# Module 9:   PAYROLL

9.1   Module Overview

A payroll is a company's list of its employees, but the term is commonly used to refer to: the total amount of money that a company pays to its employees. a company's records of its employees' salaries and wages, bonuses, and withheld taxes.

The Payroll Module in Posibolt is capable of generating the payroll of employees. Payroll is the sum of all financial records of salaries for an employee, bonuses and deductions.
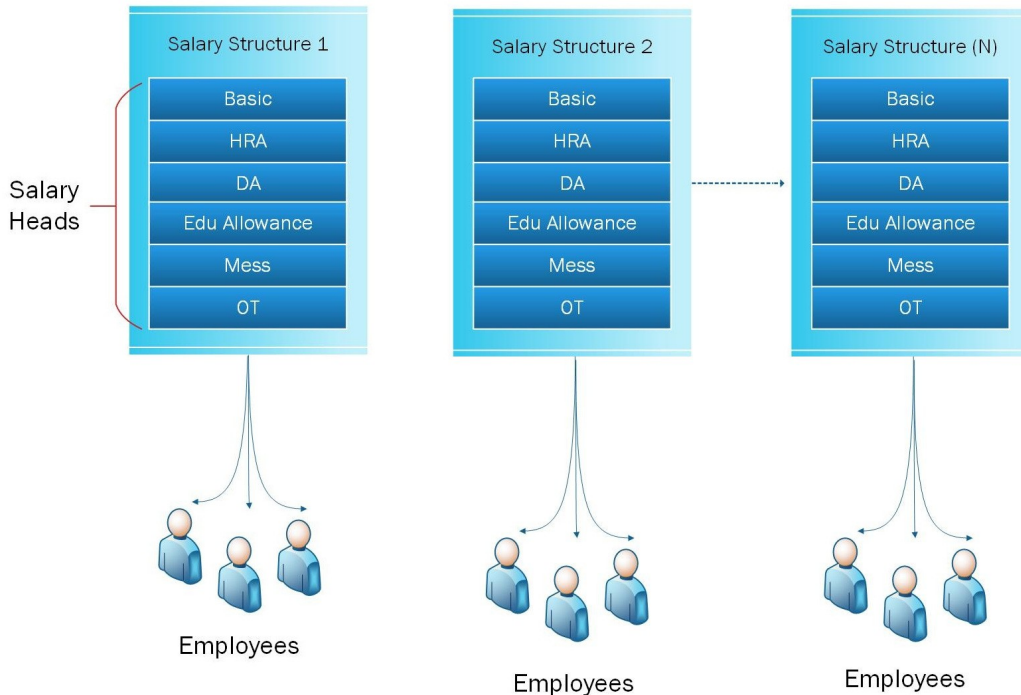
Objectives

- Create Payroll category
- Create payroll heads like Basic,PF, HRA, TD
- Create salary structures
- Assign payroll heads to salary structures
- Assign employees to their respective salary structures
- Create Payroll Periods
- Process the salary for an employee
- Review the payroll reports

Let us create the following Payroll related data

9.2   Payroll Categories

An employee's pay is made up of many components, such as earnings, overtime, deductions, taxes etc.. and these components are called payroll categories.

To create a Payroll Category

1. Go to the Payroll Management and click on Payroll Categories. The Payroll Categories window will appear.

2. Click on the Create New button.

3. Type a name for the Payroll Category.

4. Enter the description.

5. If Active check box is selected, this payroll category is active

6. Click on Save.

9.3   Payroll Head

The components constituting an employee's salary is called a Payroll Head. A Payroll Head may be an earning to the employee, or a deduction, which is recovered from his/her salary. The value of these pay heads could be either fixed or variable, for each payroll period.

This helps you to create salary head for your employee, like TA/ DA, H.R.A, P.F. LIC etc. on salary by defining its type.

To create new Head, click on Add New.

