



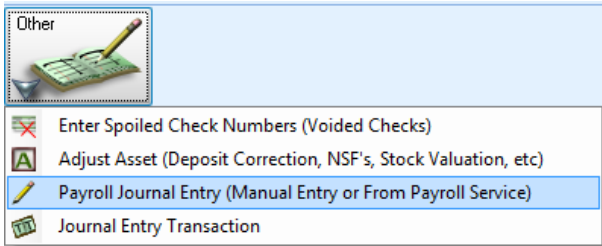
The Payroll Journal Entry feature was included in the program to aid customers that do not use Church Windows Payroll. This feature automates the entry the software calculates which is the employer's share of FICA and Medicare to equal what has been withheld from the employee.

It was decided by Congress that the employee and employer rates would be different for FICA and Medicare. In Church Windows, what started out as a helpful feature has now caused issues because of the rate differential.

Rather than reprogram the calculation (since it would only impact new entries in the current year), we are recommending two alternatives for customers.

In Accounting

- Go to *Transactions>Other>Payroll Journal Entry (Manual Entry or Payroll Service)*



Option 1

If customers have primarily salaried employees, it would be easiest to modify the entry for each employee to the new social security differential. Below is an example, as it would appear for a newly created transaction.

Create a Journal Entry Recurring Transaction

Description

Example 1

Frequency

bi-weekly

Comments

Payroll - Example 1

Accounts	Debit Amount	Credit Amount	Comments
501.121 - Church Custodian Salaries	200.00		Gross Pay
501.129 - Payroll Tax Expense	11.30		FICA Expense
100.100 - Checking		170.70	Net Pay
201.220 - Federal Payroll Withholding		11.30	Employee's FICA
201.220 - Federal Payroll Withholding		11.30	Employer's FICA
201.220 - Federal Payroll Withholding		18.00	Federal withholding
Total:		\$211.30	\$211.30

Save Transaction

Cancel

If the entry is recalled through Editing a payroll entry transaction, the employer's amount would be changed and that transaction saved.



Create a Journal Entry Recurring Transaction

Description: Example 1 Frequency: bi-weekly Comments: Payroll - Example 1

Accounts	Debit Amount	Credit Amount	Comments
<<<< Click here to enter the detail lines. See column headings for information to enter. >>>>			
501.121 - Church Custodian Salaries	200.00		Gross Pay
501.129 - Payroll Tax Expense	15.30		FICA Expense
100.100 - Checking		170.70	Net Pay
201.220 - Federal Payroll Withholding		11.30	Employee's FICA
201.220 - Federal Payroll Withholding		15.30	Employer's FICA
201.220 - Federal Payroll Withholding		18.00	Federal withholding

\$200 (Salary) * 7.65% (6.2 Employer's FICA + 1.45 Employer's Medicare)

Total: \$215.30 \$215.30 Save Transaction Cancel

This would be changed for each individual. **It will need to be changed again in 2013** to match the new employee's FICA and net amounts along with any withholding changes.

Option 2

The other option is to change the Payroll Tax expense and the Employer's FICA to zero. This may be more practical for customers with many hourly employees. If this option is used, then an additional recurring entry for the total of the Employer's Tax expense for each pay would need to be calculated and posted for each pay date. If a payroll service is used, this figure would be provided on a totals page.