Payroll Journal

Payroll Journals need to be done on a monthly basis to ensure that the PAYE and other deductions are expensed.

Normally PAYE is paid on the 7th of the following month, but salaries are paid monthly.

Therefore, if you do not create a journal which expenses the cost and put the rest to a liability account your Balance sheet and income statement are incorrectly stated.

This intern changes your Nett Profit figures.

A monthly journal is created for monthly salaries and a weekly wages journal is created.

Once you have created one of the journals you can save it as a temple for later use.

This saves time on having to remember what goes where and what to add.

After the journal has been done an amount lies in the liability account – lets say PAYE, now comes the 7th of the following month and you pay the PAYE.

You will create a cashbook, select the bank that you paid the money out of, select PAYE liability account and click on the Payment type of the Cashbook.

This will then balance out the liability account of not show up on your balance sheet.

Should you pay your PAYE when you pay your salaries you do not need to do the journal.

You create the cashbook, select your bank, you will then have two lines in the cashbook, one of the amount you paid the staff member selecting Salary Expense account.

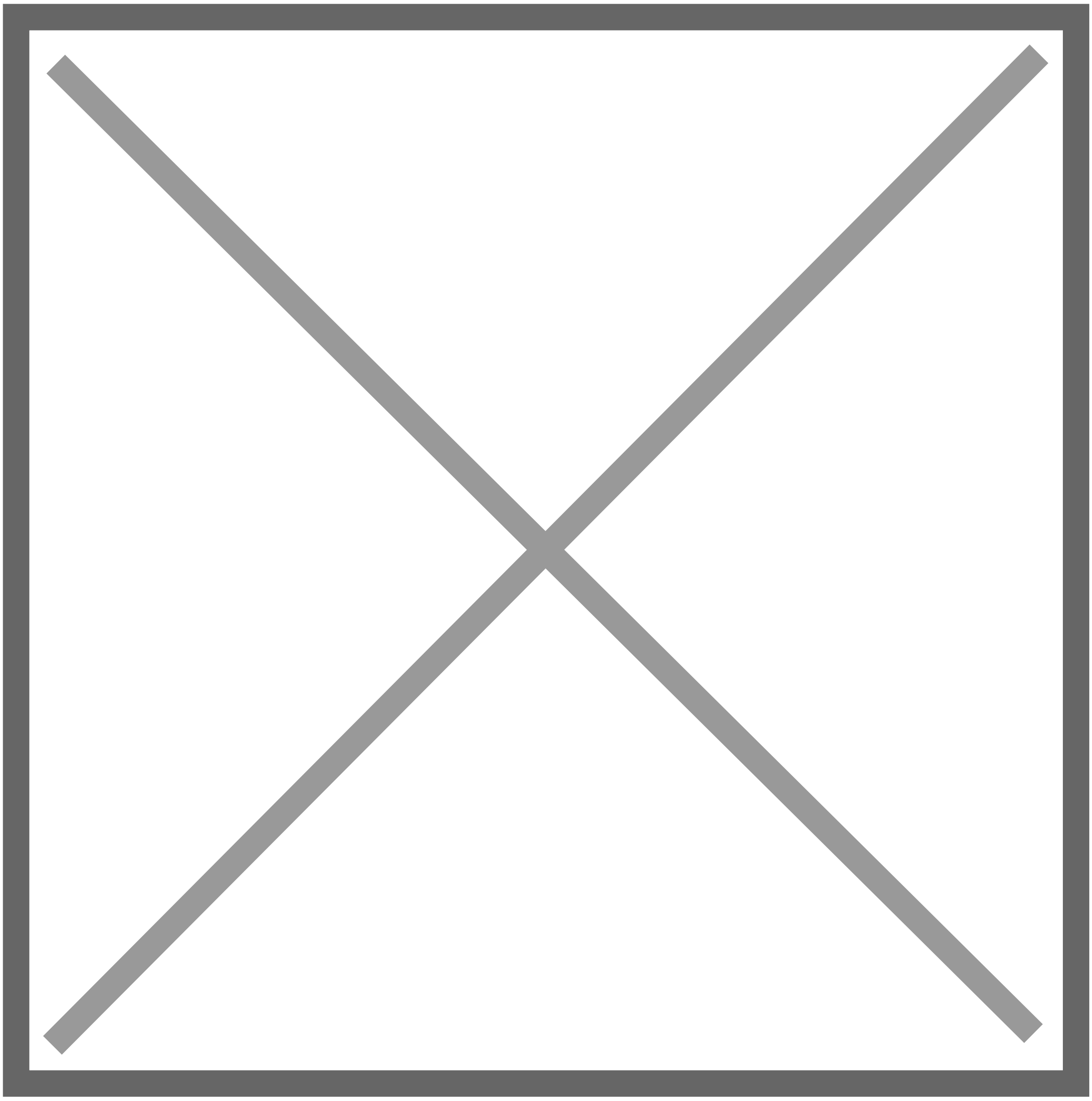
The second one you will select the Salary Expense account, but your description will be that of PAYE payment.

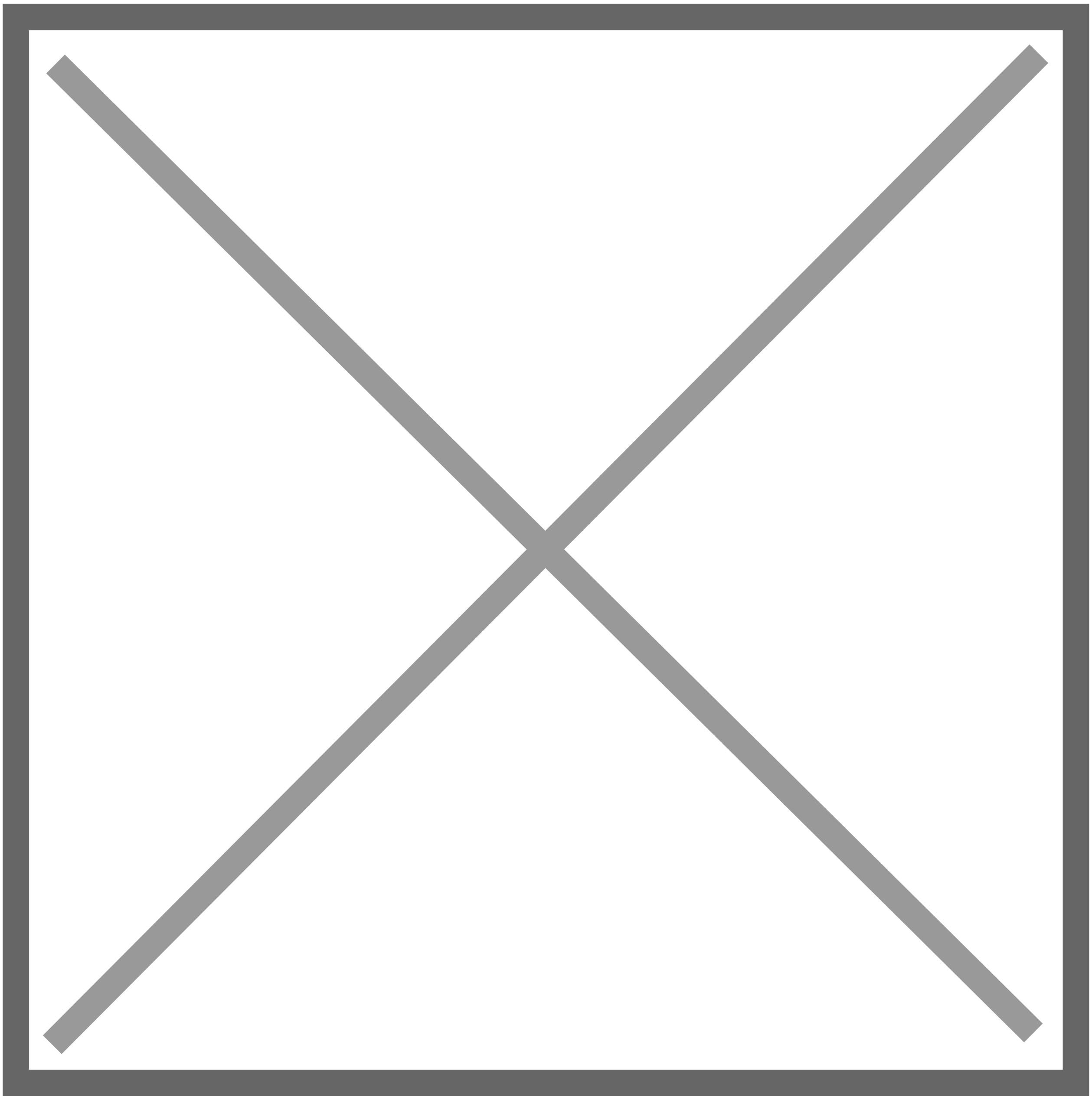
This means that the Gross amount of the salary will appear under the income statement. Example.

