

Payroll Guide



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Table of Contents

Getting Started with NetSuite Payroll	1
Setting Up NetSuite Payroll	2
Enabling NetSuite Payroll	2
Entering Company Information for Payroll	2
Entering Workplace Records for Payroll	3
Setting Payroll Preferences	4
Updating Employee Records for Payroll	8
Complying with Tax Requirements for Multi-State Employees	20
Setting Up Expatriates for U.S. Payroll	20
Updating Payroll Information	21
Receiving Warning Messages During the Setup Process	22
Creating Payroll Items	23
Creating Payroll Earning Items	23
Creating Payroll Deduction Items	27
Creating Payroll Employer Contribution Items	28
Searching for Payroll Items	29
Employee Payroll Items Search	29
Scheduling Payroll Item Changes	30
Deriving a Pay Rate from Another Payroll Item	30
Mapping Payroll Items	31
Using Standard Pay Codes	31
Using Earning Codes	32
Using Deduction Codes	37
Using Employer Contribution Codes	41
Running Test Payrolls	42
Turning Off Payroll Test Mode	44
Setting Up Year-To-Date Information	44
Entering a Payroll Start Date	45
Administering Payroll Transactions	46
Generating Payroll Transactions	46
Creating a Payroll Batch	47
Creating a One-Time Payroll	51
Viewing Payroll Batches	52
Calculating a Payroll Batch	53
Using Bulk Edit	55
Editing an Individual Paycheck from a Payroll Batch	56
Committing a Payroll Batch	59
Viewing Individual Paychecks	60
Running a Paycheck Search	60
Printing Payroll Checks or Vouchers	60
Printing Paychecks	60
Printing Direct Deposit Vouchers	61
Creating Payroll Reversals or Adjustments	63
Creating a Payroll Reversal	63
Committing Payroll Reversals	64
Creating Payroll Adjustments	65
Recording Third-Party Sick Pay Payments	66
Checking the Status of Payroll Transactions	67
Payroll List Page	68
Payroll Status Page	68
Making Payroll Liability Payments	69
Performing Quarterly or Yearly Payroll Tasks	70
Allocating Paycheck Expenses to Projects	71

Direct Deposit	73
Setting Up Employees for Direct Deposit	73
Allowing Employees to Set Up and Edit Their Banking Information for Direct Deposit	74
Viewing the Status of Direct Deposit Transactions	75
Payroll Reports and Forms	77
Employee Payroll Item History Report	77
Payroll Check Register	78
Payroll Liability Report	78
Payroll Journal Report	79
Payroll Summary Report	80
Payroll Summary by Employee Report	80
Payroll Detail Report	80
Hours & Earnings Report	81
State Withholding Report	81
Service Fees Report	82
W-2 and 1099 Audit Information Report	82
Customizing Payroll Reports to Include Batch Information	83
Modifying Payroll Report Sections	83
Using the Paycheck Journal Feature	85
Getting Started with Payroll Solutions	85
Using Web Services for Payroll Integrations	88
Using SuiteScript for Payroll Solutions	88
Creating Custom Payroll Forms and Fields	88
Creating Custom Payroll Transaction Body Fields	88
Creating Custom Payroll Transaction Line Fields	89
Creating Customized Paycheck Journal Forms	89

Getting Started with NetSuite Payroll


NetSuite Payroll is a full-service payroll solution. All earnings, taxes, deductions, and company contributions are automatically calculated using the latest tax data. This feature also provides federal forms W-2, 940, and 941 for printing and filing with the Internal Revenue Service (IRS).

In addition, NetSuite Payroll provides federal, state, and local tax filing, tax payments, and direct deposits to employees' bank accounts. Other features include service-printed paychecks, vouchers, and year-end forms (W-2, W-2C, and 1099-MISC).

NetSuite Payroll includes the following features:


- Ability to create payroll batches
- Direct Deposit
- All payroll filings and deposits handled for you electronically
- W-2 forms for permanent employees and 1099-MISC forms for contract employees are processed and filed for you electronically (W-2C forms are also available, where applicable)
- New employee registrations filed for you
- Service printed checks and stubs
- Service printed W-2s, 1099-MISC, and W-2Cs
- Integrated time tracking, commissions, and expense management

NetSuite Payroll supports only U.S. federal, state, and local payroll taxes.

 **Important:** NetSuite provides the Paycheck Journal feature for partners' use in creating international payroll solutions. See [Using the Paycheck Journal Feature](#).


NetSuite Payroll includes a “No Penalties Guarantee.” This guarantees your payroll taxes will be accurately filed and paid on time. This guarantee is based on you providing the correct information on time and having sufficient funds in your account. If NetSuite Payroll does not accurately file your forms and payments on time, NetSuite Payroll pays the resulting payroll tax penalties. See details in the Electronic Service Agreement.

If you use NetSuite OneWorld, you can run payroll for only U.S. subsidiaries that have unique Employer Identification Numbers (EIN). For more information, see the help topic [Setting Up OneWorld](#).

 **Note:** If you need tax forms for prior years, contact NetSuite Support.

Implementing the Payroll Feature

If you want to use NetSuite to process your payroll, you must enable and implement NetSuite Payroll. Contact your NetSuite account representative for details about implementing Payroll.

 **Important:** Implementing the NetSuite Payroll service requires 45–60 business days. You must begin the implementation process a minimum of 60 business days before the intended first check date using the service.

To read about the setup procedure for Payroll service, read [Setting Up NetSuite Payroll](#).

After you complete payroll setup tasks, you can execute payroll transactions in NetSuite. For information, see [Administering Payroll Transactions](#).

NetSuite provides a number of reports and forms that you can use to track payroll data. For information, see [Payroll Reports and Forms](#).

Setting Up NetSuite Payroll

Review the steps below to enable and set up the NetSuite Payroll feature. You may have completed some of these steps when you first set up your NetSuite account, but you must enter additional information to process payroll.

For example, you may have previously created employee records in NetSuite, but before you can process payroll, you must check the **Include in Payroll** box on the Payroll subtab of each employee record.

The setup process includes the following:

1. Enabling NetSuite Payroll
2. Entering Company Information for Payroll
3. Entering Workplace Records for Payroll
4. Setting Payroll Preferences
5. Updating Employee Records for Payroll
6. Setting Up Employees for Direct Deposit
7. Updating Payroll Information



Note: You might need to repeatedly perform this step after you change payroll preferences, workplace records, employee records, or payroll items.

8. Creating Payroll Items
9. Running Test Payrolls
10. Setting Up Year-To-Date Information

Enabling NetSuite Payroll

Follow the steps below to enable the Payroll feature. You must complete this task on the first day of the implementation process.



Important: Enable NetSuite Payroll a minimum of 30 business days before your next payday with the service. Payday is the date that checks are dated and direct deposits are deposited.

To enable Payroll:

1. Go to Setup > Company > Enable Features.
2. Click the **Employees** subtab.
3. Check the **Payroll** box.
4. For additional payroll related features, such as time tracking and service printed checks and stubs, select the applicable boxes.
5. Click **Save**.



Note: To enable Payroll, you must read and agree to the terms and conditions.

Entering Company Information for Payroll

On the Company Information page, you enter basic identifying information about your company. For information about setting up subsidiaries, see the help topic [Creating Subsidiary Records](#).

To use NetSuite Payroll, you should enter or select information in the following fields:

- Company Name
- Legal Name
- Address, City, State, and Zip
- Employer Identification Number (EIN)
- Phone

To enter the company information required for payroll:


1. Go to Setup > Company > Company Information.
2. Enter or select the information in the fields listed above.
3. Click **Save**.

For more information on entering company information, see the help topic [Configuring Company Information](#).

Any changes made to these fields must be committed on the Update Payroll Information page. For more information, see [Updating Payroll Information](#).

Entering Workplace Records for Payroll

To use NetSuite Payroll, you **must** create workplace records for each location where you have a tax ID and maintain paid employees. NetSuite uses workplace records to define the taxes the employer must withhold and pay. Each employee you include in a payroll must have a designated workplace.

 **Note:** The workplace address may be used in conjunction with a home address.


To create workplace records:

1. Go to Lists > Employees > Workplaces > New.
Workplaces also are listed in the **Main Office** field on the **Preferences** tab of the Set Up Payroll page. If you are new to NetSuite Payroll, you must create a workplace record for your main office.
2. In the **Name** field, enter a name for the workplace.
This name appears on forms and reports that require you to choose a workplace.
For example, you might name one location **Georgia Warehouse** and another **California Headquarters**.
3. If this is a subworkplace of an existing workplace, select the parent workplace from the list in the **Subworkplace of** field.
4. To enter the address of the workplace, click the **Edit** link next to the **Address** field, and complete the fields in the address, including the following:
 - a. In the **Attention** field, enter the person at this address who should be notified of receipt of documents or goods.
 - b. In the **Addressee** field, enter the company name for this workplace that should show on labels and transactions.
This name appears under the name you enter in the **Attention** field.
 - c. Enter the phone number for this workplace the way it should appear on all forms.
 - d. Enter the address for this workplace.
You must include the full street address, state, and zip code for each workplace record. NetSuite Payroll uses this address to calculate taxes.
 - e. Click OK.

