In such a case, both Paycodes will have 'Salaries' entered in the 'Advice code' field.

9. This option controls what elements are included in the employee pay advice.
10. For the Paycodes defining Wages, Accruals and Benefits, you can select which government deductions are applicable to the earnings represented by the Paycode. It is important that you understand the underlying regulations for each of the deductions when making the selections.
11. When payroll costs such as the employer's portion of CPP, EI and WCB are based on prorating in accordance to the pay codes, the **Prorating Wage?** option must be selected. You will not be able to use the options to **Distribute**. The pay codes are used as the basis of distributing other costs. You can also enter a default expense and / or department code to which this pay code will be charged.

The options that are applicable to the **Wages** Paycodes are as follows:

1. When selected, PayDirt Payroll will use the default rate from the employee's profile and add the associated factors as illustrated below. These include the factor by which the employee's rate is multiplied by and any adjustment to the employee's rate (if any). In the example illustrated below, the employee's default rate would be multiplied by 1 and \$0.20 added to the default rate. This option is useful if the Paycode is used for a shift differential or special pay rate that is based on the employee's default pay rate.

2. Select this option if the Paycode is used more than once on a pay card and you want to show this Paycode as one line on the employee advice. This is useful when the Paycode is used to distribute the costs to various accounts or departments.

3. There are three methods that PayDirt uses to accumulate the hours for Employment Insurance reporting purposes:

Hours Qty from Paycard uses the number of hours that are entered on the pay card. This is normally the method used for hourly-paid employees, as well as salaried employees where the normal number of hours worked is entered in the pay card. For salaried employees, the normal hours worked can be entered on the employee's pay card template to make the data entry of the pay cards faster.

Hours for each Paycard hours would be used if the Paycode is used for any period longer than an hour (e.g., per day, per week or per shift). In this case, you would enter the number of hours per unit which is used by PayDirt to calculate the EI hours.

Hours/Qty from paycard
 Hours for each paycard "Hours" 0.0000
 Paycard amount divided by

Paycard amount divided by is used for converting a dollar amount to EI hours.

Hours/Qty from paycard
 Hours for each paycard "Hours"
 Paycard amount divided by 0.0000

Exercise 4.1

Create the following Paycode that will be required for paying commissions:

Code	Comm
Description	Commissions
"Include in Batch" group	Always
Sort to bottom portion . . .	No
Use employee default rate	No
Show on advice	Yes
Show units	No
Show rate	No
Government Deductions	All
Use G/L Acct from Prorated Wages?	No
Use G/L Dept. from Prorate Wages?	No
Use as a Prorating Wage?	Yes