

Setting up deductions – in-house payroll

Goal: Learn how to set up a deduction for in-house payroll in Ajera.

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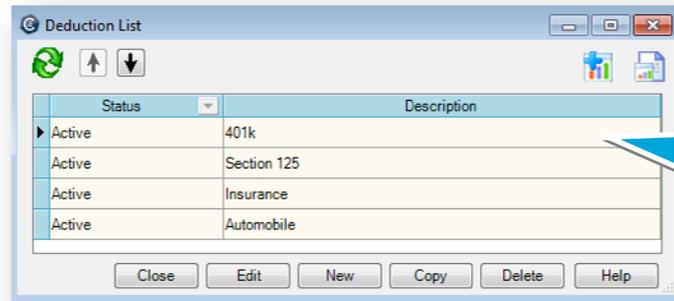
Ajera saves set-up time by providing a list of commonly used deductions, which you can change as needed. You can set up an unlimited number of deductions to accommodate your payroll needs.

This lesson shows you how to set up a simple deduction.

Step 1: Review the predefined deductions

View the predefined deductions in Ajera.

1. Click **Company > Payroll > Deductions**.



Deductions appear on the paycheck stub in the order listed in this window.

Ajera adds new deductions to the bottom of the list.

To change the order, just click and drag a deduction to the appropriate location.

2. To create a new deduction, you can do one of the following:
 - Click the **New** button and create a deduction from scratch.
 - Select a deduction and copy it.
3. If you wanted to stop using a deduction on paychecks, you would select the deduction, click the **Edit** button, and change the status to **Inactive**.

Note: You can override deductions in the employee setup. For example, your standard 401(k) deduction is calculated as a percentage of total pay, but you have several employees who want to deduct a flat amount from their paychecks. For more information, see the *Setting up employee detail for in-house payroll* quick lesson.

Step 2: Set up a deduction

You want to set up a deduction to repay an employee loan.

1. Click the **New** button.
2. Leave the status as **Active** and enter the name **Employee Loan**.
The description name will appear on lists, paycheck stubs, and reports.

Enter general information about the deduction.

The calculation method determines how the deductions are calculated.

Leave **Flat Amount**.

Leave the Rate field as it is because the deduction amount will be entered for each employee.

When would you use this? If the deduction had a common amount for most employees, you would enter the value here.

3. Select the liability account for the deduction:

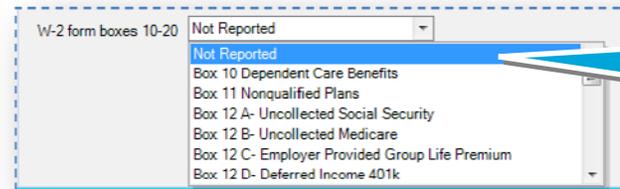
This account reflects who the employer owes the money to for the employee's deduction, such as a medical or 401(k) contribution.

Step 2: Set up a deduction (continued)

- If this amount were to be reported on the W-2, you would select an option from the W-2 Form Boxes 10-20 field.

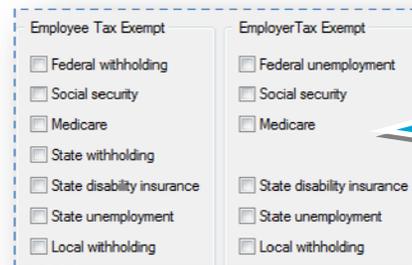
For example, a 401(k) deduction reduces your gross taxable wages, which are automatically reported in Box 1. To report this amount in Box 12, you would select box **12-D Deferred Income 401k**.

Check with your CPA to determine the appropriate W-2 reporting for your firm.



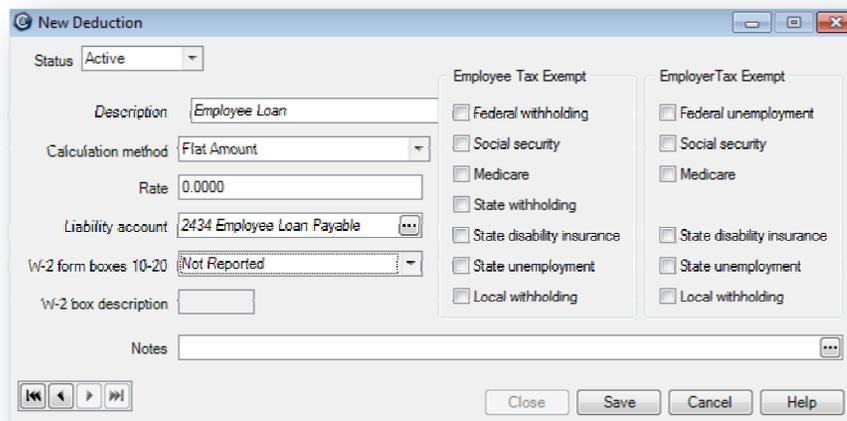
In this example, the deduction is not reported.

- If the employee or employer were exempt from withholding on this deduction, you would select the appropriate check boxes.



In this example, there are no exemptions.

- Here's what the completed deduction looks like:



- Click **Save**.

Summary

You now know how to set up a deduction in Ajera. This quick lesson showed you just a few of the options you can select. Be sure to review Ajera Help for the full details on setting up deductions.