



Payroll Setup Guide

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PR Setup > PR Preferences

Note: Section 1 of this manual goes over the Payroll Preferences screen in the system found using the following menu selection – **Payroll** → **PR Setup** → **Preferences**. The following subsections ('Paid Time Off Adjustments', 'Employee Status Codes', 'Payroll Expense Accounts', & 'Payroll Liability Accounts') are all entered on this screen.

Paid Time Off Adjustments

- The default adjustments listed are 'Sick Leave' and 'Vacation'. To add a new paid time off adjustment, make sure the text field is empty by clicking 'Clear Fields'. Then, type the name of the adjustment (such as 'Maternity Leave') in the field, and click 'Add Paid Time Off'. The new adjustment will appear on the left.

The screenshot shows the 'Paid Time Off Adjustments' interface. On the left, there is a list of adjustments: 'Sick Leave', 'Vacation', and 'End Of List'. On the right, there is a text input field containing 'Maternity Leave'. Below the text field are three buttons: 'Add Paid Time Off' (highlighted with a red box), 'Clear Fields', and 'Delete'.

- To change the name of an existing adjustment, click the adjustment you want to modify in the list on the left. It will appear in the text box on the right. Edit the text box, and click 'Modify Paid Time Off' to save the change. The system will ask if you want historical records to be changed to the new value. Alternatively, you can delete the adjustment entirely by clicking 'Delete'.

The screenshot shows the 'Paid Time Off Adjustments' interface. On the left, there is a list of adjustments: 'Maternity Leave', 'Sick Leave', 'Vacation', and 'End Of List'. On the right, there is a text input field containing 'Vacation'. Below the text field are three buttons: 'Modify Paid Time Off' (highlighted with a red box), 'Clear Fields', and 'Delete'.

Employee Status Codes

- Organizations with more than ten employees may find it helpful to group employees by creating status codes. For example, if salaried employees are paid semimonthly and hourly employees are paid biweekly, the pay dates will differ so grouping the employees would be helpful. Additionally, employee status codes can help with putting employees in different departments.
- The default status codes listed are 'Active' and 'Archived'. These two status codes cannot be modified or deleted. To add a new employee status code, make sure the text field is empty by clicking 'Clear'. Then, type the name of the status code (such as 'Transfer') in the field, and click 'Add Code'. The new status code will appear on the left.

The screenshot shows the 'Employee Status Codes' interface. On the left, there is a list area with 'Active' and 'Default' columns. Below the list are 'Archived' and 'End Of List' buttons. On the right, there is a 'Transfer' section with a 'Use as default' checkbox. Below this are three buttons: 'Add Code', 'Clear', and 'Delete Code'. The 'Add Code' button is highlighted with a red box.

- To change the name of an existing status code, click the status code in the list on the left. It will appear in the text box on the right. Edit the name in the text box, and click the 'Modify Code' button to save the change. The system will ask you to confirm the change where you can click 'Ok'. Alternatively, you can delete the adjustment entirely by clicking 'Delete Code' and it will ask you to confirm the deletion by clicking the 'Ok' button.

The screenshot shows the 'Employee Status Codes' interface. On the left, there is a list area with 'Active' and 'Default' columns. Below the list are 'Archived' and 'End Of List' buttons. On the right, there is a 'Transfer' section with a 'Use as default' checkbox. Below this are three buttons: 'Modify Code', 'Clear', and 'Delete Code'. The 'Modify Code' button is highlighted with a red box.

Payroll Expense Accounts

- Account names can be edited here to appear on payroll reports the way you like to see them. To edit the name, select the account, make changes in the box and click the 'Rename' button. If you need to add or delete accounts, please go to the Chart of Accounts screen found under the General Ledger. To learn how to add or delete accounts, refer to the 'Adding a New Account' section of the [Fund Accounting Setup Guide](#).
- Select which accounts you would like to use in payroll by checking the box in the 'Active' column. These accounts will be used later when setting up Rate Cards. Selecting the heading account is not necessary. In the example below, 'Staff Salaries' does not need to be checked since it is serving as heading for the sub-accounts 'Administration Salaries', 'Custodial Salaries', and so on.