Gross amount of salary for employee is R5000-00, nett amount that the employee gets paid into his bank account is R4500-00, R500-00 is what needs to be paid to PAYE.

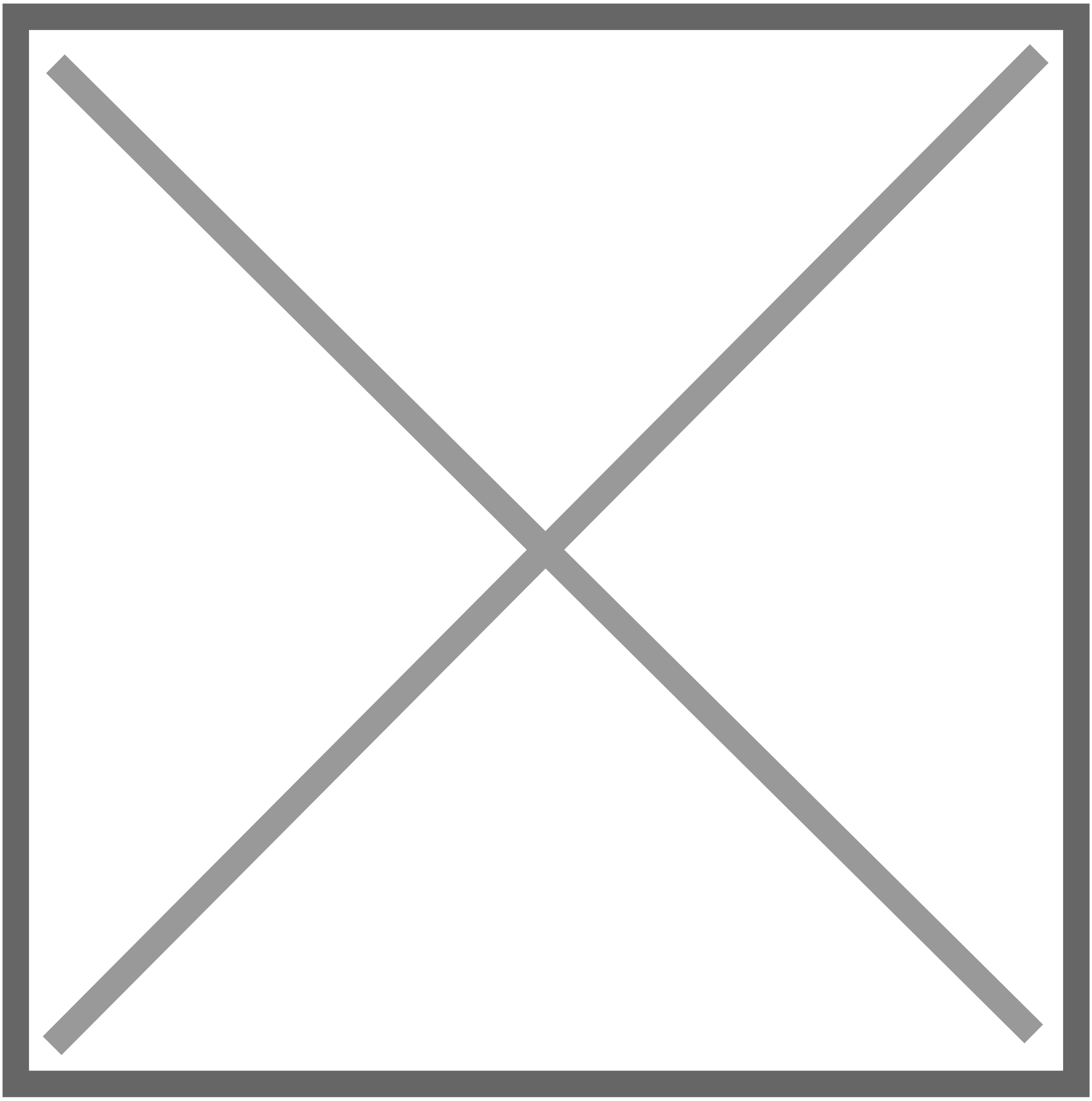
The total amount that you have paid the staff member is R5000-00 and this is what shows up on the income statement.