5. Click **Save**.

Depending on the state where the workplace is located, you might need to set additional fields on the workplace record. For more information, see [Complying with State-Specific Requirements for Employee Information](#).

After the Workplace record is created, you can select it in the Workplace field on the Payroll subtab of the employee record. When the **Include in Payroll** box is checked, you must select a value for the Workplace field.

**Note:** You cannot delete a workplace if it is referenced in any employee record. If you do not want a workplace to appear in lists, check the **Workplace is Inactive** box.

Setting Payroll Preferences

Before you set up employee records for payroll, edit payroll items, or process paychecks, you must go to Setup > Payroll > Setup Tasks > Set Up Payroll to set preferences.

All of the tabs and fields described below may not be available to you. The options available on the Set Up Payroll page differ according to the features enabled in your account.


- [Setting the Subsidiary and the Date for Payroll to Begin](#)
- [Setting General Payroll Preferences](#)
- [Setting Default Accounts for Payroll](#)
- [Setting Up the Integration of Payroll and Compensation Tracking](#)
- [Setting Preferences for Jurisdictions](#)
- [Setting Specific Tax Rates](#)

After you finish entering information on the Set Up Payroll page, click the Save button.

Before you save changes on the Set Up Payroll page, you must set the following preferences:

- Select a type of organization
- Set the number of days to pay PTO and pay earnings prior to a pay period
- Enter an email address to receive payroll alerts
- Select a main-office workplace

If you do not set these preferences, NetSuite reminds you before permitting you to save your payroll preferences.

**Important:** After updating any payroll preferences and options, you must go to the Update Payroll Information page and commit those changes. This ensures that all changes have been reviewed and committed to the tax engine. For more information, see [Updating Payroll Information](#).

Setting the Subsidiary and the Date for Payroll to Begin

The following fields might appear at the top of the Set Up Payroll page. Enter values or complete the tasks associated with the following fields and links:

Field	Function
Payroll Subsidiary This field appears only in the NetSuite OneWorld Edition and displays only	For only NetSuite OneWorld users. Identify the U.S.-based subsidiary or root-parent company for which payroll is run. The selection must have a valid U.S. address, based on its Zip Code. Each subsidiary must have:

Field	Function
US subsidiaries in the dropdown list.	<ul style="list-style-type: none"> unique Employer Identification Number (EIN) from the U.S. Internal Revenue Service (IRS) unique Vendor Name for each tax agency. For example, if you have two subsidiaries located in California, you need two uniquely named Vendors for the IRS and two uniquely named Vendors for the California Franchise Tax Board.
Payroll Service Start Date This date can only be set when this field is blank or the date entered is in the future. Past dates cannot be reset.	Enter the date that you want to start using NetSuite Payroll. You cannot process payroll using the Payroll feature prior to this date. As of this date, you are a payroll service user and all payrolls are processed and funded using service-related features.

Setting General Payroll Preferences


To view and edit the following fields, click the **Preferences** subtab.

Field Name	Function
General	
Pay PTO prior to pay period (days)	Enter the number of days prior to the current pay period that you want to pay personal time off (PTO) for approved time entries not included in the last pay period. You should enter zero unless you plan to pay employees before the last pay period ended.
Pay Earnings prior to pay period (days)	Enter the number of days prior to the current pay period that you want to pay earnings not included in the last pay period. You should enter zero unless you plan to pay employees before the last pay period ended. If your employees have been tracking their time using the Time Tracking feature, and you are now adding them to payroll and want to enter this setting, you must enter their last paid date manually on their employee records. This ensures that the employee's pay is calculated correctly. For more information, see Entering General Payroll Information for an Employee .
Payroll Issues alert email addresses	Enter the email addresses for users who should receive alert messages when payroll issues occur. Use comma separators between multiple addresses.
Main Office	Select the name of the workplace that represents the main or home office for your business. This workplace is used to calculate taxes for an employee when a workplace is not selected on the employee record. See Entering Workplace Records for Payroll .
Type of Organization	Select the type of organization that best describes your company: Corporation, Government Agency, LLC (limited liability corporation), Partnership, Proprietorship. The selection you make may affect the options available when setting up your payroll. For example, selecting Partnership enables you to set up partners with the correct tax exemptions.
Paychecks	
Show Paychecks with Zero Amounts	Check this box if you want to see paychecks for employees who worked zero hours on the Payroll Batch page.
Pay Expenses on Paychecks	Check this box to pay approved expense report amounts in NetSuite to employees on their paychecks. You must create an expense payroll item to use this preference. For more information, see Creating Payroll Items .


Field Name	Function
Pay Employee Commissions on Paychecks by Default	Check this box to pay approved commission amounts in NetSuite to employees on their paychecks. You must create a commission payroll item to use this preference. For more information, see Creating Payroll Items .
Default “To Be Printed” on Paychecks	Check this box if you want the To Be Printed box checked by default when processing individual paychecks and when you process payroll. Note: This option is not available if you use the Service Printed Checks & Stubs feature.
Default “Do Not Accrue Time” on Paychecks	Check this box if you want the Do Not Accrue Time box on paychecks checked by default when processing individual paychecks and when processing payroll. If you check this box, sick and vacation accruals do not process.
Pay Sick/Vacation Time on Paychecks	Check this box if you want the Pay PTO box on paychecks checked by default when processing individual paychecks and when processing payroll. If you do not check this box, sick time and vacation time are not paid.
Mask Social Security Numbers on Vouchers	Check this box to mask employees' social security numbers on paycheck vouchers. When this box is checked, only the last four digits of the social security number are shown on the voucher (for example, xxx-xx-1234). For vouchers, this company setting supersedes individual permissions. For example, if Bob has full permission to view social security numbers but this box is checked, social security numbers are masked when Bob views a voucher. For more information, read the help topic Working with Employee Social Security Numbers .
Print Single Copy Voucher	Check this box to include only one copy of the paycheck voucher with the paycheck. When this box is not checked, the list of taxes and deductions included on paychecks may be truncated for employees with numerous tax and deduction line items, and two vouchers will be printed when you select vouchers at Transactions > Management > Print Checks and Forms.
Enable Multi-State Calculation	Check this box to calculate the pertinent taxes for employees who work in different states during a pay period. If you check this box the pertinent taxes for the jurisdiction where work is performed, as well as the employee's primary office and home jurisdictions are calculated.
Reporting	
Report Payroll Liabilities By	Choose to report your payroll liabilities quarterly or year-to-date (YTD).
Use Year-to-Date Values on Reports (This option is applicable only in the year that payroll is first implemented.)	Check this box if you want reports to reflect the YTD values you entered for employees during setup. When this box is checked, the values for checks and adjustments entered prior to the YTD data will not appear on reports. If you do not check this box, the amounts for checks and adjustments that appear on reports may result in data on your reports not matching the amounts you committed during your payroll setup.
Self-Service	
Employees Can Edit Banking Information	Check this box to allow employees to edit their net bank account for direct deposit. Employees can edit their bank account information using their Employee Center roles. For more information, see Allowing Employees to Set Up and Edit Their Banking Information for Direct Deposit .

Setting Default Accounts for Payroll

To view and edit the following fields, click the **Default Accounts** subtab.

Field	Function
Gross Pay	Select the general ledger account to use for your gross pay.
Payroll Expense Account	Select the account to use for payroll expenses. This is used as the default expense account.
Payroll Liabilities Account	Select the account to use for payroll liabilities.
Payroll Funding Account	<p>Select the account to use to fund payrolls. Funds are withdrawn from this account by NetSuite Payroll to satisfy payments to employees and tax agencies.</p> <div>  Important: The account you select here must match the payroll funding account that you indicate in your paperwork when you first implement NetSuite Payroll. If you are updating the payroll funding account, you must follow the instructions in SuiteAnswers article 31020. </div> <p>If you are using NetSuite OneWorld, not all Bank accounts are available. To display in this dropdown list, a Bank account must be restricted to the Payroll Subsidiary defined at the top of the Set Up Payroll page, and should be set up with a currency of USA, meaning US dollars.</p>

Setting Up the Integration of Payroll and Compensation Tracking

 **Important:** The Compensation Tracking feature requires SuitePeople. For more information, see the help topic [SuitePeople Overview](#).

If the Compensation Tracking feature is enabled, the Compensation Integration subtab appears on the Set Up Payroll page. On the Compensation Integration subtab, you can allow an employee's compensation to be synchronized automatically with NetSuite Payroll. After you save updates to an employee's salary or wage on the Compensation Tracking subtab of the employee record, the base wage type and amount are automatically copied to the Payroll subtab of the employee record.