Payroll Expense Accounts		
Active	Name in Chart of Accounts	Name in Payroll
<input type="checkbox"/>	Staff Salaries	Staff Salaries
<input checked="" type="checkbox"/>Administration Salaries	Administration Salaries
<input checked="" type="checkbox"/>Custodial Salaries	Custodial Salaries
<input checked="" type="checkbox"/>Pastors Salaries	Pastors Salaries
		<input type="text" value=""/> <input type="button" value="Rename"/>

Payroll Liability Accounts

- Account names can be edited here, but not added or deleted. To rename an account, select the account, make changes in the box and click the 'Rename' button.
- Similar to the Payroll Expense Accounts, check the box in the 'Active' column for the liability accounts you would like to use. If an account is serving as a heading for sub-accounts, simply uncheck the box so it will no longer appear under 'Available Deductions' when setting up the withholdings. Accounts that are not needed may be deleted. For example, if you do not need to deduct federal or state unemployment tax for any employees, you can delete the accounts entirely. To add or delete accounts, please go to the 'Chart of Accounts' screen found under the 'General Ledger'. To learn how to add or delete accounts, refer to the 'Adding a New Account' section of the [Fund Accounting Setup Guide](#).

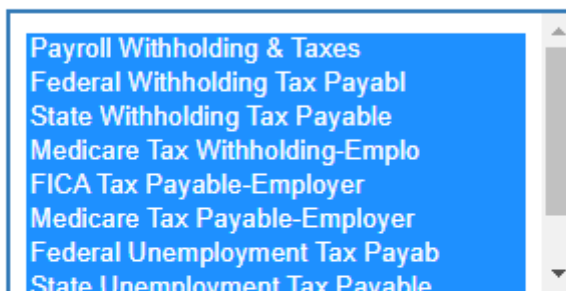
Payroll Liability Accounts						
Active	Name in Chart of Accounts	Name in Payroll	Liability	Employer Expense Account	Tax	
<input checked="" type="checkbox"/>	Child Support	Child Support	Employee ▾	—	After ▾	
<input type="checkbox"/>	Payroll Withholding & Taxes	Payroll Withholding & Taxes	Employee ▾	—	Tax ▾	
<input checked="" type="checkbox"/>Federal Unemployment Tax Payable	Federal Unemployment Tax Payab	Employee ▾	—	Tax ▾	
<input checked="" type="checkbox"/>Federal Withholding Tax Payable	Federal Withholding Tax Payabl	Employee ▾	—	Tax ▾	
<input checked="" type="checkbox"/>FICA Tax Payable-Employer	FICA Tax Payable-Employer	Employer ▾Employers FICA Contribution	Tax ▾	
<input checked="" type="checkbox"/>FICA Tax Withholding-Employee	FICA Tax Withholding-Employee	Employee ▾	—	Before ▾ configure...	
<input checked="" type="checkbox"/>Medicare Tax Payable-Employer	Medicare Tax Payable-Employer	Employer ▾Employers Medicare Contribution	Tax ▾	
<input checked="" type="checkbox"/>Medicare Tax Withholding-Employee	Medicare Tax Withholding-Empl	Employee ▾	—	Tax ▾	
<input checked="" type="checkbox"/>State Unemployment Tax Payable	State Unemployment Tax Payable	Employee ▾	—	Tax ▾	
<input checked="" type="checkbox"/>State Withholding Tax Payable	State Withholding Tax Payable	Employee ▾	—	Tax ▾	

- Also, make sure the correct choice for Employer/Employee is displayed under the 'Liability' column. Accounts marked as an Employer Liability will have an additional dropdown selection to determine which 'Employer Expense Account' will be used for withholdings. This later determines where the tax is paid from – by the employer or from the employee's gross pay.
- If a deduction is to be taken out before or after taxes, select the appropriate choice from the dropdown list under the 'Tax' column. You can then click on the 'configure' blue link to select which taxes will be taken out before or after the deduction. For example, to deduct health insurance before federal income and social security taxes, choose 'Before' then click 'configure' and highlight the appropriate deductions, as seen here.

Before Tax Liability Configuration



This liability will be computed before the following liabilities:



Selecting no liabilities above will change the liability to 'Tax Withholding' instead of 'Before Tax Withholding.'

Hold down 'Control' (Windows/Linux) or 'Command' (Mac) to select multiple liabilities at once.

Save

Cancel

Employees

Note: Section 2 of this manual goes over one screen on the system called 'Employees' found using the following menu selection – **Payroll** → **PR Setup** → **Employees**. The following subsections ('Employees', 'Maintain Common Accounts', 'Withholding View / Setup', and 'Rate Card Maintenance') are all entered on this one screen.