Lets assume the following example

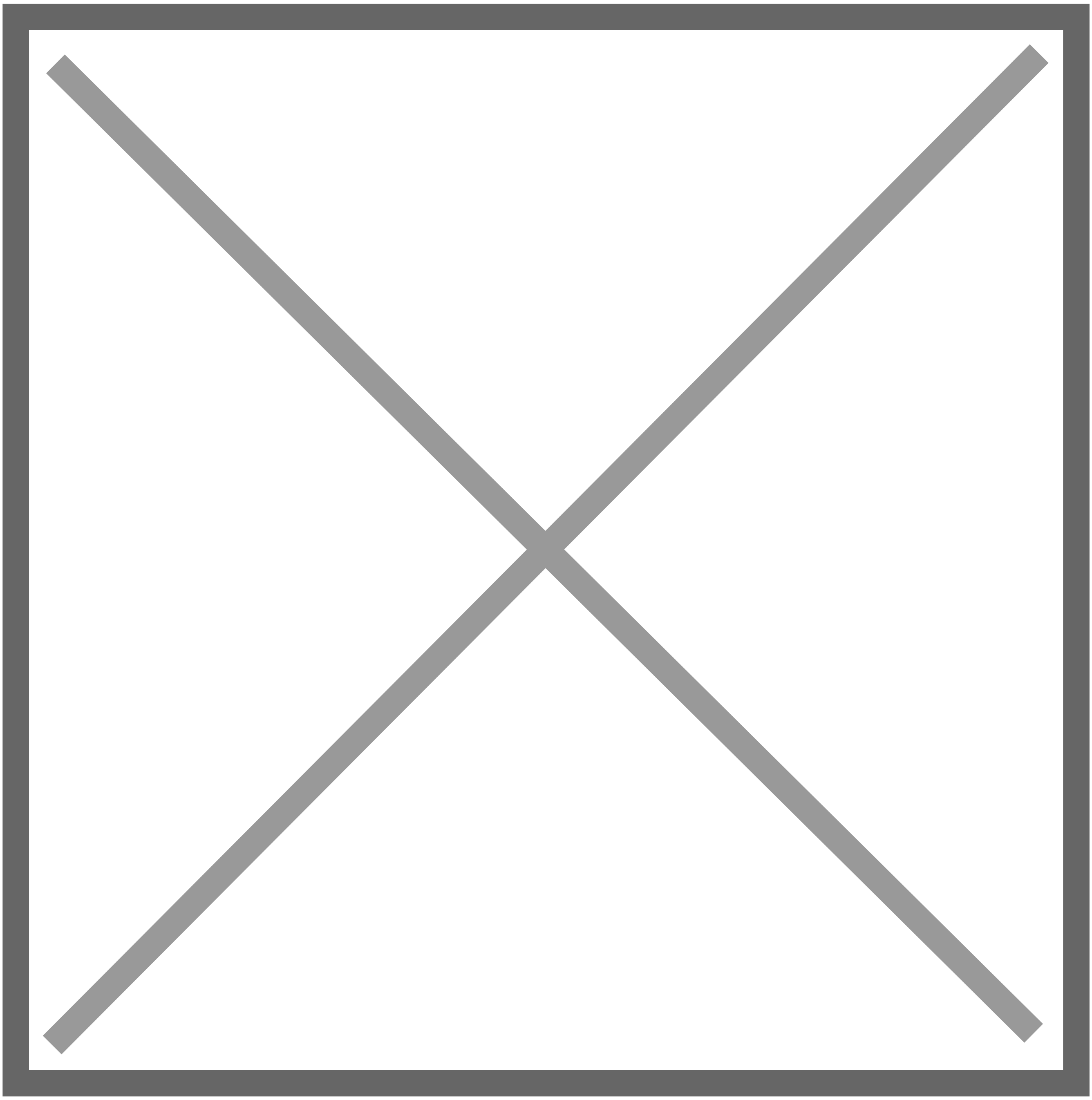




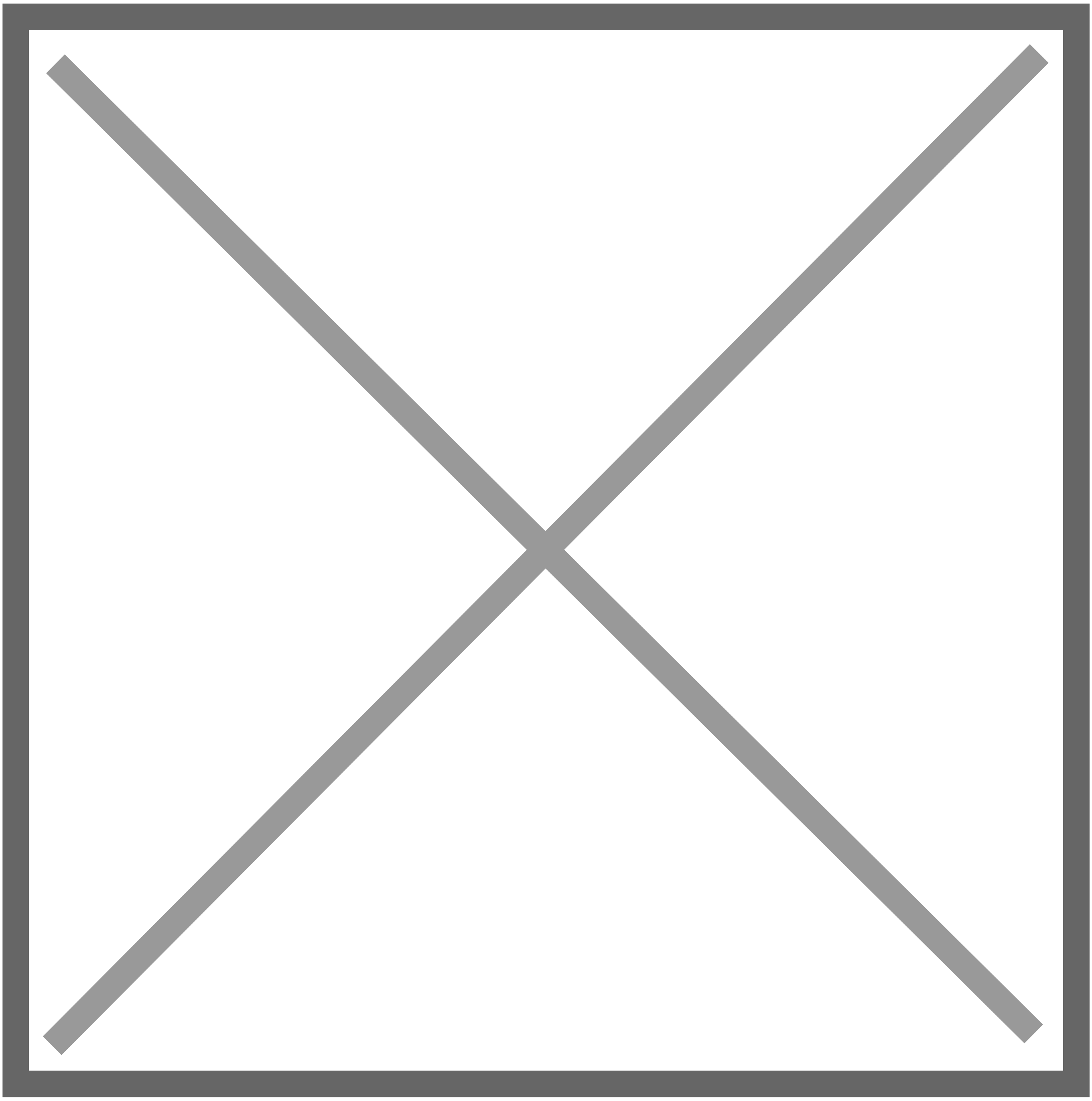
Create your liability accounts in **General Ledger > Configuration > General Ledger Accounts**



Now create various accounts in Expense structure



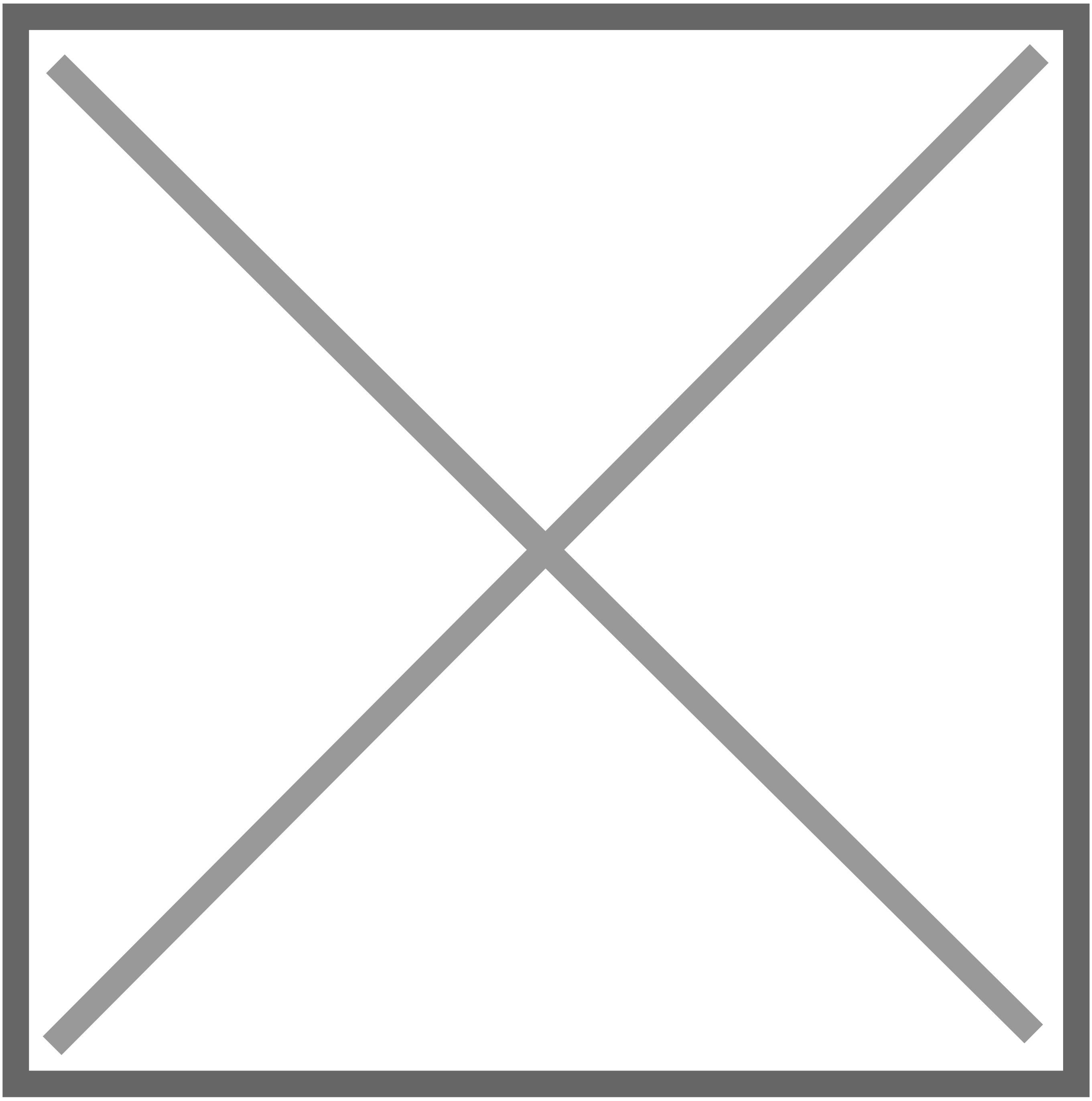
I would then also create a MIDCO Account with sub accounts under it.