To properly use Payroll with Compensation Tracking, make sure you set the following:

- A primary payroll item for each employee who is already using NetSuite Payroll. If more than one payroll item is associated with an employee, the Compensation Tracking feature automatically updates the primary payroll item. You can set the primary payroll item in the Earnings subtab of the Payroll subtab on the employee record. For more information, see [Setting Up Earnings for an Employee](#).
- A default salary payroll item and a default wage payroll item. These default payroll items are used if an employee's pay type is changed from salary to wage or from wage to salary in Compensation Tracking, and if a wage or salary payroll item is not already associated with the employee. If default payroll items are not set up, your employees might not be paid correctly.

To set up the integration of Payroll and Compensation Tracking:

1. On the **Compensation Integration** subtab, check the **Copy Compensation Tracking Data to Payroll** box.
2. In the **Default Salary Payroll Item** dropdown list, select a default salary payroll item.

3. In the **Default Wage Payroll Item** dropdown list, select a default wage payroll item.

For more information about the Compensation Tracking feature, see the help topic [Tracking an Employee's Compensation](#).


Setting Preferences for Jurisdictions

The jurisdictions listed on the Jurisdictions subtab are based on the addresses of the workplaces entered in your NetSuite account. This information is also shown on each individual workplace record. If this list of jurisdictions is empty, make sure you have entered a company address or an address for each workplace and then go to Setup > Payroll > Update Payroll Information to commit any changes.

- On the Jurisdictions subtab, click [+] to view the Federal, State, and Local jurisdictions.
- For each field listed, verify or enter the requested tax information for your company.
Examples of fields that may show here include Deposit Schedule and FEIN (federal Employer Identification Number).

Setting Specific Tax Rates

On the Taxes subtab, NetSuite Payroll automatically determines the federal, state, and local tax items applicable to your company, based on your company's main office address or list of workplaces.

 **Note:** Any tax rate fields that appear dimmed are maintained by the tax engine. If these fields are not updated, contact Customer Support.

Editable tax rate fields use rates specific to your company and updates are your responsibility.

- Check the **Exempt** box for any taxes from which the company is exempt.
- Enter a new rate for any tax for which the company's rate has changed.
- Click **View** in the History column to view the history of any rate changes and the effective and/or expiration date for that change.
- Enter or select the effective date of the tax using the calendar icon.

NetSuite Payroll maintains many of the tax rates, which you cannot edit.

Setting Up Email Alerts for Payroll Issues

You can set a payroll preference that causes email alert messages to be sent automatically to selected users when issues occur with payroll transactions.

To receive payroll alerts:

1. Go to Setup > Payroll > Update Payroll Information.
2. On the **Preferences** subtab, enter one or more email addresses in the **Payroll Issues alert email addresses** field. Use commas to separate multiple addresses.
3. Click **Save**.

Updating Employee Records for Payroll

Enter an employee record in NetSuite for all employees you want to pay using NetSuite Payroll. Employee records store all tax, earning, deduction, contribution, and time-related information that affects payroll. They also contain employees' home addresses and workplaces.

Before you can use NetSuite to pay an employee, you must do the following on the employee record:

- Enter a home address
- Select a workplace
- Enter payroll information. If the Compensation Tracking feature is enabled, and if you set up Payroll to copy Compensation Tracking information, you can enter compensation information in the Compensation Tracking tab. This information is then automatically copied to the Payroll subtab. For more information, see [Setting Up the Integration of Payroll and Compensation Tracking](#).
- Verify the jurisdictions
- Check the Include in US Payroll box
- Enter a last paid date for the employee



Important: You must go to the Update Payroll Information page after updating information on employee records, to commit your updates. For information, see [Updating Payroll Information](#).

These topics detail entering payroll information:

- [Entering a Home Address for an Employee](#)
- [Verifying the Jurisdictions for an Employee](#)
- [Entering General Payroll Information for an Employee](#)
- [Setting Up Earnings for an Employee](#)
- [Setting Up Taxes for an Employee](#)
- [Using Tax Override Methods for Employee Withholding](#)
- [Setting Up Deductions for an Employee](#)
- [Setting Up Company Contributions for an Employee](#)
- [Setting Up Accrued Time for an Employee](#)
- [Complying with State-Specific Requirements for Employee Information](#)
- [Bulk Updating Employee Records with Payroll Information](#)

Entering a Home Address for an Employee

The home address you enter for an employee is used to calculate state and local taxes for payroll.



Note: The home address may be used in conjunction with a workplace address.

To enter or update an employee's home address:

1. Go to Lists > Employees > Employees.
2. On the Employees list, click **Edit** next to the name of the employee for whom you want to enter a home address.
3. On the Employee record, click the **Address** subtab.
4. Check the **Home** box.
5. To add or edit values for other address fields, click the pencil icon in the **Edit** column.

An address popup displays address fields.

 - a. Ensure the value for **Country** is correct. If it not, select a different country.



Important: You can only use NetSuite Payroll to pay employees who live in the United States.

- b. Enter the employee's street address.
If you enter the zip code first, city and state populate automatically.
 - c. Click **OK**.
6. On the Employee record, click **Save**.

Verifying the Jurisdictions for an Employee

The Jurisdictions subtab lists all the Federal, State, County, Local, and School District jurisdictions applicable based on the home address entered on the Address subtab of the employee record.



Important: You must enter and save all required information on the employee record and update your payroll information before verifying jurisdictions for an employee.

To verify an employee's jurisdictions:

1. Go to Lists > Employees > Employees.
2. On the Employees list, click **Edit** next to the name of the employee for whom you want to verify jurisdictions.
3. Click the **Payroll** subtab, then click the **Jurisdictions** subtab.
Jurisdictions marked N/A do not apply to the selected employee.
4. Click **Cancel** to return to the Employees list.

Entering General Payroll Information for an Employee

After you enable the NetSuite Payroll feature, the Payroll subtab is added to employee records. You must enter required information into this subtab so that you can use NetSuite to pay your employees.

To enter general payroll information for an employee:

1. Go to Lists > Employees > Employees.
2. Click **New** to create a new employee record or click **Edit** next to the name of the employee for whom you are entering Payroll information.
3. Click the **Payroll** subtab.
4. Check the **Include in Payroll** box if you want to include this employee in your payroll runs.



Important: Only those employees with the **Include in Payroll** box checked are included in payroll runs. You must check this box for any employee you intend to pay using NetSuite.

If you are using NetSuite OneWorld and the **Include in Payroll** box is unavailable, it means that you must select a **Subsidiary** on the employee record's **Info** subtab to match the **Subsidiary** defined at Setup > Payroll > Set Up Payroll. After you select the correct subsidiary on the **Info** subtab, save the employee record. Then reopen the record in edit mode to check the **Include in Payroll** box.

5. In the **Compensation Type** field, select **Wage** or **Salary**, depending on whether your company pays this employee an hourly wage or a regular, periodic salary.



Important: If the Compensation Tracking feature is enabled, and if you set up Payroll to copy compensation tracking information (see [Setting Up the Integration of Payroll and Compensation Tracking](#)), you should enter this information in the **Compensation Tracking** subtab of the employee record.

6. In the **Pay Frequency** field, select how often this employee is paid.
7. In the **Last Paid Date** field, enter or verify the date of this employee's most recent paycheck.
The last paid date is defined as the last pay-period end date, which may not be the date on the check. For example, the date on the checks for your most recent payroll run is October 13. This check included hours worked during the September 24 - October 7 pay period. Even though the date on the checks issued is October 13, your pay period end date is October 7.

You must enter a last paid date for each employee only one time. This field is auto-updated with the most recent pay-period end date each time you run payroll.



Note: If this employee has been tracking their time using the Time Tracking feature, and you are now adding them to payroll, it is especially important that you enter their last paid date. This ensures that the employee's pay is calculated correctly according to the Pay Earnings Prior to Pay Periods (Days) preference in payroll setup. For more information, see [Setting General Payroll Preferences](#).

8. Select the name of the **Workplace** where this employee is located.
The workplace selected is used to determine the taxes that must be paid by the employer and the employee.



Note: You cannot delete a workplace that is referenced by any employee record.

9. Select any status exemptions that apply to this employee.

The exemptions available may include the following:

- Minor Under 18 employee by parent
- F1/J1 Visa
- One spouse employed by another
- Sole Proprietor
- Minor under 21 employed by parent
- Partner of a Partnership
- Parent employed by child
- MQGE Pension Plan Participant (Social Security Exempt)
- Exempt Corporate Officer

10. Click **Save**.

Setting Up Earnings for an Employee

On the Earnings subtab of the employee record's Payroll subtab, you can add earning items for each employee. These items are used to determine the employee's gross pay.

You may need to create earning items before you can select them for employees. For information, see [Creating Payroll Items](#).

If you want to identify an employee's primary earning item, such as a salary or wage, for search or reporting purposes, check the Primary box next to the earning item on the Earnings subtab of the employee record's Payroll subtab.



Important: If the Compensation Tracking feature is enabled, and if you set up Payroll to copy compensation tracking information (see [Setting Up the Integration of Payroll and Compensation Tracking](#)), you should enter basic earning information in the Compensation Tracking subtab of the employee record. For more information about the Compensation Tracking feature, see the help topic [Tracking an Employee's Compensation](#).