Fields	Description
Name	Enter the name of the salary head
Description	Give a description of the salary head.
Category	Choose a category from the drop down like – earnings, deductions .
Code	Enter a unique code for the payroll head
Account Sign	Choose the account sign as Credit/Debit depending on the categories. For example: If the category is Earning the account sign is Debit and for Deductions it is Credit.
Pay To	Select the name of the vendor/third party to which this is paid, for eg: TDS, ESI
Sequence Number	Enter a sequence number for the pay head.
Active	To make the payroll head active or not
Employee	If true, will determine that salary head is paid to the employee.
To be posted	If true, this salary head is posted in the ledger.
Is gross Salary	If true, this head will be considered as the net salary. There cannot be two gross salary in the same structure.
Printed	If selected, this salary head will be added in the slip print.
Is paid	If true, this head is considered in the monthly salary.

Manual	If selected, the amount for the salary head can be imported, for example Bonus
Is Invoiced	
Is part of gross salary	If selected, the salary head is a part of the gross salary.

Click on Save button to save the details

9.4 Payroll Heads Formula

The user will have the provision to specify the formula for doing the amount calculations. Click on Search button will list out all the existing formulas

To create a new formula, click on **Add Formula**

1. Enter the Name, and Description
2. Enter the Formula
3. Click on Save, it will be added to the list.
4. Click on Edit button to make any changes for the existing formula and save the details.

9.5 Payroll Structure

Salary structure means the combination of various components of salary. Every company needs to have some kind of Salary Structure. Having a solid salary structure makes it easier to manage your salary expenditure.

To create a Payroll Structure

1. From the Payroll Menu, click on Payroll Structure.
2. Search the existing Payroll Structures.
3. To create new, click on Add Payroll Definition.

Type in the following details

Fields	Description
Organization	Select the organization from the drop down.
Name	Define a name for the structure.
Description	Enter a description for the structure.
Payment Mode	Choose a payment mode from the drop down
Contract	Select a contract period of the employees from the drop down
Charge	Select the charge from the drop down

Click on Save.

9.6   Assign Payroll Head

We need to assign the heads to the salary structures. To do this

(i). Go to Assign Payroll Head and

(ii). Click on the Assign Payroll Head button to assign each payroll heads.

Fields	Description
Payroll Structure	Choose a payroll structure from the drop down. We are adding the payroll heads to this structure.
Payroll Head	Choose the salary head to be added to the structure
Valid From and To	Mention the validity date for this head in this structure
Calculation Type	Choose the calculation type as 'Formula' or Fixed Amount'
Formula	If the calculation Type chosen is Formula, the user will have the provision to specify the formula for doing the amount calculations. ✔ To create new formula, go to **Payroll Heads Formula** ✔ Click on **Add Formula**
Fixed Amount	If the calculation Type chosen is Fixed, the user will have the provision to specify the fixed amount for this head.
Same way other heads can also be added to the structure.	

9.7   Employee Payroll

In this page we assign employees to their respective salary structures.

1. Search for the employee or search by department.

2. Click on the select all check -box to assign structures to all employees.

3. Or select an employee and click on **Payroll Structure** button on top of the page.

4. Enter the details and click on Assign.

5. This structure has been assigned to the employee/employees.

9.8   Payroll Period

The period during which an employer makes payments to the employees. For example if you are going to give salaries for the month of May, then you need to create the a period for May.

We need to create Payroll Periods in our system.

1. From the payroll module, click on Payroll Period.

2. If there is no year added to the system, click on the button **Add year**.

✔   Enter the details

✔   Click on Save

3. To add a period

    ✔ Click on **Add Period**

    ✔ Enter the values

4. Click on Save.

9.9 Salary Process

Here, process the salary for an employee. To process a payroll

1. Click on Add Payroll Process.

Fields	Description
Name	Type in any Name for the process
Payroll	Choose a payroll structure from the drop down.
Payroll Period	Select the period for which the salary is being processed.
Account date	Enter the account date.
Employee details	Choose the Department, Designation and Employee name from the drop down.

Save the salary process details.

The saved data will be added to the table

Select the check -box and click on the Process button.

The status of the payroll will be changed to as Processed.

9.10 Payroll Reports

✔ Dash Board   : In POSIbolt ERP, Dash board is the back bone. It contains all the details in one screen. It helps the management to know the current status of the business without going through the number of reports. Instead of using table structures, Dash board reports are designed to view in graphical methods.

✔ Reports   : It includes all the basic reports like salary sheet, summary, arrears report, deduction report...etc

✔ Generic Report : Using Generic report tool user can define their own report.