Now for the Monthly Journal

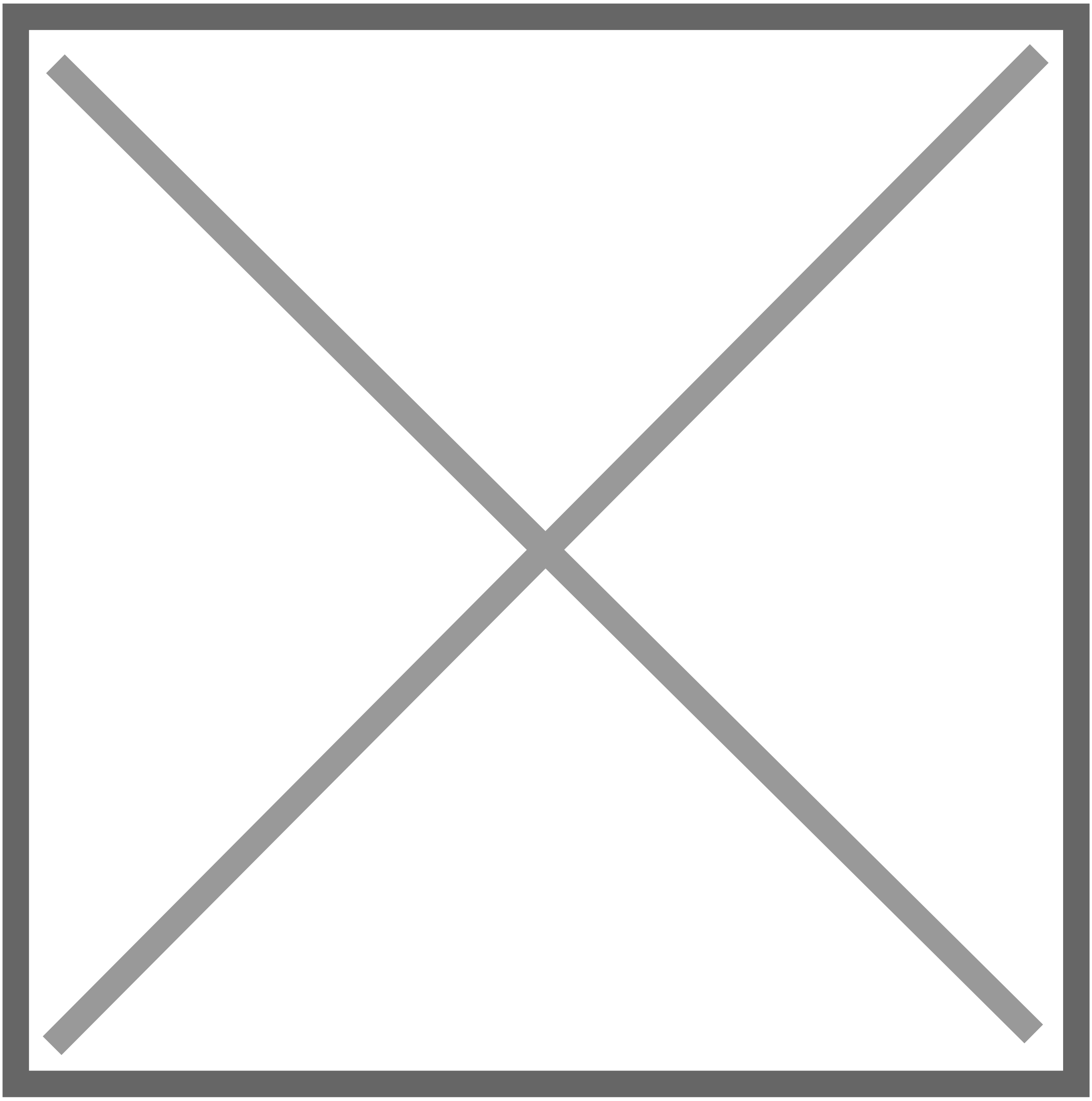
Create new Journal header

Journal detail

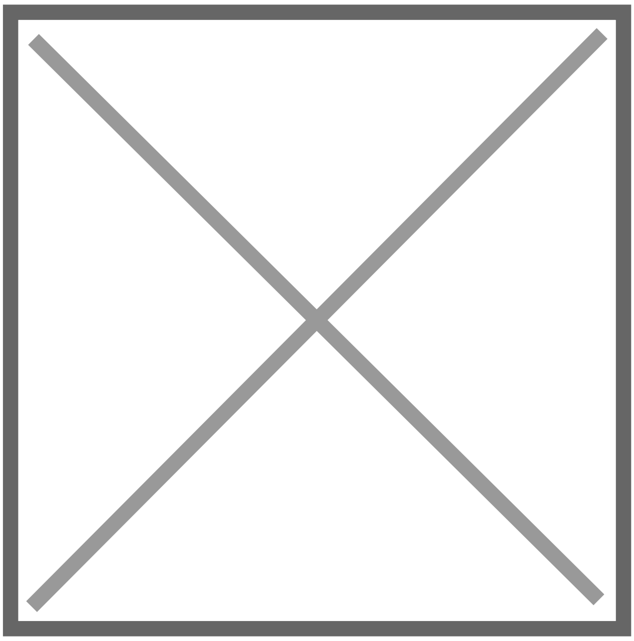


Example of Journal

Notice that MIBCO is divided up.