To set up earnings information for an employee:

1. Go to Lists > Employees > Employees.
2. Click **Edit** next to the Employee's name.
3. Click the **Payroll** subtab, and then click the **Earnings** subtab.
4. In the **Earning** field, choose one of the payroll items you set up for earnings.
For example, you may have set up a payroll item called **Regular Hourly Wages**.
An employee should not have both wage and salary items during the same time period. If you previously selected a wage item for the employee, the wage item must be inactivated to add a salary payroll item.
5. In the **Rate** field, enter the rate that applies to that type of earning for this individual.
For example, you might enter 22.00 for an employee earning \$22 per hour.
6. If this item is the employee's main pay item, check the **Primary** box. The Primary box has the following uses:
 - You can use the **Primary** attribute to filter records for reporting and search purposes. This lets you obtain lists of employee salaries and wages, without the clutter of information from other earning items. The following related fields are available to be used as search filters and displayed as search results: **Primary Earning Type**, **Primary Earning Item**, and **Primary Earning Amount**.
 - If the Compensation Tracking feature is enabled, and if you set up Payroll to copy compensation tracking information (see [Setting Up the Integration of Payroll and Compensation Tracking](#)), the Compensation Tracking feature uses the Primary box to determine which payroll item to automatically update.
7. In the **Default Hours** field, enter the default number of hours this person is paid for this earning type. Check the **Default** box if you want to create an additional pay using the rate and default hours.
 - If you select the **Salary** earning type, the system calculates the amount even if you leave the **Default Hours** field blank or enter 0 (zero).
 - If you select the **Hourly Wage** earning type, any value you enter in the **Default Hours** field is not recognized regardless of whether the **Default** box is checked or not. In this case, the hours entered in time tracking are captured.
 - If you select the **Additional Payroll** earning type and you leave the **Default Hours** field blank or enter zero, this earning type is not calculated. To calculate this earning type, enter a value greater than zero and check the **Default** box.
 - If you select the **Earning Additions** earning type and you leave the **Default Hours** field blank or enter zero, this earning type is still calculated when the payroll item is marked as **Default** in the employee record, and the **Allow Entry from Create Payroll** box is checked in the payroll item record.
8. To prevent the use of this item for this employee, check the **Inactive** box.
9. If this item is to appear on the paycheck every time you run payroll, check the **Default** box. This additional pay is not calculated if you leave the **Default Hours** field blank or enter zero.
10. Enter the **Effective Date** and **Expiration Date** for the payroll item. These dates are checked against the payroll period ending date to determine which payroll items are affected.

11. Click **Add**.
12. Continue adding earning items as necessary.
13. Click **Save**.

Setting Up Taxes for an Employee

On the Taxes subtab of the employee record's Payroll subtab, review the list of taxes specified for this employee. The taxes listed are based on the Home address listed on the Address subtab and the workplace location selected in the Workplace field on the Payroll subtab.

Some taxes might require you to enter information specific to that employee. For example, for the Federal Withholding tax fields, you can define the employee's filing status, indicate whether or not the employee is exempt, enter a number of withholding allowances, and specify a tax override method and an override amount. You should provide all tax information for each employee before using NetSuite Payroll to pay that employee.

You can set up tax override methods for special cases where employee withholding needs to vary from automated tax calculations. NetSuite provides three different methods: Percentage, Adjustment Amount, and Fixed Amount. For more information, see [Using Tax Override Methods for Employee Withholding](#).

To learn more about the taxes applicable for employees in each state in the U.S., you can visit the [IRS Website](#).

If you want to set up taxes for an employee living in Washington, D.C. and working in a neighboring state, you must create a workplace with the same zip code as the employee's home address, but not assign it to the employee. After you create this workplace, if a reciprocity agreement is checked, withholding is calculated for only Washington, D.C. If a reciprocity agreement is not checked, withholding is calculated for both jurisdictions.

To set up taxes for an employee:


1. Go to Lists > Employees > Employees.
2. Click **Edit** next to the employee's name.
3. Click the **Payroll** subtab, then click the **Taxes** subtab.
4. In the **Filing Status** column, verify that the correct status for the employee is selected for each tax item.
5. If this employee qualifies as exempt for any of the taxes listed, check the **Exempt** box for the tax items.
6. Enter the number of exemptions or allowances for the employee for each tax item where applicable.
7. If you want to apply a tax override method to a tax item, select the method in the **Tax Override Method** dropdown list.
For information about using tax override methods, see [Using Tax Override Methods for Employee Withholding](#).
8. If you chose to apply a tax override method, enter an override amount.
9. Click **Save**.

Using Tax Override Methods for Employee Withholding

NetSuite Payroll uses tax rates to calculate the amount of taxes to withhold from employee paychecks. These tax rates are based on each employee's home address and workplace and are listed on the Taxes

subtab of each employee record's Payroll subtab. On this same subtab, you can set up tax override methods for special cases where employee withholding needs to vary from automated tax calculations.

A tax override supersedes the use of allowances to determine employee withholding. For example, an employee may request an override to increase withholding to avoid underpayment of taxes at year end.

 **Note:** Paychecks are sometimes used to make only non-taxable payments to employees, such as reimbursing expenses. In these cases, because the employee's taxable wages are zero, tax amounts are zero and tax overrides are not applied.

For information about how to set up override methods and enter tax information onto employee records, see [Setting Up Taxes for an Employee](#). For information about entering other payroll information onto employee records, see [Updating Employee Records for Payroll](#).

NetSuite provides three different methods for calculating tax overrides. For any tax item listed for an employee, you can select one of these methods and specify an override amount.

- **Percentage**
 - This method calculates the override withholding as a percentage of the standard withholding amount.
 - The override amount for this method should be entered as a decimal. For example:
 - To decrease withholding by half (50%), enter an override amount of 0.5.
 - To increase withholding by 25%, enter an override amount of 1.25.
- **Adjustment Amount**
 - This method increases or reduces the standard withholding amount by a set dollar amount.
 - The override amount for this method should be entered as a positive or negative number, that corresponds to a dollar amount. For example:
 - To decrease withholding by \$50 per paycheck, enter an override amount of -50.
 - To increase withholding by \$50 per paycheck, enter an override amount of 50.
- **Fixed Amount**
 - This method replaces the standard withholding amount with a set dollar amount.
 - The override amount for this method should be entered as a positive number. For example, to withhold \$100 per paycheck instead of the standard withholding amount, enter an override amount of 100.

Setting Up Deductions for an Employee

On the Deductions subtab of the employee record's Payroll subtab, you can enter deductions for each employee to be subtracted from their gross pay.

You may need to create payroll deduction items before you can select them for employees. For information, see [Creating Payroll Items](#).

To set up deductions for an employee:

1. Go to Lists > Employees > Employees.
2. Click **Edit** next to the Employee's name.
3. Click the **Payroll** subtab, then click the **Deductions** subtab.
4. In the **Deductions** field, choose one of the payroll items you set up for deductions.
For example, you may have set up a payroll item called 401(k).

5. In the **Rate** field, enter the deduction per pay period for this individual as a dollar amount or as a percentage.
For example, you might enter 60 for sixty dollars or 15% for fifteen percent.
6. In the **Limit** field, enter a limit, if one applies.
For example, you could enter 10,500 as the annual limit for the employee's 401(k) deductions.
7. Check the **Inactive** box for payroll items no longer applicable for this employee.
8. Click **Add**.
9. Continue adding deduction items as necessary.
10. Click **Save**.

Setting Up Negative Deductions for an Employee

Instead of creating a payroll adjustment to correct an incorrect deduction on a previous paycheck, you can use a negative deduction to add it back to an employee's earnings, and if required, automatically calculate the taxes. The negative deduction feature complies with all federal, state, and local taxable wage rules. This feature is supported as long as it does not result in a negative paycheck. If needed, you can enter a negative amount on the Create Payroll page, and review it before you commit the payroll batch.



Tip: When adjusting a pre-tax deduction from a previous quarter, NetSuite recommends you make an adjustment instead of a negative deduction.

Negative deductions can be used for these pre-tax deductions:

- Cafeteria Contribution — FSA: Adopt. Assist
- Cafeteria Contribution — FSA: Dependent Care
- Cafeteria Contribution — FSA: Health Care
- Cafeteria Contribution — POP
- Cafeteria Contribution — Medial Care Premiums
- Commuter Check
- 401(K) Contribution
- 401(K) Catch-up
- 403(b) Contribution
- 403(b) Catch-up — After the Age Limit
- 403(b) Catch-up — With 15 Years of Service
- Government Employee Deferred — 457(b)
- Government EE 457(b) — Catch-Up Standard
- SEP Contribution — 408(k)(6)
- SEP 408(k)(6) — Catch-Up
- Simple 408(p) Contribution
- Simple 408(p) Catch-Up

Negative deductions should not be used for the Cafeteria Contribution — HSA pretax deduction.