Employee Information

• 'Employee 's' List Screen Section

- To add employees, make sure to click the 'Clear & Add New' button, then enter the employee information in the boxes starting with the last name then first name in the name field, separated by a comma. Continue to fill out the information for this employee. The screen allows you to choose the tax filing status of the employee, the Federal exemptions (**for W-2s prior to 2020**), or step 3 calculations (**for W-2s 2020 or later**), what expense account and fund to use when paying employees along with other demographic information. When clicking 'Save Employee' the list on the left populates with the employee.
- This screen is where the employer sets up the withholding for each employee (Withholding View / Setup button) and the employee's rate cards (Rate Card Maintenance button). Additionally, the 'Maintain Common Accounts' button is located at the bottom of the screen and these accounts should be set up first (refer to the [Maintain Common Accounts](#) section).

Payroll : PR Setup : Employees

Employees Status to View: Active

Audet, William	Active
Chil, Tracy	Active
Doe, Jane	Active
Mante, Karrin	Active
End Of List	

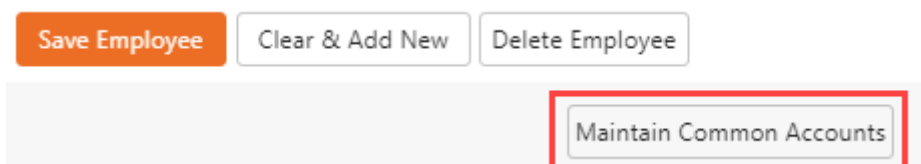
Find >>

Name (Last, First) Audet, William
 Name on Check William Audet
 Address Line1 5555 44th Ave S
 Address Line2
 City Fargo State ND Zip 58104
 Country
 Home Phone Cell Phone
 Email Address
 Filing Status Single **Federal Exemptions or Step 3** 0 Info...
 Default Expense Administration Salaries
 Default Fund General Fund
 Status Active
 Notes

Maintain Common Accounts and Employee Withholding

• 'Maintain Common Accounts' and 'Withholding View / Setup' Screen Section

- The 'Maintain Common Accounts' and the Employee 'Withholding View / Setup' Screen are very similar in the way they function. Both screens will show two methods for calculating taxes – the 'Calculate with Tax Tables' and the 'Formula' method (see [Appendix](#) for the Formula method). To save time on setup, we suggest setting up accounts that are similar in their withholdings across the majority of the employees using the 'Maintain Common Accounts' screen. To further facilitate ease of set up, we also suggest using the 'Calculate with Tax Tables' method. You can access the 'Maintain Common Accounts' screen by clicking the button on the 'Employee Information' screen as shown below.



- After clicking the 'Maintain Common Accounts' button, you will see the image below. This screen should be used for tax liabilities that are the same across all employees (eg. FICA, SS). Additionally, the screen has three main components noted by the gray numbers 1), 2), and 3) (outlined in red), which we will reference below. Select a deduction from the 'Deductions' dropdown list in step '1)' shown below. The accounts that appear in the 'Deductions' drop-down list are the accounts checked in the 'PR Setup -> Preferences' screen under 'Payroll Liability Accounts'. Please correct any missing deductions in that screen before continuing.

Payroll : PR Setup : Employees

Deductions for William Audet:

1) State Unemployment Tax Paya...
 Fixed Amount 0 + or - 0 Percent 0 Over 0 Annual Maximum No Limit Withholding Allowance 0.00

2) Formula =
 Calculate with tax tables for additional withholding \$ 0.00

3) **Add to Withholdings**

Tax Type	Deductions	Fixed Amnt	+ / -	Percent	Over	Max	Allowance	
Before Tax WH	FICA Tax Withholding-Employee	Calculation: FICA Med, Without Medicare Additional = 0						
Tax WH	Federal Withholding Tax Payabl	Calculation: Federal Income Tax, Other Adjustments = 0, Multiple Jobs = 0, Nonresident Alien = 0						
Tax WH	FICA Tax Payable-Employer	Calculation: FICA Med employer						
Tax WH	State Withholding Tax Payable	Calculation: MN, State exemptions = 0						

End Of List

Copy Common Accounts to this Employee

Close Window

Suggested taxes for William Audet, based on zip code:

- Federal Income Tax
- FICA Social Security (FICA SS)
- FICA Social Security employer (FICA SS employer)
- FICA Medicare (FICA Med)
- FICA Medicare employer (FICA Med employer)
- Minnesota Unemployment (MN Unemployment)
- Minnesota Unemployment Workforce Development Fee (MN Unemployment Workforce Development Fee)
- North Dakota (ND)

FYI, www.tax-tables.org, provides links to the various federal and state withholding tables.