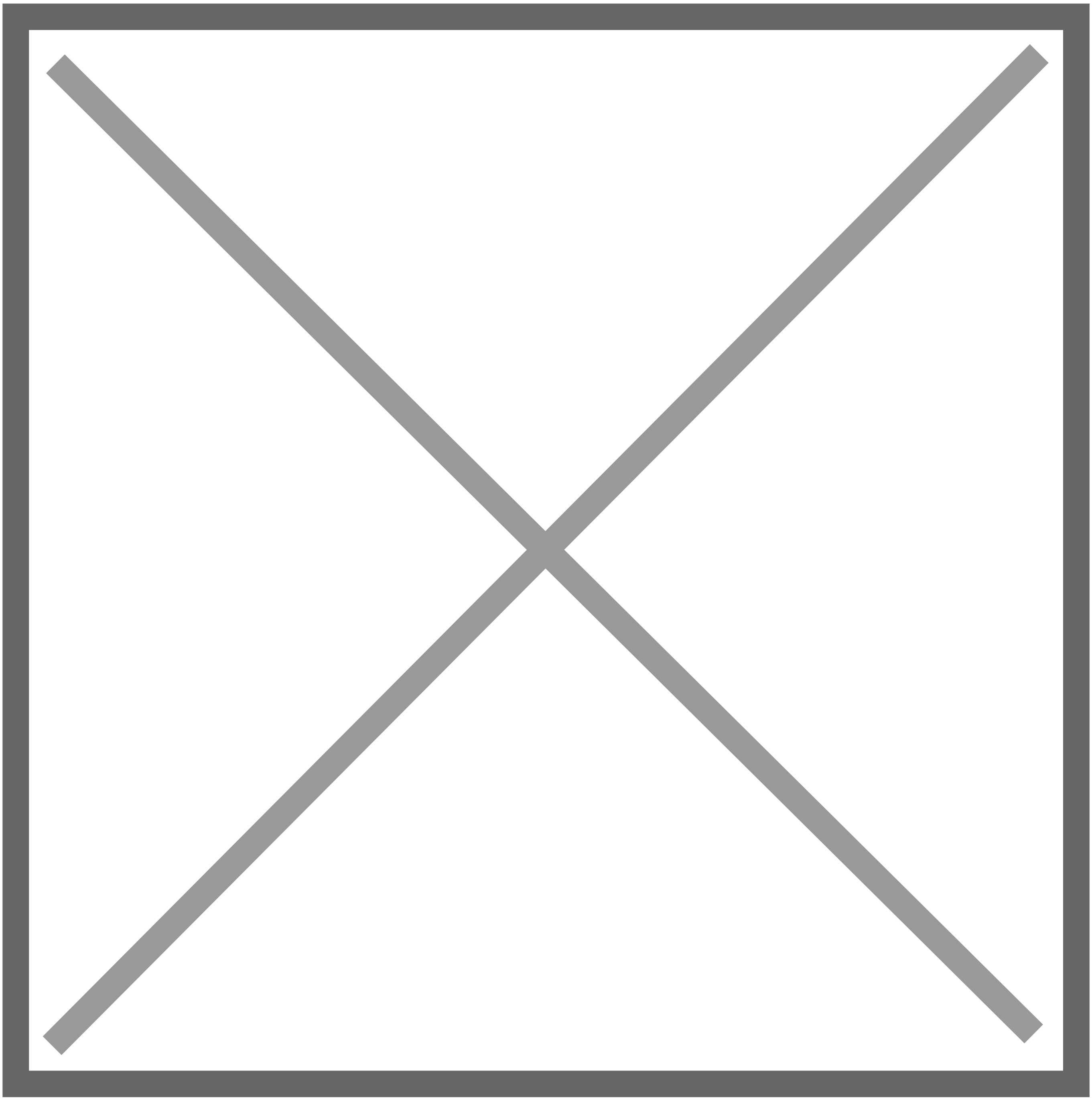


Once your Journal is created, create a template of the journal

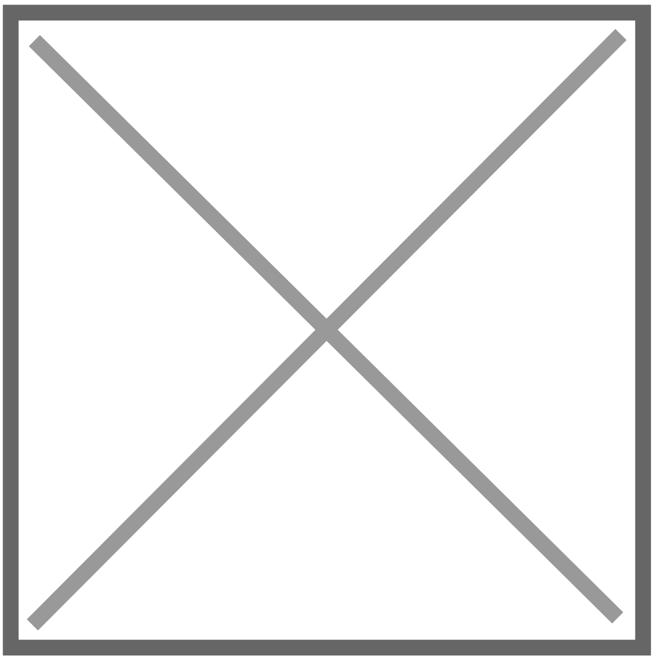


Now to do the monthly cashbooks

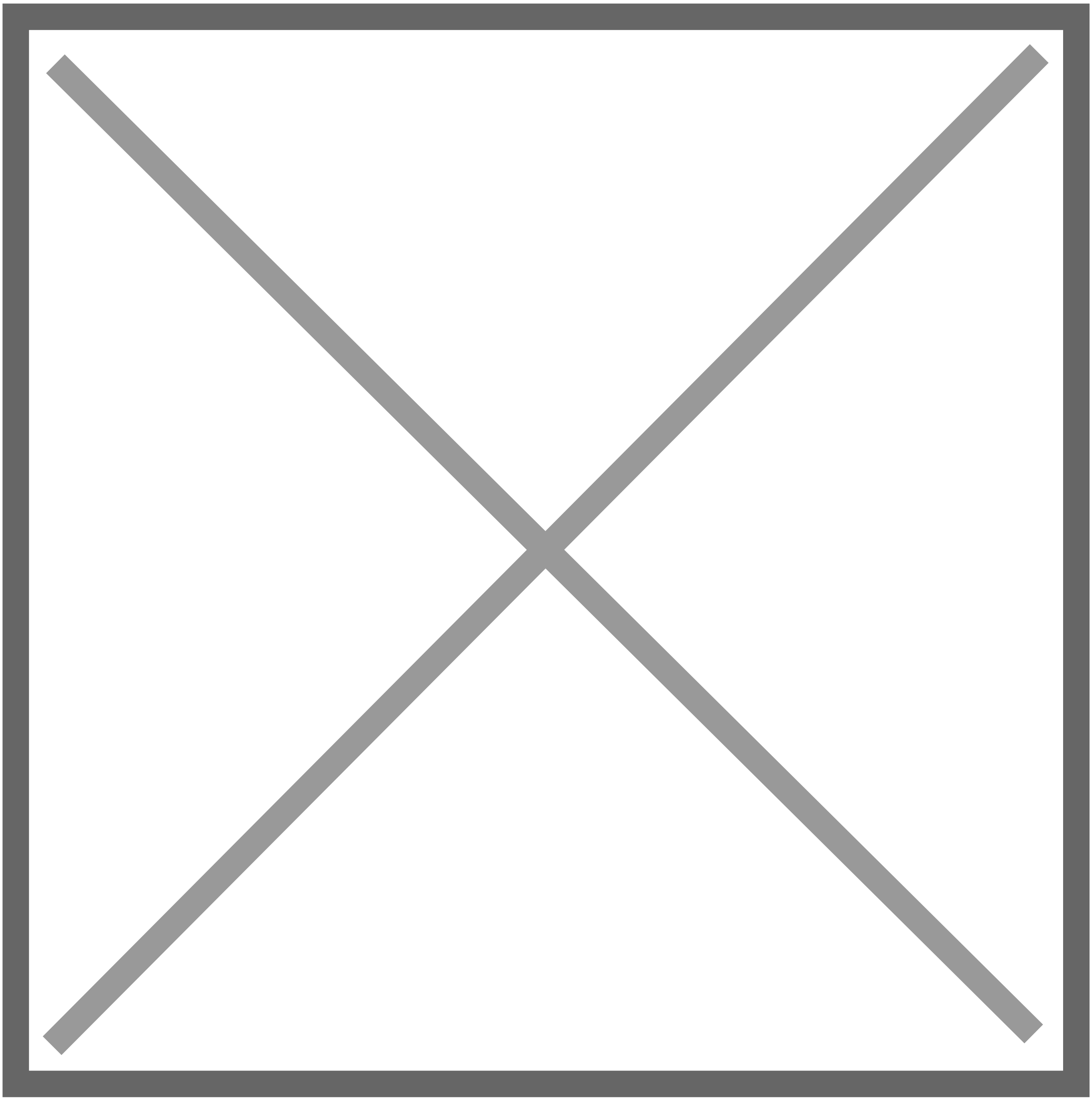
First cashbook which is done at the end of the month.



Create a template of cashbook



Cashbook print out example

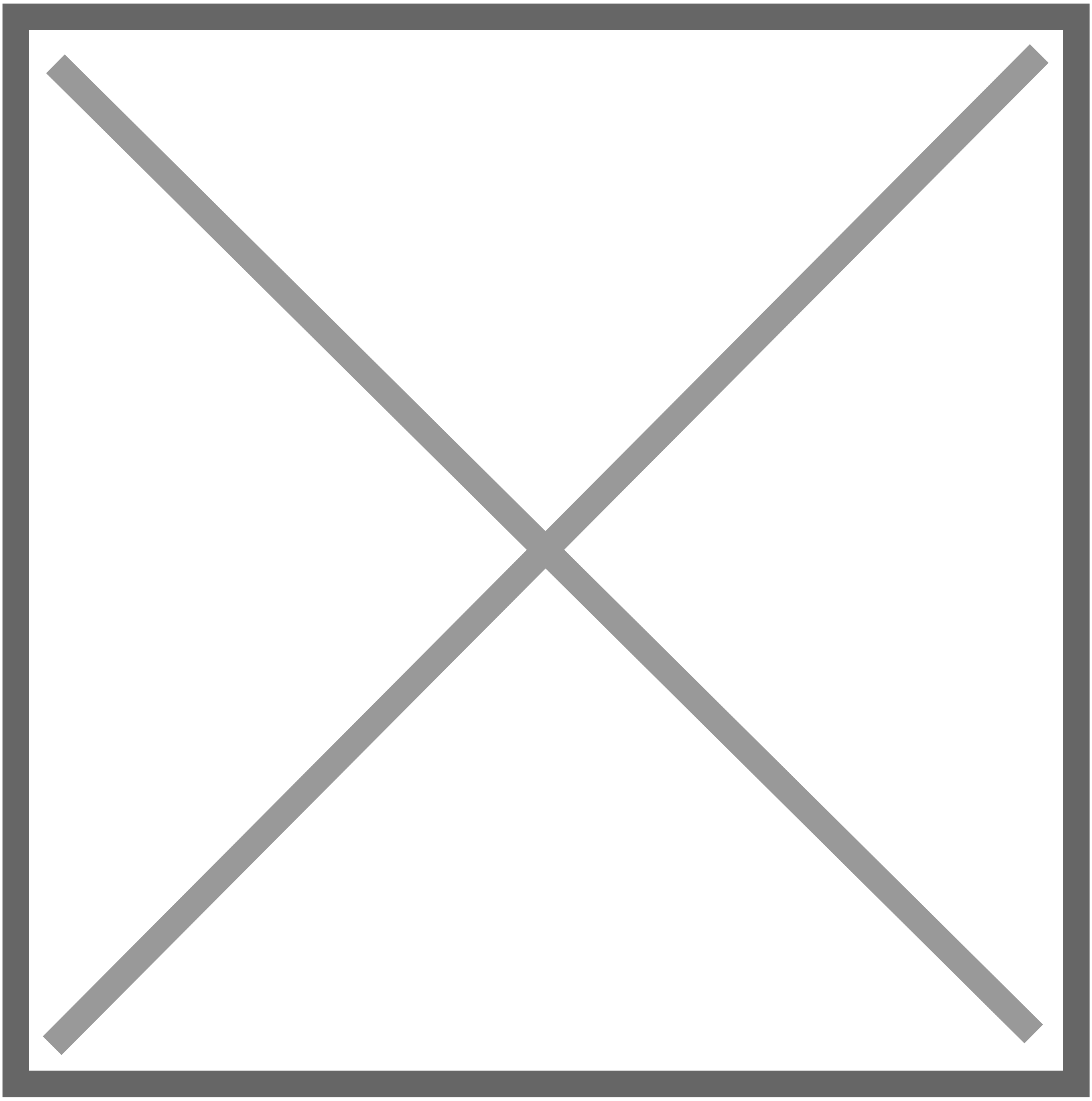


Cashbook which is processed on the 7th of the following month when liabilities are paid.