To set up a negative deduction for an employee:

1. Go to Lists > Employees > Employees.
2. Click **Edit** next to the employee's name.

3. Click the **Payroll** subtab, then click the **Deductions** subtab.
4. In the **Deductions** field, choose from a list of payroll items that are set up for negative deduction.

Note: If you allocate the negative deduction as a pretax deduction the system adds the amount to the taxable wage base. If you allocate it as an after-tax deduction the system treats it as an additional earning item with no tax implications.

5. In the **Rate** field, enter the negative deduction for the pay period as a dollar amount or as a percentage.
6. Enter the effective and expiration dates for the payroll item. These dates are checked against the payroll period ending date to determine which payroll items are affected.
7. Click **Add**.
8. Click **Save**.

When you create a payroll the negative deduction is calculated as a reimbursement.

Setting Up Company Contributions for an Employee

On the Contributions subtab of the employee record's Payroll subtab, you can set up company contributions for each employee.

You may need to create payroll contribution items before you can select them for employees. For information, see [Creating Payroll Items](#).

To set up contributions for each employee:

1. Go to Lists > Employees > Employees.
2. Click **Edit** next to the Employee's name.
3. Click the **Payroll** subtab.
4. Click the **Company Contributions** subtab.
5. In the **Company Contributions** field, choose one of the payroll items you set up for contributions.
6. In the **Rate** field, enter the contribution per pay period for this individual as a dollar amount or as a percentage.
 NetSuite always inserts the correct rates for items that you choose from the tax tables. For a contribution you create yourself, such as for a benefits plan, you might enter 20 for twenty dollars or 1% for one percent.
7. In the **Limit** field, enter a limit, if one applies.
 NetSuite always inserts the correct rates for items you choose from the tax tables.
8. Check the **Inactive** box for payroll items no longer applicable for this employee.
9. Click **Add**.
10. Continue adding deduction items as necessary.
11. Click **Save**.

Setting Up Accrued Time for an Employee

On the Accrued Time subtab of the employee record's Payroll subtab, you can set up accrued time for each employee by selecting payroll items related to sick and vacation time.

You may need to create payroll earning items for accrued time before you can select them for employees. For information, see [Creating Payroll Items](#).

Time-Off Management and Accrued Time

If the Time-off Management feature is enabled, accruals calculated by time-off plans are integrated with NetSuite Payroll and can be reported on employees' pay statements. Alternatively, accruals that are calculated in NetSuite Payroll based on hours worked can be automatically updated in Time-Off Management when the payroll batch is committed.

After you set up accruals in a time-off plan and assign a time-off plan to an employee, the different types of accruals in the time-off plan appear on the Accrued Time subtab of the employee record.

Accruals are calculated based on the options that you select when you create a time-off rule in a time-off plan:


- **Fixed Amount Per Period** — If you choose this option, the Time-Off Management feature calculates the accruals. When the Payroll Batch is calculated, accrual amounts are automatically included on employees' pay statements, as of the Period Ending date. Accruals are also accurately represented in the Time-Off Management feature. Payroll items for accruals with this option appear in the Accrued Time subtab but cannot be edited.
- **Hours Worked (NetSuite U.S. Payroll)** — If you choose this option, the NetSuite Payroll feature calculates the accruals. When the payroll batch is committed, accruals are automatically updated in the Time-Off Management feature. Payroll items for accruals with this option must be set up in the Accrued Time subtab.

If you add a new time-off rule to a time-off plan, and that rule uses a new time-off type that is associated with a payroll item, that payroll item does not automatically appear in the Accrued Time subtab until you edit and save the employee record. Likewise, if a time-off rule includes a minimum tenure time, after the minimum tenure has passed for the employee, the associated payroll item does not automatically appear in the Accrued Time subtab until you edit and save the employee record.

For more information, see the help topic [Creating a Time-Off Rule](#).

To set up accrued time for each employee:

1. Go to Lists > Employees > Employees.
2. Next to the employee's name, click **Edit**.
3. Click the **Payroll** subtab, and then click the **Accrued Time** subtab.

 **Note:** If the Time-Off Management feature is enabled and a time-off plan is assigned to the employee, some accrual items automatically appear on the Accrued Time subtab. From the Accrued Time subtab, you can edit only items that accrue based on hours work. If you need to remove or add an accrual item, you must do so in the time-off rule. For more information, see the help topic [Creating a Time-Off Rule](#).

4. In the **Accrued Time** subtab, do the following:
 - a. In the **Sick/Vacation Time** field, choose one of the payroll items you set up for sick time, vacation time, or other paid time off (PTO) events.
For example, you might have set up a payroll item called **PTO — Vacation**.
 - b. In the **Accrued Hours** field, enter a beginning balance if you are setting up NetSuite for the first time.
After the beginning balance is set, the system keeps track of this total.
 - c. In the **Accrue As** field, select one of the following:
 - **Lump Sum:** Calculate accrual based on total hours for the year. Accrual occurs with the employee's first payroll of the year and does not increase with subsequent payrolls.
 - **Per Pay Period:** Calculate accrual per pay period.

- **Per Hour Worked:** Calculate accrual per hours worked. This includes overtime if the time was recorded.



Important: If the Time-Off Management feature is enabled and a time-off plan is assigned to the employee, use **Per Hour Worked** if the following is true: in the associated time-off rule for the payroll item, the **Accrues Based On** field is set to **Hours Worked (NetSuite U.S. Payroll)**. For more information, see the help topic [Creating a Time-Off Rule](#).

- d. In the **Accrual Rate** field, enter the number of hours this employee accrues for the period of time set in the **Accrue As** column in the previous step.
 - If the **Accrue As** field is set to **Lump Sum**, the accrual rate should be the total number of hours per year.
 - If the **Accrue As** field is set to **Per Pay Period**, the accrual rate should be the number of hours the employee earns per pay period.
 - If the **Accrue As** field is set to **Per Hour Worked**, the accrual rate should be the amount of time off to accrue for each hour worked (for example, 0.1).
 - e. In the **Monetary Rate** field, enter the cost per hour of the accrued time.
If you checked the **Based on Quantity** box on the Payroll Item page (Lists > Employees > Payroll Items > New), the amount paid when this item is added to a paycheck is calculated by taking the quantity of **Hours/Base** and multiplying it by the **Rate** entered on the **Earnings** subtab of the paycheck. If you did not check this box, the amount paid when this item is added to a paycheck is based only on the **Rate** entered on the **Earnings** subtab of the paycheck.
 - f. If you want NetSuite to set the total accruals to zero and begin calculations again each calendar year, check the **Reset at Year End** box.
 - g. If your company sets a limit for accrued time, in the **Maximum Hours** field, enter the maximum number of hours that can be accrued.
 - h. Click **Add**. Continue adding payroll items as necessary.
5. The **Calculated in Time-Off Plan** column indicates the items that are supported by the Time-Off Management feature. Verify that this column is correct. If you are expecting an item to accrue based on hours worked instead of a fixed amount, you can edit the item in the time-off rule. For more information, see the help topic [Creating a Time-Off Rule](#).
 6. Click **Save**.



Note: If payroll items are no longer applicable for this employee, check the **Inactive** box on the **Accrued Time** subtab.

Complying with State-Specific Requirements for Employee Information

Depending on the states where your employees work, you might need to collect and maintain specific information about your employees.

The U.S. Payroll Compliance SuiteApp adds fields to the employee record and workplace record so that your company can comply with state legislation. The U.S. Payroll Compliance SuiteApp should be automatically installed in your account. If it is not installed, please contact your NetSuite support representative.

The following table shows, by state, the fields that are available with the U.S. Payroll Compliance SuiteApp:

State	Required Fields	Record Where the Field Appears	Description
Alaska	Geographic Code	Workplace record	This field appears on the workplace record after you set the workplace's state to Alaska and save the record. Enter the two-digit geographic code for each workplace. For more information about geographic codes, see live.laborstats.alaska.gov/erg/geocodes.cfm . This field also appears on the Payroll subtab of the Employee record, and it is automatically populated with the geographic code from the corresponding workplace record.
	Standard Occupational Classification	Employee record (Payroll subtab)	This field appears on the employee record after you set the employee's workplace to a place in Alaska. Enter the Standard Occupational Classification (SOC) code that corresponds with each employee's job. For more information, see https://www.bls.gov/soc/ .
Louisiana	Standard Occupational Classification	Employee record (Payroll subtab)	This field appears on the employee record after you set the employee's workplace to a place in Louisiana. Enter the Standard Occupational Classification (SOC) code that corresponds with each employee's job. For more information, see https://www.bls.gov/soc/ .
South Carolina	Standard Occupational Classification	Employee record (Payroll subtab)	This field appears on the employee record after you set the employee's workplace to a place in South Carolina. Enter the Standard Occupational Classification (SOC) code that corresponds with each employee's job. For more information, see https://www.bls.gov/soc/ .

After you update these records, you must also update payroll information. For more information, see [Updating Payroll Information](#).

Bulk Updating Employee Records with Payroll Information

You can save time by automatically updating employee records in bulk when you update a payroll item. When you update payroll item information, the new rates and limits can automatically be reflected on all employee records.