NOTE: Both the suggested taxes and www.tax-tables.org are from third-party providers. Icon Systems, Inc. cannot be responsible for the accuracy, completeness, or timeliness of the information provided by any third-party.

- **Important** – The taxes for both the employer and employee must be completed for each employee – either in the 'Maintain Common Accounts' screen or the individual employee 'Withholding View / Setup' screen. For example, the employee pays into Medicare 1.45%, however the employer also pays into Medicare a matching 1.45%. Both should be listed – one for the employer and one for the employee, tied to different liability accounts in the deduction drop down list (step 1). This is illustrated in the above image where there are two lines with Medicare, noted by 'FICA Tax Payable – Employer' and 'FICA Tax Withholding – Employee'.
- **'Calculate with Tax Tables' Method** – Select the deduction from the 'Deduction' drop down list in step '1)'. Then, select the option 'Calculate with Tax Tables for' in step '2)'. The drop down list to the right of the 'Calculate with tax tables for' option populates with the suggested taxes towards the top of the drop down list. Other taxes can be selected when appropriate, by scrolling through the drop down list based on the taxing jurisdiction. **Note:** the deduction selected in step '1)' should correspond to the tax table selected in step '2)', which is illustrated by the red arrow in the image above. Depending on the selection made in the drop down list, the system may ask for additional information which will appear below the drop down list. **Note:** There are two Federal Income Tax lines that will be found in the dropdown list. One is the 'Federal Income Tax (FIT)' which is meant for employees with a **W-2 prior to 2020**. The other is 'Federal Income Tax' which is meant for employees with **2020 or later W-2s**. The additional information needed for each is different, so it is important that you choose the appropriate option to calculate taxes properly. Once you have added the common accounts, then click on the 'Update All Employees' button, which applies these taxes to all employees. We will discuss how to change these, if needed, under each employee or remove it all together using the Employee 'Withholding View / Setup' screen.
- The Employee 'Withholding View / Setup' screen is best used to set up taxes that are different between employees, like state income taxes. It is accessed by choosing an employee, then clicking the 'Withholding View / Setup' button. When you open the screen for the employee you should see the initial taxes that were set up by the 'Maintain Common Accounts' screen, listed in the bottom window. This screen will have a similar look as the 'Maintain Common Accounts' screen, however the big difference is that you are only working on one employee at a

time. The other difference is there's a button called 'Copy Common Accounts to this Employee', which is used when you add new employees after the initial set up. Just like the 'Maintain Common Account' screen, this screen allows you to add specific taxes using either the 'Calculate with Tax Tables' method or the 'Formula' method (see [Appendix](#) for the Formula method). **When entering employee taxes into IconCMO, we recommend the 'Calculate with Tax Tables' method when possible.**

After selecting the appropriate tax using the 'Calculate with Tax Tables', step '3)' allows you to add the withholding by clicking the button 'Add to Withholding', and the deduction shows up at the bottom of the screen. Once all withholdings are entered in the list for the employee and employer, you can close the screen and continue onto the '[Rate Card Maintenance](#)' for this employee.

- **Note:** Withholdings for non-clergy church employees are the same as for-profit employees. The only difference is that church employees may not need to pay state and/or federal unemployment tax. Ministers are typically considered self-employed; please consult your accountant regarding calculating deductions on clergy salaries and housing allowances.

Rate Card Maintenance

- '**Rate Card Maintenance**'
 - A rate card defines how much a person makes, the deductions applied to the rate card and the accounting fund to charge. One employee can have multiple rate cards and various deductions- or none at all, as is usually the case with pastor's housing. For example, an employee might spend half their time working for one department and the other half working for another. In this case they would have two rate cards. Another example is when a salaried person is paid twice a month and the deductions are different between the two pay periods. Select an employee from the employee list, then click the 'Rate Card Maintenance' button.
 - To create a new rate card, next to the 'Rate Card Name' field type a name to describe the rate card (For example, 'Office Manager'). Choose whether the rate is hourly or salary. If hourly, enter the regular and overtime rates. Next, select an account from the dropdown list next to 'Salary Expense' (this list was created by the checkboxes under '[Payroll Expense Accounts](#)' in PR Setup -> Preferences.) If you do not see the expense account please go back to PR Setup -> Preferences and check mark the missing expense. Select the fund that will pay this rate card and click save. The rate card will now appear in the 'Available Rate Card' drop down list. If you don't see a withholding, then please go back to the employee's withholding set up found in the '[Employee Information](#)'.
 - At the bottom of the rate card screen are the available withholdings on the left side and on the right side are the withholdings that are currently applied to the selected rate card. To apply a withholding, click it on the left side and it copies to the right side of the screen. The withholding will now be applied to this rate card during batch processing. As an example below, the rate card called 'Office Manager' has the FICA (employee) withholding, State and Federal withholdings applied. However it does not have FICA (employer) applied as it is only on the left side under the 'Available Withholdings' section. You would want to click on the 'FICA Tax Payable-Employer' highlighted with the arrow which will then move it to the right window. Remember to click the 'Save' button once you've made your changes.