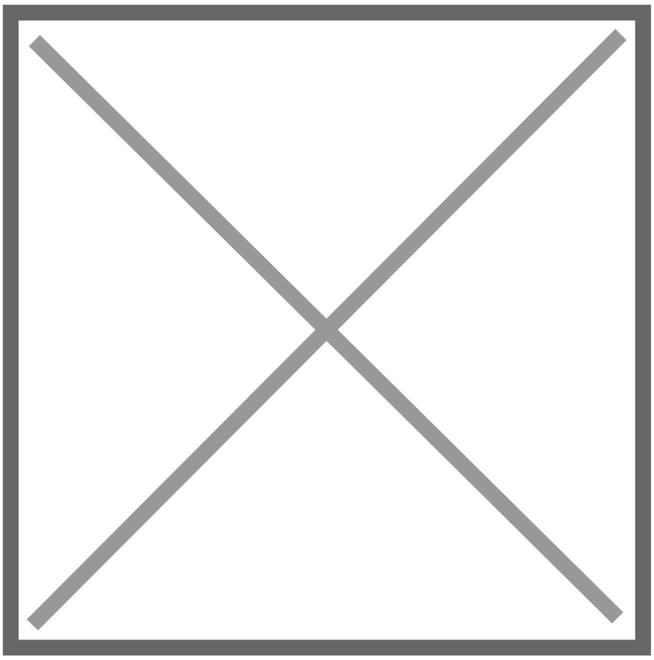
This example assumes we are also paying MIBCO, Liberty Provident Fund and Discovery after month end.

Should you pay them at the end of the month, then you exclude them from the journal and add them to the month end cashbook.

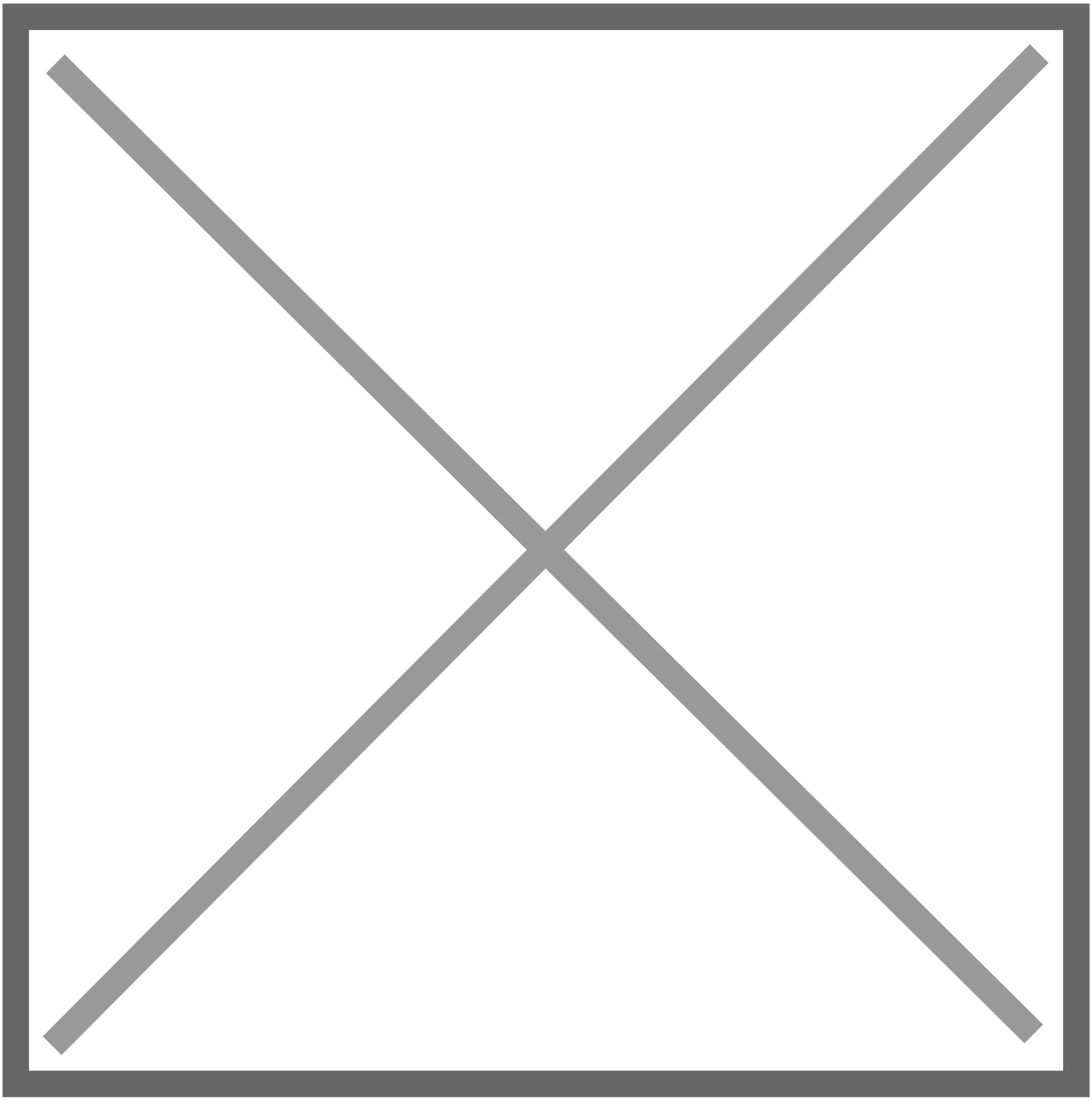
If you are paying MIBCO at the end of the month, in the month end cashbook use a split line to capture.



Create a Template

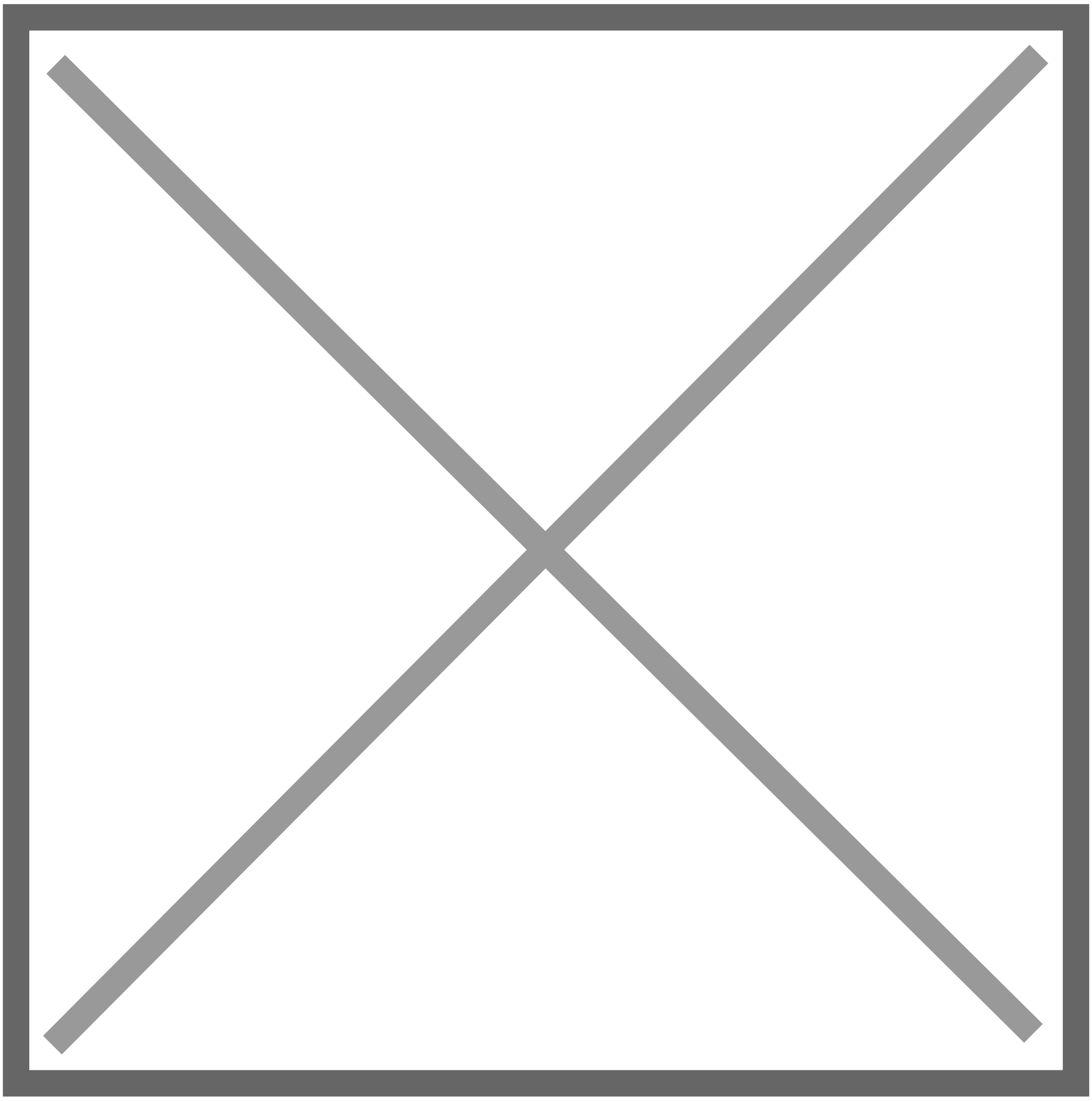


There is a split line on the SARS payment so that it balances each liability accounts and one figure which comes out of your bank.

