**Payroll Applications**

**Understanding**

**Document**

**By**

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**A CMMI 3 Company**

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1. High Level Flow

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1. High Level Understanding

System has to be a SAAS based standalone application, however it need to be integrated with Share-note system as well.

* **Setting Up Employees** – Employees, in the hiring process, fill out payroll-specific information— medical insurance forms that may require payroll deductions (in the U.S).
* **Collecting Timecard Information** – Office staff and managers definitely require no change in wages paid for each payroll, but an employer must collect and interpret information about hours worked for nonexempt employees. This may involve having employees scan a badge through a computerized time clock, punch a card in a stamp clock, or manually fill out a time sheet.
  + - Employee clocks i/out or record hours
    - Manager reviews/edits employee time sheets periodically
    - Employee submits electronic timesheet change requests if necessary
  1. Leave Details
     + Leave setting
     + Leave Entry
     + Leave Report
     + Leave deduction
* **Verifying Timecard Information** –
  + - Manager approves time sheets
    - Administrator processes time sheets into payroll
    - Payroll is updated with approved timesheet transactions
* **Summarizing**[**Wages**](http://accounting-financial-tax.com/tag/wages/)**Due** – Process of multiplying the number of hours worked by an employee’s standard wage rate. However, it can be complicated by overtime wages, shift differentials, bonuses, or the presence of a wage change partway through the reporting period.
* **Keying Employee Changes** – Employees may ask to have changes made to their paychecks, typically in the form of alterations to the number of tax exemptions allowed, pension deductions, or medical deductions. Much of this information must be recorded for payroll processing purposes, since it may alter the amount of taxes or other types of deductions.
* **Calculating Applicable**[**Taxes**](http://accounting-financial-tax.com/tag/taxes/) – Use tax tables to manually calculate tax withholdings or have a computerized system or a supplier determine this information. Taxes will vary not only by wage levels and tax allowances taken but also by the amount of wages that have already been earned for the year-to-date.
* **Calculating Applicable Wage Deductions** – Could be both voluntary and involuntary deductions.
* [**Accounting**](http://accounting-financial-tax.com/category/accounting/)**for Separate Manual Payments** – There will inevitably be cases where the payroll staff has issued manual paychecks to employees between payrolls. This may be caused by an incorrect prior paycheck, an advance, or perhaps a termination. Whatever the case, the amount of each manual check should be included in the regular payroll, at least so that it can be included in the formal payroll register for reporting purposes, and sometimes to ensure that the proper amount of employer-specific taxes are also withheld to accompany the amounts deducted for the employee.
* **Creating a**[**Payroll**](http://accounting-financial-tax.com/tag/payroll/)**Register** – Summaries the wage and deduction information for each employee on a payroll register, which can then be used to compile a journal entry for inclusion in the general ledger, prepare tax reports, and for general research purposes. This document is always prepared **automatically** by payroll suppliers or by in-house computerized systems.
* **Verifying Wage and Tax Amounts** – Conduct a final cross-check of all wage calculations and deductions. This can involve a comparison to the same amounts for prior periods, or a general check for both missing information and numbers that are clearly out of line with expectations.
* **Printing Paychecks** – Print paychecks, either manually on individual checks or, much more commonly, through a computer printer, with the printouts using a standard format that itemizes all wage calculations and deductions on the remittance advice. If direct deposits are made, a remittance advice should still be printed and issued.
* **Keying Payroll Information in**[**General Ledger**](http://accounting-financial-tax.com/category/accounting/general-ledger/) – Use the information in the payroll register to compile a journal entry that transfers the payroll expense, all deductions, and the reduction in cash to the general ledger.
* **Sending Out Direct Deposit Notifications** –
  + Notification to bank to issue payments directly to employee accounts.
  + Salary statement to Bank
* **Depositing Withheld Taxes**
* **Issuing Paychecks** –
  + Salary calculation
  + Pay slip generation
* **Payroll Reports** – The government requires several payroll-related reports at regular intervals, which require information on the payroll register to complete.
* **SaaS subscription model**: Application will be based on **SaaS subscription model** and using **Multi-tenant Software as a Service (SaaS) architecture** where multiple companies share the same instance to store their data and each tenant's data is isolated and remains invisible to other tenants.

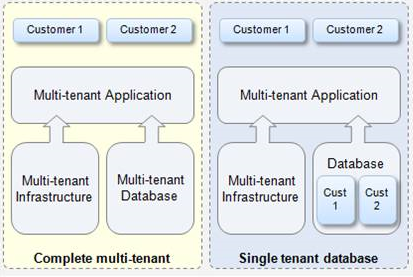
***These will be main Entities involved***

**Company Admin**

**Super Admin**

**Employee**

Application Architecture

****

**Tax deduction in US :**

The primary deductions that each employee (or an individual) would see in their salary stub in US are:

1. Federal Income Tax
2. Social Security Contribution
3. Medicare Tax
4. State Income Tax (if applicable).
5. 401K contribution

Payroll Workflow

Employee Setup

Configure Salary tax/allowance

Salary breakdown

Run payroll

Send payment and generate pay slips

***This proposal details smartData understanding and proposed approach for implementation of application for the prospect and its subsequent maintenance support for the application, if requested.***

