

Creating a Bonus Check in BusinessWorks

Foreword:

By law, bonuses are taxable. The employee is responsible for paying FWT. However, as an employer, you must normally remit both employer and employee FICA for all bonuses paid. (Regulations vary by state. Please consult a tax advisor for any specific state requirements.)

Create an Other Pay for a bonus:

The screenshot shows the 'Maintain Other Pays' window with the following details:

- ID: BONUS
- Description: BONUS
- Method: Variable, entered on time card
- Category: Individual
- Debit account: 6010.000
- Amount: 0.00
- Limit, if any: 0.00 per n/a
- Active: Always
- Taxable fields: FWT taxable, FICA taxable, FUTA taxable, SWT taxable, SDI taxable, SUI taxable, Add to gross
- WorkComp: None

1. Select *Payroll > Utilities > Maintain Other Pays*
2. Click New to create a new Other Pay
3. Specify the calculation method as "Variable, entered on time card" and the category as "Individual."
4. Select all appropriate taxable fields. (NOTE: Even though you may not wish to withhold FWT and/or SWT from the bonus, both are normal withholdings from all wages including bonuses. Consult a tax advisor for clarification before you elect to not withhold taxes for bonuses.)
5. **Be sure to select "Add to Gross."**
6. Click Save

Assign the Bonus Other Pay to each employee that will receive a bonus:

ID	Status	Description	Amt/Rate	Y-T-D
BONUS	Active	BONUS		0.00

1. Select *Payroll > Employees > Maintain Employees*
2. Find an employee that will be paid a bonus
3. Click the "Other Pays" button in the lower-right portion of the window.
4. In the Other Pays window use the "..." button to select the Bonus Other Pay
5. Click Accept
6. Click OK
7. Click Save on the Maintain Employees window
8. Repeat steps 2 – 7 for every employee that will receive a bonus

Create a bonus paycheck:

The screenshot shows the 'Time Card Entry' window with the following details:

- Employee ID: JOHN DOE
- Earnings: Done
- WorkComp code: None
- Shift: 0
- Standard rate ID: (empty)
- Job ID: (empty)
- Hourly rate: 0.000
- Phase ID: (empty)
- Hours: 0.00
- Task code ID: (empty)
- Gross pay: 0.00

Earnings	Shift	WC	Rate	Hours, etc.	Pay
Other pay: BONUS					500.00
Total					0.00 500.00

Buttons: Save, Undo, Delete, How Do I...
Footer: FUNK, Shortcuts, Tasks, Info

1. Select *Payroll > Processing > Time Card Entry*
2. Select the employee that will be paid a bonus
3. Use the Earnings dropdown to select your Bonus Other Pay (HINT: You may need to scroll up on the dropdown to find the Other Pay)
4. Enter the amount of the bonus in the Gross pay field
5. Click Accept
6. Click the Ded/Other Pays button in the top-right portion of the window and uncheck any deductions and other pays (excluding the bonus other pay) that you do not want included in this paycheck.
7. Click Save
8. Repeat steps 2 – 7 for all employees receiving a bonus check
9. Perform Automatic Payroll Calculation and check the Payroll Register
10. Print paychecks

NOTE: Bonus wages should be paid on a separate paycheck from normal wages. If you process bonuses with regular wages the employee may receive additional deductions and/or tax withholdings that exceed expectations.

IMPORTANT: The next time you process time cards for these employees you will need to click the Ded/Other Pays button to re-activate the deductions you de-activated for their bonus checks. Failure to do this will result in deductions not being applied on future payments.

HINT: If you want the net amount of the check to be a specific amount (e.g. \$500), rather than the bonus amount less taxes, use this formula to figure the gross bonus amount:

Formula: $\text{Net bonus amount} / [1 - (\text{FICA Rate} \div 100)] = \text{Gross bonus amount}$

Example: $\$500 / [1 - (7.65 \div 100)] = \541.42