Important: Bulk updates that you make to employee records are permanent and cannot be undone.

To update employee records with new information on payroll item records:

1. Go to Lists > Employees > Payroll Items.
2. Click **Edit** next to the name of the item.
3. Enter the updated information in the appropriate field in the header of the payroll item record.
4. Click **Save**.

A warning message appears and advises that after you click **Save**, the previous information is deleted from all employee records. The changes you make are permanent and cannot be undone.

5. Click **OK** to save the changes.

The updated payroll information is applied to all your employees.

Complying with Tax Requirements for Multi-State Employees

NetSuite Payroll supports tax compliance for employees who work in different states during a pay period. NetSuite calculates the pertinent taxes for the jurisdiction where work is performed, as well as the employee's primary office and home jurisdictions.

NetSuite uses the system-default settings to withhold taxes for jurisdictions other than the home and primary workplace jurisdictions. The default settings are single with no allowances.

To set up and use the multi-state taxation option:

1. Select the preference for the option:
 - a. Go to Setup > Other Setup > Set Up Payroll (Payroll Manager).
 - b. Check the **Enable Multi-State Calculation** box in the Paychecks group, and click **Save**.
When multi-state calculation is enabled, an editable **Payroll Item Workplace** field is added to the **Earnings**, **Time**, and **Commissions** subtabs for paychecks and bulk edit. The field is also added to time transactions. The **Payroll Item Workplace** field is not available for expense reimbursements.
2. Go to Transactions > Employees > Create Payroll, and create a payroll batch. For more information, see [Creating a Payroll Batch](#).
3. Calculate the payroll batch. For more information, see [Calculating a Payroll Batch](#).
4. Edit the individual paychecks, and select a **Payroll Item Workplace** for each payroll item in the **Earnings**, **Time**, and **Commissions** subtabs, as needed. The default is the workplace set on the employee record. For more information, see [Editing an Individual Paycheck from a Payroll Batch](#).

The dropdown list for the **Payroll Item Workplace** field includes all of the workplaces you have configured for your company.

When you add a payroll item and leave the **Payroll Item Workplace** field blank, it defaults to the workplace on the employee record when you save the change.

Setting Up Expatriates for U.S. Payroll

You can include expatriate (expat) employees in your U.S. payroll. The zip code you use for the workplace address and the employee's home address governs the tax withholding for expatriates.

Use the zip code 00000 for expatriates. When the workplace zip code is 00000, appropriate federal taxes are withheld. When the employee's home zip code is 00000, no state or local taxes are withheld.

Note: Employees who live in the United States but work in another country are not considered expatriates and are not supported in the NetSuite Payroll system. Likewise, employees who live in another country but work in the United States are not considered expatriates and are not supported in the NetSuite Payroll system.

To include an expat in U.S. payroll:

1. Create a new workplace. For more information, see [Entering Workplace Records for Payroll](#).
 - a. Go to Lists > Employees > Workplaces > New.
 - b. Enter a **Name** for the workplace, for example, **Expatriate** or **Expat** plus an identifier if you have employees in multiple foreign locations.
 - c. Click the **Edit** link on the **Address** subtab to open the address popup.

- d. Enter an address including a minimum of **City, State,** and **Zip**.



Important: The **Zip** must be **00000**. The **City** and **State** are ignored when the zip code is 00000, but they are required to save the record.

- e. Click **OK**, and save the record.
2. Set up the employee's address.
 - a. Go to **Lists > Employees > Employees**.
 - b. Click **Edit** next to the name of an existing employee, or click **New Employee**. For instructions for new employees, see the help topic [Adding an Employee](#).
 - c. On the **Address** subtab, add a new home address or edit an existing one. For more information, see the help topic [Entering Address Information for an Employee](#).



Important: The **Zip** must be **00000**.

3. Link the employee to the expatriate workplace.
 - a. On the employee record, go to the **Payroll** subtab.
 - b. From the **Workplace** dropdown list, select the workplace that you created for the expatriate in step 1.
4. Save the employee record.
5. Synchronize the updates to payroll.
 - a. Go to **Setup > Payroll > Update Payroll Information**.
 - b. Select a **Subsidiary** if you have a OneWorld account.
 - c. Read the statement that begins with **I have reviewed all payroll information...**, and then check the **Agree** box.
 - d. Click **Commit Updates**. For more information, see [Updating Payroll Information](#).

Updating Payroll Information

When you use NetSuite Payroll, any changes or updates that you make to the Set Up Payroll page or the employee, workplace, or payroll item records must be committed to the payroll tax engine.

To view the history of any employee payroll changes, such as pay rate increases, go to the [Employee Payroll Item History Report](#).

To commit payroll changes and updates:

1. Go to **Setup > Payroll > Update Payroll Information**.

The Update Payroll Information page serves as a guide for issues that need to be resolved and as a reference for the things that have changed since your last update. Therefore, you need to complete these steps often during the setup process and whenever you make changes to records that affect payroll.

On the Update Payroll Information page, review the information shown on the following subtabs:

- **Updated Records** – This subtab lists any records that have been updated since you last updated your payroll information. The record types listed may include your company record, payroll items, employees, and workplace records. You can click the name of a record in the **Name** column if you want to verify any changes that you have made.
- **Employees Excluded from Payroll** – This subtab lists employees for whom the **Include In Payroll** box is not checked on the **Payroll** subtab on the employee record. If you have

employees listed here, do not assume this is an error. You should review the list of employees and verify that you do not want to pay them using NetSuite. For example, employees who work outside of the United States should appear on this list.

To add an employee to your payroll, click the **Name** of the employee and check **Include in Payroll** on the **Payroll** subtab of the employee record.

- **To Resolve** – This subtab contains a list of error codes and messages for payroll-related errors that currently exist in your account. To resolve an issue, click the name of the record in the Record column.



Important: All issues listed on this subtab must be resolved before you can run payroll.

2. Read the statement that begins **I have reviewed all payroll information...** and then check the **Agree** box.
3. If you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.

For more information, see the help topic [Setting Up Payroll in OneWorld](#).

4. Click **Commit Updates**.



Important: After committing your updates, you should review the **To Resolve** subtab again. If there are no items to resolve, you can run payroll. For more information on issues that may need to be resolved, see [Receiving Warning Messages During the Setup Process](#).

Receiving Warning Messages During the Setup Process

The following warning messages may occur during the setup process for NetSuite Payroll. These messages appear on the **To Resolve** subtab of the Update Payroll Information page.



Important: You cannot process payroll until all warnings are resolved.

Warning	Explanation
Pending Authorization from Tax Agency	NetSuite Payroll service is verifying Tax Agency Information. This process begins after NetSuite Payroll service receives the sign-up forms. When the forms are approved, this message is automatically removed. For more information, see the help topic Submitting Sign-Up Forms . This process takes up to 2 business days.
Company bank account is not active	You are required to activate your bank account. This warning remains until you enter the required information on the Activate Bank Account page. For more information, see the help topic Activating Your Bank Account for NetSuite Payroll . This process takes up to 2 business days to complete due to the interaction with the ACH Network.
Funding Account is not activated	You are required to activate the bank account you plan to use to fund payrolls. This warning remains until you enter the required information on the Activate Bank Account page. For more information, see the help topic Activating Your Bank Account for NetSuite Payroll . This process takes up to 2 business days to complete due to the interaction with the ACH Network.
Tax liability payments must be recorded	You must enter and commit any tax deposits you made prior to starting with NetSuite Payroll.

Creating Payroll Items

Note: This topic describes the creation of payroll items for use by NetSuite Payroll. Additional payroll item types are available for partners developing solutions with the **Paycheck Journal** feature. See [Using the Paycheck Journal Feature](#).

NetSuite provides a list of predefined payroll items your company can use to set up earnings, deductions, and contributions. You must create new payroll items for paying employees and for tracking payroll liabilities and expenses.

Typical new payroll items you may create include:

- Regular Pay or Hourly Wages (Earning:Wage)
- Overtime Pay or Hourly Wages (Earning:Wage)
- Salary (Earning:Salary)
- Bonus (Earning:Addition)
- Third Party Sick Pay Taxable or Third Party Sick Pay Non Taxable (Earnings received from a third party, usually for short or long-term disability) For more information, refer to [Recording Third-Party Sick Pay Payments](#).
- Health Insurance (Company contribution for portion and deduction for employee-paid portion)
- Union dues (Deduction)
- Savings (Deduction)

View the complete list of payroll items by going to Lists > Employees > Payroll Items. If the list of Payroll Items shows no items, you must update your payroll information. For more information, see [Updating Payroll Information](#).

To set up a new payroll item:

1. Go to Lists > Employees > Payroll Items > New.
2. On the Payroll Item page, select the type of item you want to create.

To view step-by-step instructions for a **Payroll Item Type**, select the type below:

- [Creating Payroll Earning Items](#)
- [Creating Payroll Deduction Items](#)
- [Creating Payroll Employer Contribution Items](#)

After you finish, you must add the new payroll items to the Payroll subtab of the appropriate employee records to make them available in a payroll run. For more information, see [Updating Employee Records for Payroll](#).