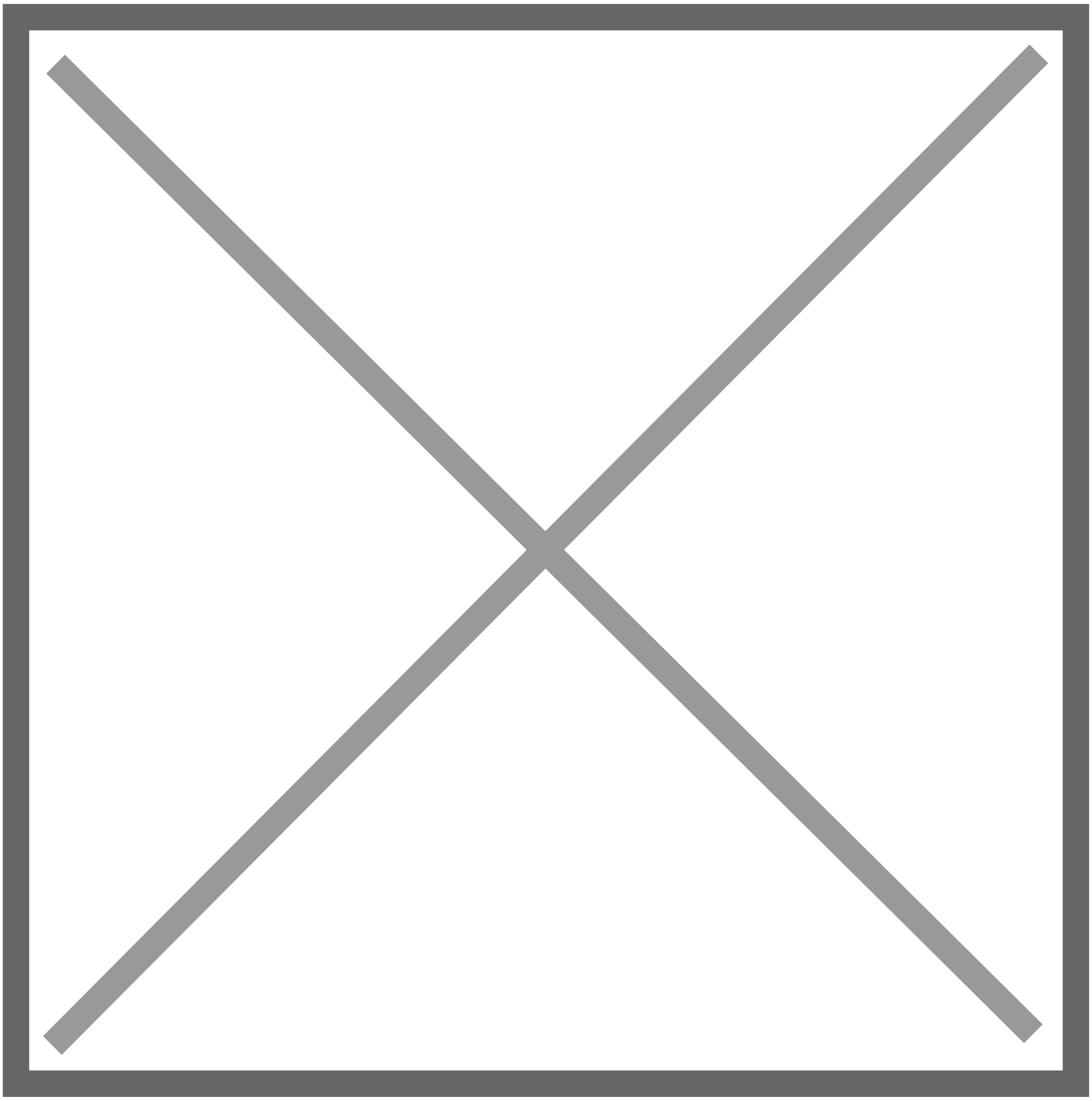


In Summary, let’s look at the reports

Balance sheet for February 2010

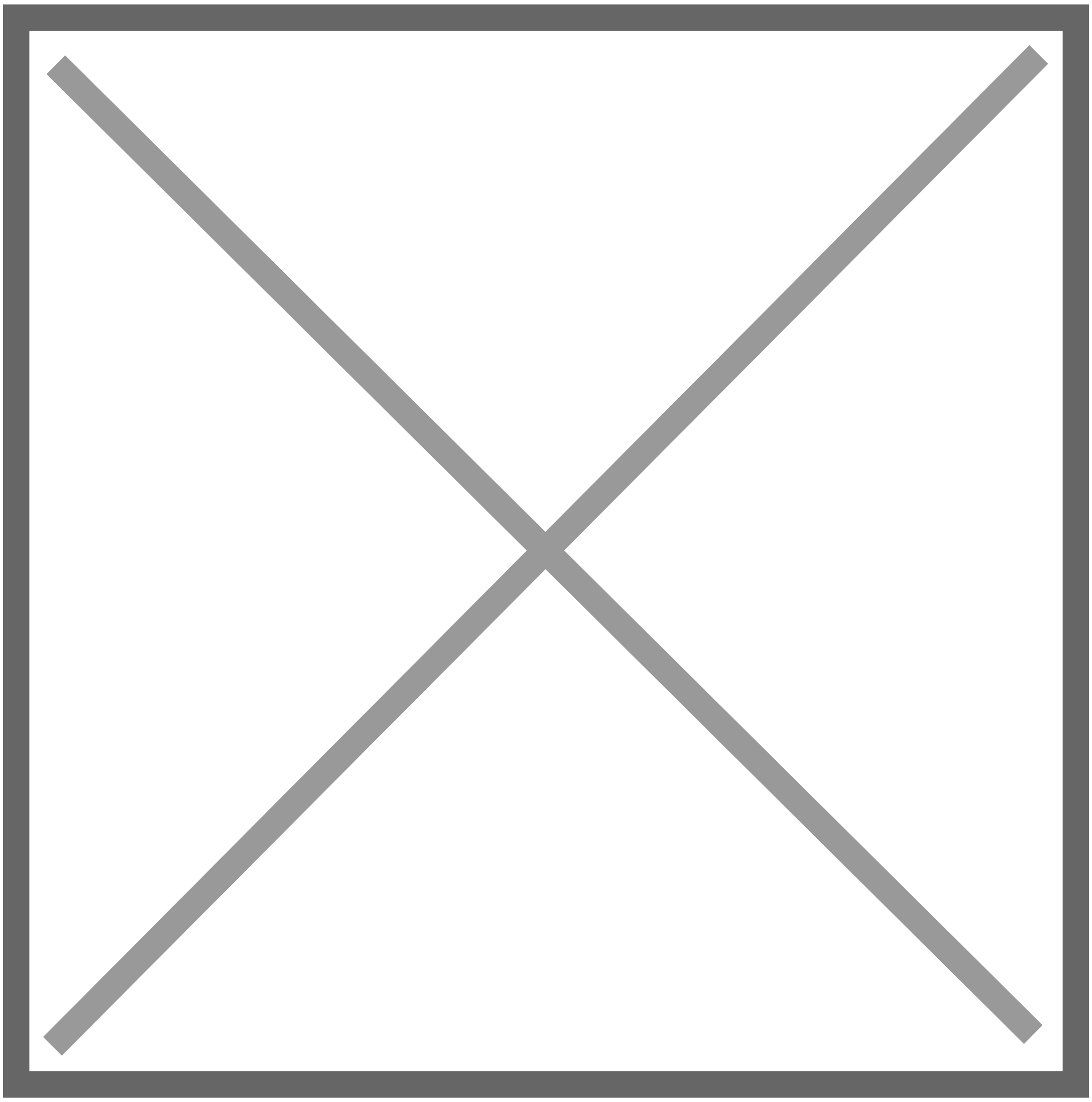


Level 3 detail

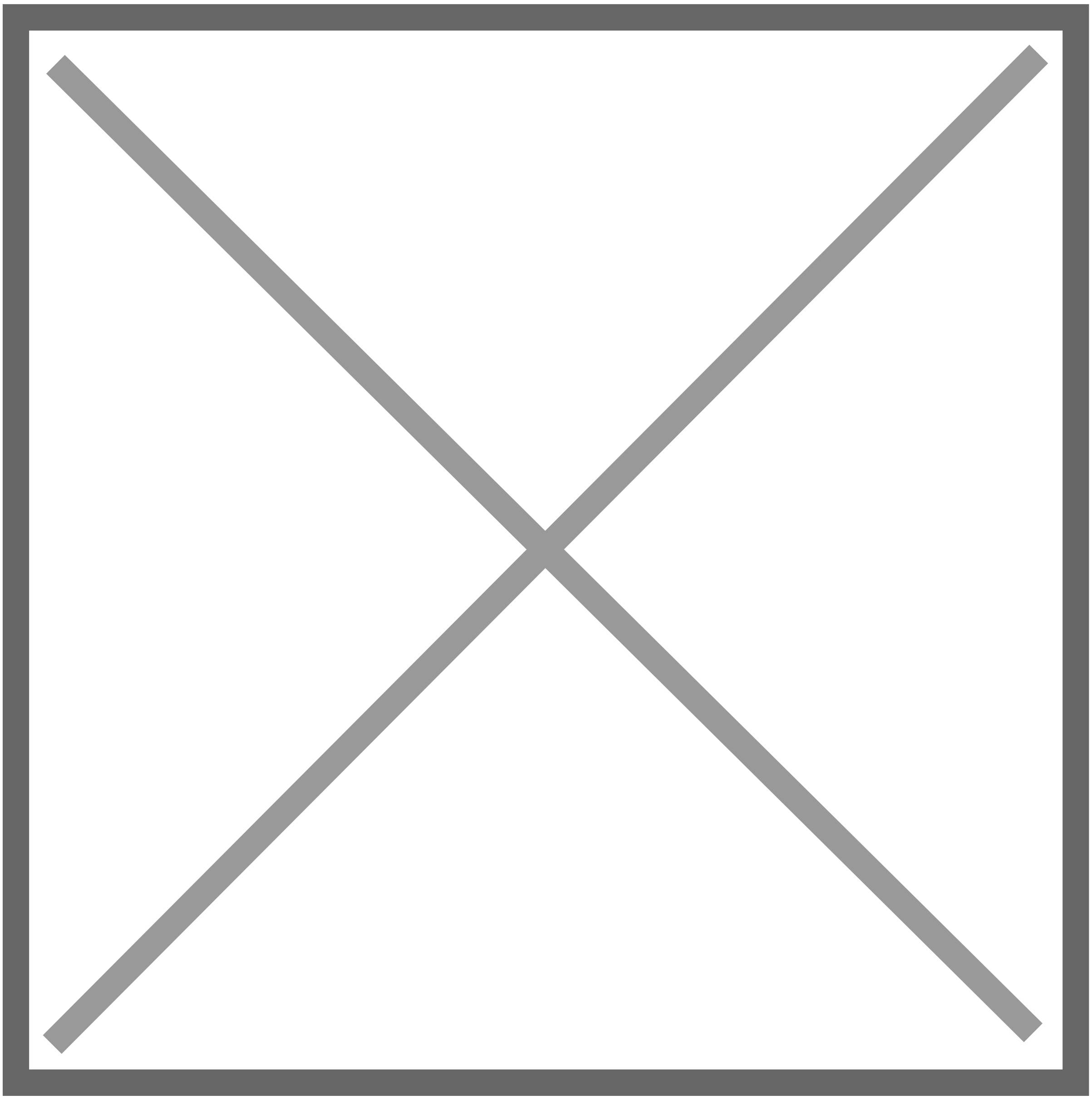


Income statement for February 2010

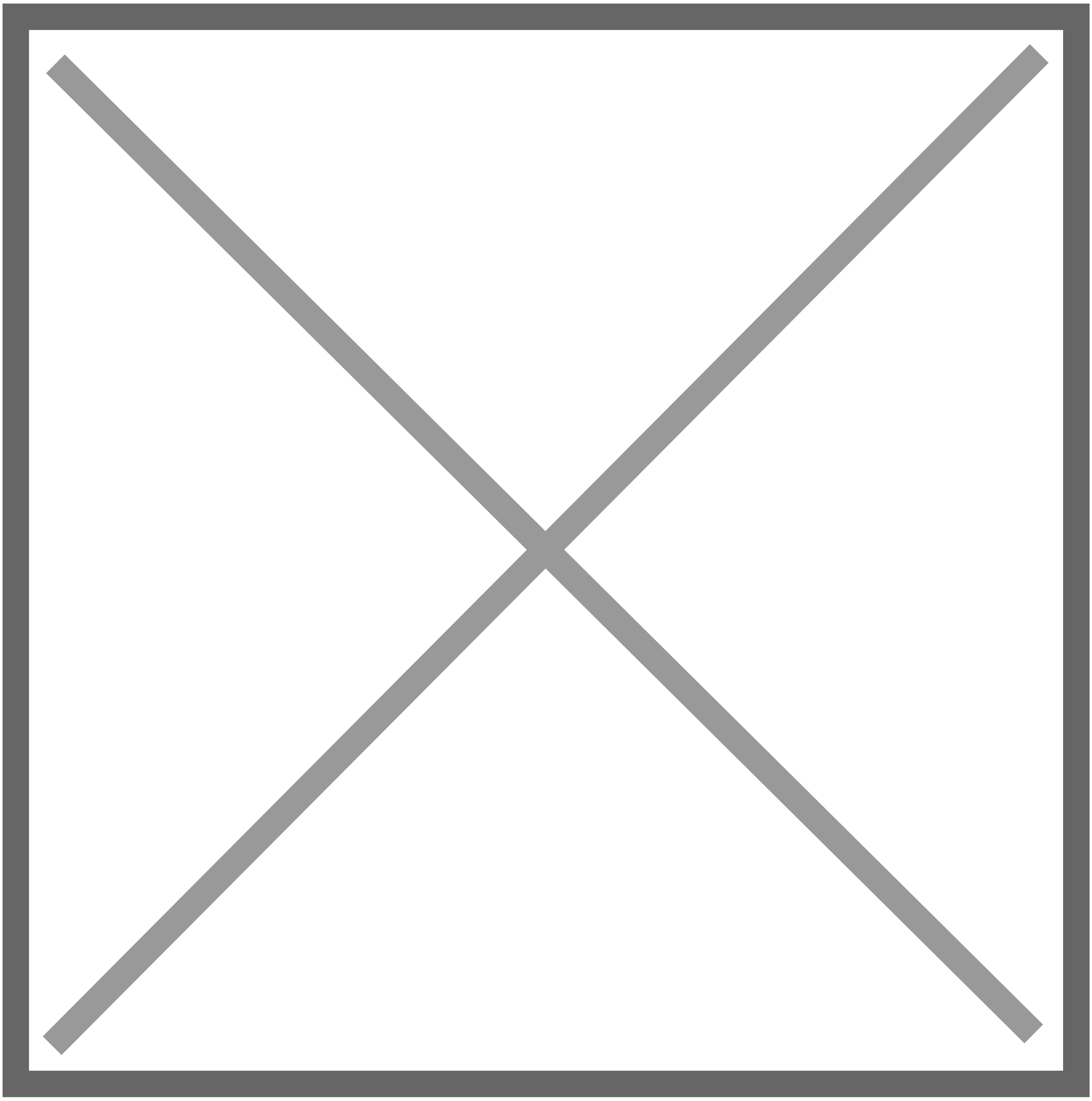
The R749 500-00 is made up of Salary bill of R700 000-00 and company contribution of R49 500-00 made up of Liberty 19000, SDL 7000, Discovery 16500 and MIBCO 7000



Balance sheet for March 2010



Looking at the account analysis, you will see that the account for Payroll Liabilities PAYE balances.



Revision #2
Created 18 July 2023 20:46:55 by Paige
Updated 29 January 2024 06:35:51 by Paige