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Pay Code Options – Hourly Earning

Pros

1. **Easily Linked to Hourly Pay Rate**

Using the capability of Earning mapping in Employee Configuration you can then link the new earnings to an individual's normal Hourly rate of pay. Then, using the Conversion Factor you can set the Earning to calculate the Earning at either Full Hourly Rate or 66%.

2. **Can be easily linked to Time Systems using Hourly import**

Time can be entered into an existing Labor System.

Cons

1. **Does not accommodate Maximums**

This earning may not work well if most of your population earns enough to exceed the maximum. No maximum amounts can be set on an Hourly Rate earning code. Manual tracking will be needed to stop the leave after the maximum (days or dollars) is reached.

Pay Code Options – Flat Earning

Pros

1. **Maximums can be created**

Maximums can be added to Flat Amount Earnings.

2. **Leverage Employee Configuration in combination with HR user User-Defined fields**

If there are numeric User Defined fields available on either HR Status or Current Pay, you can map the Flat Amount Leave earning to the User Defined Field in Employee Configuration and populate through Open Payroll. Mass Update can be used to store the 2/3 amount (capped with a formula) into the user defined field.

Cons

1. **Manually managed if there are no User Defined Fields available for mapping**

The rate must be manually added to the employee pay tab when the earning is added if it can't be mapped in Employee Configuration.

2. **Manually adjusted for pay rate increases**

You will need to manually adjust the rate either in the user defined field or on the pay tab if the employee gets a pay rate increase either during or before taking leave.

3. **Manually adjusted for partial payments**
Since it is a flat earning it will have to be manually adjusted for partial payments/intermittent.
4. **Storing the rate on the pay tab may pay everyone depending on the frequency assigned to the flat amount earning code**
If you choose to store the rate on the flat amount code on the pay tab, make sure you change the frequency to something other than your normal payroll frequency; otherwise it will pay everyone the flat amount you have on their pay tab.

CVIDSS/CVIDMD Configuration

Pros

1. This is the recommended configuration as recommended by Sage.
2. Allows for Employer part of Social Security to not calculate.
3. Should be included by Sage in any 941 requirements and W2 reporting as this is their recommended configuration.
4. Sage has included a hot fix to combine CVIDSS with USSS toward the combined cap.

Cons

1. **Pre-Tax Deductions will be doubled if pay is split between a Regular and EPSL/EFML earnings:**
Since USSS/USMED and CVIDSS/CVIDMD are not connected in the accumulation of Pre-Tax deductions it will reduce the wage base for both taxes when pretax deductions are included on these codes and used in conjunction with the regular USSS/USMED.
2. **Cannot use the Edit Transaction History function:**
The Ceiling Wages field is not available to edit in Transaction History for any local tax – only the No Ceiling Wages field is available. Any edits to Transaction History will require billable assistance to update the Ceiling Wages field directly on the SQL Server.
3. **Cannot use Aatrix to make tax payments:**
The new codes have not been mapped/updated for Aatrix recognition. Currently an error message is received. This has been submitted with no ETA on a resolution.
4. **Results for 941:**
Since it is still not known what will be needed to populate the 941 or W2 there is no commitment the set up of the new tax codes will accommodate those requirements; However, since it is the Sage recommendation, it is likely these codes will accommodate any 941 changes.

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5. Extra Medicare will not be withheld and will not be accumulated with USMED toward the extra 0.9% extra Medicare:
Any CVIDMD tax will need to be tracked for any employee who nears the \$200,000 in wages that invokes the extra Medicare tax. If someone reaches the extra Medicare threshold because of these leave wages, the Medicare employee amount will need to be overridden on the timecard for any leave payments after that threshold is reached, and for any normal payments until the threshold is reached in USMED as well.
 6. New taxes will need to be added to existing employees and new hires
To accommodate, these taxes will need to be added to existing active employees (can be done through Assign Taxes task in payroll), and will also need to be added to all new hires so there are no tax errors when someone chooses to go on these special leaves.
 7. Sage is recommending these be set up as percentage of base calculations
What that means is the percentage will need to not only be at the tax rule/setup level, but will also need to be stored on the employee's tax panel. That percentage can get overwritten accidentally on the tax panel, but can be fixed by running the Update Taxes utility on the payroll menu for each tax to reassign the correct percentage to the tax panels on everyone.

USSS/USMED Configuration

Pros

1. These tax codes are consistently used and set up with all requirements.
2. Edit Transaction History is easy to perform and can be used to make any necessary changes as the dynamics of the taxation of the leave codes are clarified.
3. There is no need to combine to an accumulated cap on the wages.
4. There is no need to track Medicare wages to accommodate manually the extra 0.9% that may need to be withheld on employees.
5. No changes need to be made to payroll processing to accommodate pretax deductions and leave payments can be processed in the regular payroll.

Cons

1. Employer Tax Accumulation
USSS will automatically withhold for both Employee and Employer. The employer part of Social Security calculated on the Leave amounts only will need to be manually adjusted *per employee* in Transaction History. This is needed to accommodate correct reporting on the W2s and for correct 941 payment/form processing through Aatrix. If leave is combined with any normal pay and pretax deductions, this will also mean a manual calculation will need to be done for each employee.
2. Employer Taxable Wage Accumulation

USSS will automatically use the same wage amount for employer and employee taxes. There is no way to adjust this number in transaction history (only the calculated payment can be edited for employers, not the wage base). This is likely going to mean manual edits to the 941, depending on what that form looks like. You will not be able to track the leave payments wage base separate from normal pay. This may mean that you want all your leave pay to be done on a separate payroll run so those numbers are easier to determine at quarter end. There is also no guarantee that Sage will be able to pass the wage base numbers correctly to Aatrix for the leave pay.

3. General Ledger distribution

General Ledger posting will have to be adjusted if you are tracking leave costs in different GL accounts. Also, a manual GL entry will need to be made for any edits to employer Social Security in Transaction History.

4. Results for 941

Since it is still not known what will be needed to populate the 941 or W2 there is no commitment that using the existing codes can be properly reported on any 941 form changes. Manual edits are likely going to be needed to the 941, and those manual edits may need additional Crystal Reports to accommodate any needed information to go on the 941.