Creating Payroll Earning Items

To create new Payroll Earning Items, go to Lists > Employees > Payroll Items > New.

To set an employee's primary earning item, such as a salary or wage, for search or reporting purposes, check the Primary box when you add the earning item on the employee record. For more information, see [Setting Up Earnings for an Employee](#).

Follow the instructions below to create specific types of payroll earning items. The procedures for Salary and Commissions are the same. The procedures for Sick and Vacation are also the same. For a listing of earning item types and additional information, see [Payroll Earning Item Types](#).

To create an Earning:Addition item:

1. Go to Lists > Employees > Payroll Items > New.
2. If you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.
3. In the **Item Type** field, select **Earning:Addition**.
4. In the **Item Name** field, enter a name for the earning item.
5. From the **Expense Account** dropdown list, select an expense account for this earning item.
6. If the item is calculated on the basis of a quantity (such as hours or miles) entered for or by the employee, check the **Based on Quantity** box.
7. In the **Pay Code** field, select the payroll item type.
This type determines how the earnings are taxed and reported and whether or not the item appears on the employee's W-2.
8. If there is a limit for this earning item, in the **Limit** field, enter a dollar amount equal to the annual limit.
9. Optionally, you can enter one of the following values:
 - **Derived From** – Select a payroll item from the list, and enter a number in the **Rate Multiplier** field. The **Rate Multiplier** field is hidden until you select a **Derived From** value. For more information, see [Deriving a Pay Rate from Another Payroll Item](#).
 - **Default Rate** – Enter an amount or a percentage for this payroll item.
For example, enter 2.00 for two dollars, or 2% for two percent. The rate you enter is automatically inserted for all new employees. If there is no typical rate, leave this field blank. You can enter individual rates on each employee's record.
10. To apply the rate entered in step 8 to all employees, check the **Apply Rate to All Employees** box.
11. Select a **Report Section** from the dropdown list to specify which section of payroll reports should display this amount.
Your selection in this field determines where earnings or deductions associated with this payroll item are included in payroll reports. Report section names correspond to types of payroll items.
12. Check the **Inactive** box to prevent the use of this earning item.
13. Check **Allow Entry from Create Payroll** if you want to be able to enter or edit an amount for this payroll item from the Create Payroll page.
This option is available only for **Earning:Wage** and **Earning:Addition** earning items.
14. Click **Save**.

To create an Earning:Commission or Earning:Salary item:

1. Go to Lists > Employees > Payroll Items > New.
2. If you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.
3. In the **Item Type** field, select **Earning:Salary** or **Earning:Commission**.
4. In the **Item Name** field, enter a name for the earning item.
5. From the **Expense Account** dropdown list, select an expense account for this payroll item.
6. In the **Pay Code** field, select the payroll item type.
This type determines how the earning is taxed and reported and whether or not the item appears on the employee's W-2.
7. From the **Report Section** drop-down list, select which section of payroll reports should display this amount.

8. Check the **Inactive** box to prevent the use of this earning item. Clear the box to make it available.
9. Click **Save**.

To create an Earning:Expense item:

1. Go to Lists > Employees > Payroll Items > New.
2. If you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.
3. In the **Item Type** field, select **Earning:Expense**.
4. In the **Item Name** field, enter a name for the earning item.
5. In the **Pay Code** field, select the payroll item type.
This type determines how this new earning will be taxed and reported.
6. Check the **Inactive** check box to prevent the use of this earning item. Clear the check box to make it available.
7. Click **Save**.

Earning:Expense items do not affect an employee's gross pay; they are added to the net pay. In addition, expense items do not appear on the employee's W-2.

To create an Earning:Sick or Earning:Vacation item:

You can create sick or vacation earning items to pay out sick and vacation time. You can also use this item type to track accrued time.

1. Go to Lists > Employees > Payroll Items > New.
2. If you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.
3. In the **Item Type** field, select **Earning:Sick** or **Earning:Vacation**.
4. In the **Item Name** field, enter a name for the earning item.
5. In the **Expense Account** field, select an expense account for this payroll item.
6. In the **Pay Code** field, select the payroll item type.
This type determines how the earning will be taxed and reported.
7. Optionally, you can select a payroll item from the **Derived From** list, and enter a number in the **Rate Multiplier** field. The **Rate Multiplier** field is hidden until you select a **Derived From** value. For more information, see [Deriving a Pay Rate from Another Payroll Item](#).
8. Check the **Inactive** box to prevent the use of this earning item.
Clear the box to make it available.
9. Click **Save**.

To create an Earning:Wage item:

1. Go to Lists > Employees > Payroll Items > New.
2. If you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.
3. In the **Item Type** field, select **Earning:Wage**.
4. In the **Item Name** field, enter a name for the earning item.
5. From the **Expense Account** dropdown list, select an expense account for this payroll item.
6. In the **Pay Code** field, select the payroll item type.

This type determines how the earning will be taxed and reported.

7. Optionally, you can select a payroll item from the **Derived From** list, and enter a number in the **Rate Multiplier** field. The **Rate Multiplier** field is hidden until you select a **Derived From** value. For more information, see [Deriving a Pay Rate from Another Payroll Item](#).
8. Check the **Inactive** box to prevent the use of this earning item.
Clear the box to make it available.
9. Click the **Allow Entry from Create Payroll** box to enable users to enter an amount for this payroll item directly on the Payroll Run page.

You can enter amounts for only those employees with this item added to the **Payroll** subtab on their Employee records. For more information, see [Updating Employee Records for Payroll](#).
10. Click **Save**.

Payroll Earning Item Types

The table below includes basic information about each payroll earning item type. For procedures, see [Creating Payroll Earning Items](#).

Earning Type	Dollars vs. Hours	Editable on Create Payroll Page	Automatic/Not Automatic
Salary	Dollar Enter employees' annual salary in the rate field. The salary is automatically calculated based on the pay frequency chosen on the employee record.	No	Automatic This item is automatic only if it is designated as the default item on the employee record and the Compensation Type is Salary.
Wages	Hours Hourly wage code	Yes	Automatic This item is automatic only if it is designated as the default item on the employee record, standard hours are entered on the employee record, and the Compensation Type is Salary. Not Automatic This item is not automatic if the selected Compensation Type is Wage. You must enter a time sheet to pay this item. Time entries must be approved if Require Approvals on Time Records is set up.
Addition	Dollar Straight dollars pay code	Yes	Automatic This item is automatic only if it is designated as the Default item on the employee record and the Allow entry from Create Payroll box is checked.
Commission	Dollar Straight dollars pay code	No	No
Expense	Dollar Straight dollars pay code; does not affect gross pay.	No	No Expenses can be autogenerated if they are approved on the Expense Reports page.
Sick	Hours Hourly wage payable, with hourly accrual available	No	No
Vacation	Hours	No	No


Earning Type	Dollars vs. Hours	Editable on Create Payroll Page	Automatic/Not Automatic
	Hourly wage payable with hourly accrual available.		

- [Creating Payroll Items](#)
- [Searching for Payroll Items](#)
- [Creating Payroll Earning Items](#)
- [Creating Payroll Employer Contribution Items](#)

Creating Payroll Deduction Items

To create a deduction item:

1. Go to Lists > Employees > Payroll Items > New.
2. On the Payroll Item page, if you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.
3. In the **Item Type** field, select **Deduction**.
4. In the **Item Name** field, enter a name for your payroll item.
5. In the **Liability Account** dropdown list, select a liability account for this payroll item.
6. In the **Agency** dropdown list, select the tax agency to which this deduction is paid.
The **Agency ID** for this tax vendor is pulled automatically from the vendor record. For more information, see the help topics [Vendor Records Overview](#) and [Associating Vendors with Payroll Items](#).
7. In the **Pay Code** dropdown list, select the appropriate pay code.
The pay code determines how the deduction is taxed and reported and whether or not the item appears on the employee's W-2. For more information on each pay code, see [Using Deduction Codes](#).
8. In the **Limit** field, enter a dollar amount equal to the annual limit for this payroll item.
If there is no limit, leave this field blank.


 **Note:** After the deduction reaches this limit, even in the middle of a payroll run, it is no longer included in payroll calculations.

9. Select the **Limit Type** that you are applying to this deduction.
 - Select **Wage** to apply the limit to wages. When the total amount of wages for an employee is above the limit specified, the deduction is no longer applied.
 - Select **Withholding** to apply the limit to the amount withheld. When the total amount withheld is above the limit specified, the deduction is no longer applied.
10. If you want to apply the amount entered in the **Limit** field to all employees, check the **Apply Limit to All Employees** box.
11. Optionally, you can select a payroll item from the **Derived From** list, and enter a number in the **Rate Multiplier** field. The **Rate Multiplier** field is hidden until you select a **Derived From** value. For more information, see [Deriving a Pay Rate from Another Payroll Item](#).
When you use derived rates, the **Default Rate** field is hidden.
12. Enter a default amount or percentage rate for this payroll item in the **Default Rate** field.