Rate Card for Audet, William

Available Rate Cards **Office Manager** ▼

Rate Card Name **Office Manager** Include in gross wages

Rate Card Type Hourly Salaried

Annual Salary Pay Frequency Salary Per Pay Period

Salary Pay **\$30,000.00** **SemiMonthly** ▼ **\$1,250.00**

Salary Expense **Administration Salaries** ▼

Accounting Fund **General Fund** ▼

Click on available withholdings (left) to add them to the rate card (right)

Available Withholdings		Rate Card Withholdings	
Federal Withholding Tax Payabl	Employee	Federal Withholding Tax Payabl	Employee
FICA Tax Payable-Employer	Employer	FICA Tax Withholding-Employee	Employee
FICA Tax Withholding-Employee	Employee	State Withholding Tax Payable	Employee
State Withholding Tax Payable	Employee	End Of List	
End Of List			

Appendix: Manual Payroll Calculations

The Manual Payroll Calculation section is only used when the tax table calculations can not handle your particular deduction situation. This appendix will go over IconCMO's 'Formula' method in step 2 of the 'Withholding View / Setup' screen.

In most instances, the taxing publications will have wage tables based on salary periods and what year (2019 and prior or 2020 and after) the employee filled out the W4. Once you find the correct 'Percentage Method' table in the taxing publication based on the salary intervals and when the W4 was filled out, you will see columns such as 'At Least', 'But less than', 'The tentative amount to withhold is', 'Plus this percentage', 'Of the amount that the the Adjusted Wage exceeds'. Here's an example of what the Federal Tax Table columns look like in Publication 15 (numbers subject to change).

If the Adjusted Wage Amount (line 1h) is:		The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Wage exceeds—
At least—	But less than—			
A	B	C	D	E
Married Filing Jointly				
\$0	\$498	\$0.00	0%	\$0
\$498	\$893	\$0.00	10%	\$498
\$893	\$2,105	\$39.50	12%	\$893

In IconCMO you will see fields like the following for the 'Formula' method.

OR Formula = Fixed Amount + or - Percent Over Annual Maximum Withholding Allowance
 Plus No Limit 0.00

The table below shows how to map the fields in the Federal Income taxing publication ([Publication 15](#)) to IconCMO's fields. Most state taxing publications have a similar layout.

IconCMO's Field	Taxing Publication (IRS Publication 15) Field
Fixed Amount	The tentative amount to withhold is
Percent	Plus this percentage
Over	At least
Withholding Allowance: A.) If W4 is 2020 or later, then IconCMO's value is 0.00. B.) If employee's W4 is 2019 or earlier, then see page 45 of the IRS Publication 15 for 2019 . Multiply the number of allowances by the appropriate value in Table 5 (on page 45) of the publication.	No Fields
Annual Maximum – should be set to No Limit in most instances.	Note: The 'Annual Maximum' only comes into play if you have employees that make over a certain annual amount (ie. \$142,800 +) which affects Social Security and Medicare withholding. Another possibility is an annual limit on certain retirement plans like ROTHs.

- Note:** If your state income tax or retirement plan works on a percentage, then enter the percentage into IconCMO's 'Percent' field and IconCMO will start withholding money on the first dollar earned by the employee. Another scenario is entering a percent and also a number in IconCMO's 'Over' field where the percentage takes effect after the 'Over' amount is reached. You can also enter just a fixed amount into IconCMO's 'Fixed Amount' field. When using IconCMO's formula method the church can use one field or all the fields to create a customized withholding.

When using the IRS Publication 15's 'Wage Bracket Method' you will find the appropriate number in the table and enter that in IconCMO's 'Fixed Amount'. For this method, this number is the only number needed to enter in IconCMO.

You Are All Set!