1. Modules and Screens

|  |  |  |
| --- | --- | --- |
|  | | |
| **S.no** | **Module** | **Comment** |
|  |  |  |
| 1 | **Masters** |  |
|  | Pay bands configuration |  |
|  |  |  |
|  | Federal Income Tax percentage configuration | defined based on basic salary bands |
|  | Social Security Tax percentage configuration |
|  | Medicare Tax percentage configuration |
|  | State Tax percentage configuration |
|  | 401(k) contribution configuration |
|  | Allowances configuration |  |
|  | Non Tax deduction (Health insurance etc.) configuration |  |
|  | Additional Withholding (state, federal) configuration |  |
| 3 | **Employee Setup** |  |
|  | Employee name, id |  |
|  | Joining date |  |
|  | Designation |  |
|  | Basic salary |  |
|  | Pay Frequency (Monthly, weekly) |  |
|  | Tax filing status (Single, married) |  |
|  | Personal info(company purpose) |  |
|  | Salary Payment mode |  |
|  | Employee Salary account number |  |
|  | Employee Insurance details |  |
|  |  |  |
| 3 | **Attendance timecard** |  |
|  | **User** |  |
|  | Add Check In time |  |
|  | Add Check Out time |  |
|  | Add lunch Check Out time |  |
|  | Add lunch Check In time |  |
|  | Send Leave request |  |
|  | View applied leave status |  |
|  | View total available leaves |  |
|  | View total earned leaves |  |
|  | View total leaves availed |  |
|  | View attendance report |  |
|  |  |  |
|  | **Admin** |  |
|  | View all employee list |  |
|  | view employee's CheckIn/out list |  |
|  | Add Employee CheckIn/Out time manually |  |
|  | Set lunch time |  |
|  | Set employee job type (Salaried, hourly) |  |
|  | Set employee's hourly limits |  |
|  | Set leaves for the employees |  |
|  | View all leave requests |  |
|  | Approve/decline employees leaves |  |
|  | View total available leaves of employee |  |
|  | View total earned leaves of employee |  |
|  | View total leaves availed of employee |  |
|  | View attendance report of all employees |  |
|  | Approve/decline timesheet (to forward it to run payroll) |  |
|  |  |  |

|  |  |  |
| --- | --- | --- |
| **S.no** | **Screens** | **Comment** |
|  |  |  |
| 1 | **Login/Registration** |  |
| 2 | Employee setup and employee listing |  |
|  | Add employee |  |
|  | Employee list |  |
|  | Edit Employee detail |  |
|  | Employee detail (To input all its info) |  |
| 3 | **Setting (Admin)** |  |
|  | Tax configuration menu |  |
|  | Start Of Band | Based on status selected(Single, Married Filing Jointly or Qualifying Widow(er), Married Filing Separately, Head of Household) |
|  | End of Band |
|  | Difference of Band |
|  | Rate (percentage) |
|  | Configure Social Security Tax percentage | $7,347 (6.2% X $118,500) |
|  | Configure Medicare Tax percentage | 1.45% |
|  | Start Of Band |  |
|  | End of Band |  |
|  | Difference of Band |  |
|  | Rate (percentage) | Based on selected state |
|  | Configure different State Tax percentage |
|  | Start Of Band |
|  | End of Band |
|  | Difference of Band |
|  | Rate (percentage) |
|  | Configure Allowances bands |  |
|  | Start Of Band |  |
|  | End of Band |  |
|  | Difference of Band |  |
|  | Rate (percentage) |  |
|  | Configure 401(k) contribution |  |
|  | Start Of Band | 20.29% |
|  | End of Band |  |
|  | Difference of Band |  |
|  | Rate (percentage) |  |
| 3 | **Attendance timecard (User)** |  |
|  | CheckIn/Out screen |  |
|  | View timesheet of all CheckIn/outs |  |
|  | View leaves details |  |
|  | Send leaves request |  |
|  | View leaves status |  |
| 4 | A**ttendance timecard (Admin)** |  |
|  | View all Employee list |  |
|  | View all CheckIn/Out of particular employee |  |
|  | Add employee's CheckIn/Checkouts manually |  |
|  | Approve Employee's Timesheet for payroll |  |
|  | View Employee's leaves Request |  |
|  | Approve/decline Employee's leaves Request |  |
|  | View Employee's total leaves |  |
|  | Add leaves to employees account |  |
|  |  |  |

1. Questions and Assumptions

* Our high level understanding is correct or it has some major component missing?
* Any existing Payroll system is being used? If yes Data Migration will be required?
* Which all forms and information will be required while setting up employee?
* Any compliance to be accommodated? [ State and federal tax calculations ]
* Any third party integration for attendance management or it will be through application interface itself?
* Deposits to Bank will be handled electronically?
* While integration with share note system, Provider claims need to be taken care of?
* Is the web app will be SaaS based for multiple organizations uses or for the internal use only?
* Wages will be calculated on monthly salary basis only or it will also include hourly wages?
* After implementing the attendance module in this application to capture check-ins/out, existing Sharenote application’s attendance need to be ignored. Please suggest.
* Do system will have the capability of filing the income tax directly or will be done separately from outside the system.
* What all tax deduction percentage remain constant for the different salary bands.