For example, enter 2.00 for two dollars, or 2% for two percent. The rate you enter is automatically inserted for all new employees. If there is no typical rate, leave this field blank. You can enter individual rates on each employee's record.

13. If you want to apply the **Default Rate** to all employees, check the **Apply Rate to All Employees** box.
14. To specify which section of payroll reports should display this amount, select a **Report Section** from the dropdown list.
15. Click **Save**.


Liability payments are made to vendors you set up as tax agencies. For more information, see the help topic [Associating Vendors with Payroll Items](#).

 **Note:** If you wish to make a payroll item inactive, on the Payroll Item page, check the **Inactive** box.

Creating Payroll Employer Contribution Items


To create an employer contribution payroll item:

1. Go to Lists > Employees > Payroll Items > New.
2. If you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.
3. In the **Item Type** field, select **Employer Contribution**.
4. In the **Item Name** field, enter a name for this payroll item.
5. In the **Liability Account** dropdown list, select a liability account for this payroll item.
6. In the **Expense Account** dropdown list, select an expense account for this payroll item.
7. In the **Agency** dropdown list, select the tax agency to which this deduction is paid.
The **Agency ID** for this tax vendor is automatically pulled from the vendor record. For more information, see the help topics [Vendor Records Overview](#) and [Associating Vendors with Payroll Items](#).
8. In the **Pay Code** dropdown list, select the pay code.
The pay code determines how the company contribution is taxed and reported. For more information on each pay code, see [Using Deduction Codes](#).
9. In the **Limit** field, enter a dollar amount equal to the annual limit for this payroll item.
If there is no limit, leave this field blank.

 **Note:** After the amount associated with this item reaches this limit, even in the middle of a payroll run, it is no longer included in payroll calculations.


10. Select the **Limit Type** you are applying to this item:
 - Select **Wage** to apply the limit to wages. When the total amount of wages for an employee is above the limit specified, this item is no longer applied.
 - Select **Withholding** to apply the limit to the amount withheld. When the total amount withheld is above the limit specified, this item is no longer applied.
11. If you want to apply the limit entered in the **Limit** field all employees, check the **Apply Limit to All Employees** box.
12. If the item is calculated on the basis of a quantity (such as hours or miles) entered for or by the employee, check the **Based on Quantity** box.

13. Optionally, you can select a payroll item from the **Derived From** list, and enter a number in the **Rate Multiplier** field. The **Rate Multiplier** field is hidden until you select a **Derived From** value. For more information, see [Deriving a Pay Rate from Another Payroll Item](#).
When you use derived rates, the **Default Rate** field is hidden.
14. Enter a default amount or percentage rate for this payroll item in the **Default Rate** field.
For example, enter 2.00 for two dollars, or 2% for two percent. The rate you enter is automatically inserted for all new employees. If there is no typical rate, leave this field blank. You can enter individual rates on each employee's record.
15. If you want to apply the **Default Rate** to all employees, check the **Apply Rate to All Employees** box.
16. To let employees view the amounts for this company contribution item when they view their paycheck history in the Employee Center, check **View in Employee Center**.
17. To specify which section of payroll reports should display this amount, select a **Report Section** from the dropdown list.
18. Click **Save**.

 **Note:** If you wish to make a payroll item inactive, on the Payroll Item page, check the **Inactive** box.

Searching for Payroll Items

To use the employee payroll item search, go to Lists > Employees > Payroll Items > Search.

 **Note:** You must have the **Payroll Manager** role to use this search.

From the **Name** dropdown list, select the name filter on which to search payroll items and then enter specifics in the adjacent field. Click **Submit**.

Click **Edit** or **View** to access a specific payroll item record.

The standard search displays the following columns:

- Payroll item name
- Item type
- Master pay code
- Associated expense account, if any

Employee Payroll Items Search

Use the Employee Payroll Items Search to find which payroll items are assigned to which employees. It lists payroll items assigned to employees with corresponding pay, deduction, contribution, or accrual rates. This search shows the type of payroll item that is mapped for taxability and payroll-specific codes that are attached to the specific item. It also lists what account is mapped to a payroll item. This search provides employee and payroll item assignment with rate such as salary or hourly rate, any hours accrued on time off codes and their accrual rates. This search also displays PTO information such as Sick Time including the rate. Accrual information is also displayed such as the total accrual limit, current amount accrued, and the accrual rate for each item. This information can be used to find any payroll liability associated with the time off.

To use the employee payroll item search, go to Reports > Search > New, and then click Employee Payroll Items. You can also go to Reports > New Search, and then click Employee Payroll Items.

Note: You must have the Payroll Manager role to use this search.

Scheduling Payroll Item Changes

Your Human Resources department or Payroll Administrator can schedule changes for payroll items such as wage and deduction changes for employees. You can enter an effective date and expiration date to determine when a payroll item starts or stops for an employee.

The option for an effective date and expiration date enables scheduling items such as a salary increase, bonus, increase in 401(k) contribution, and more.

To display an employee record, go to Lists > Employees > Employees. Click Edit next to an employee name. Click the Payroll subtab. On the Earnings, Deductions, Company Contributions, and Accrued Time subtabs, enter an effective and expiration date for payroll item changes.

To display a payroll item record, go to Lists > Employees > Payroll Items. Click Edit next to a payroll item. The Edit Payroll Item page displays the Effective Date and Expiration Date fields in the employees list.

Deriving a Pay Rate from Another Payroll Item

You can derive pay rates using a multiplier of a linked payroll item. The derived rate is dependent on the rate for the payroll item to which it is linked. When the linked rate changes, the derived rate changes automatically. You can derive pay rates for earning, deduction, and employer contribution payroll item types. Expense and commission earning types are not supported.

The Derived From and Rate Multiplier fields on the payroll item record are used to calculate derived rates.

The screenshot shows the 'Payroll Item' form with the following details:

- ITEM TYPE ***: Earning:Wage
- ITEM NAME ***: Overtime Wages
- EXPENSE ACCOUNT ***: 6400 Salaries & Wages Expense
- PAY CODE**: Overtime Straight
- WITHHOLDING**: ☐ WITHHOLDING
- DERIVED FROM**: Hourly Wages (highlighted with a red box)
- RATE MULTIPLIER**: 1.5 (highlighted with a red box)
- ☐ ALLOW ENTRY FROM CREATE PAYROLL
- ☐ INACTIVE

The derived rate for the new payroll item is the rate multiplier times the pay rate of the payroll item selected in the Derived From field.

To set up and use a derived pay rate:

1. Create the payroll item using the **Derived From** and **Rate Multiplier** fields.
 - **Derived From** – Select the payroll item on which the new rate is based. This is the linked payroll item.
Earnings can be derived from earnings. Deductions can be derived from earnings or deductions. Contributions can be derived from earnings, deductions, or contributions.
 - **Rate Multiplier** – Enter the multiplier as a number, not a percentage. This number can be a decimal fraction. Negative numbers are also supported. This field is visible only when a payroll item is selected in the **Derived From** field.

For more information, see [Creating Payroll Items](#).

2. Add the derived payroll item on the **Payroll** subtab of the employee record. The linked item must also be included on the employee record.

Be sure to add the payroll item on the appropriate subtab. For example, add overtime wages on the **Earnings** subtab, and add 401(k) matching on the **Contributions** subtab.

3. Go to Payroll and HR > Payroll > Create Payroll (Payroll Manager), and create a payroll batch. When you calculate the payroll, the payroll items with derived pay rates appear in the **Net Pay** subtab of the **Complete** subtab. For more information, see [Creating a Payroll Batch](#).

Mapping Payroll Items

Mapping payroll items is a two-part process:

- First, NetSuite automatically maps its payroll items to the pay codes such as Federal Withholding items.
- Second, you can change the automatic mapping to different codes as appropriate for your business. To view a list of codes and definitions, see [Using Standard Pay Codes](#).

To map payroll items:

1. Go to Setup > Payroll > Map Payroll Items.
2. On the Map Payroll Items page, if you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.
3. Review the selection in the **New Code** column for each item on the **Earnings**, **Deductions**, or **Company Contributions** subtabs.
4. Select a different code from the dropdown lists in the **New Code** column as appropriate for the payroll item.
5. Check the **Inactive** box to make a payroll item inactive.
6. Click **Save**.
7. On the Update Payroll Information page, check the **Agree** box, and then click **Commit Updates**.

Using Standard Pay Codes

The links below go to tables that outline the standard pay codes for earnings and deductions. These same pay codes are listed in the Pay Code field on payroll item records. The code that you select in the Type field affects the way the payroll item is represented on the employee's Form W-2.

- [Using Earning Codes](#)
 - [Taxable Earnings](#)
 - [Other Earning Codes](#)
 - [Fringe Benefit Earning Codes](#)
- [Using Deduction Codes](#)
 - [Misc. Pre-Tax Employee Deductions](#)
 - [Pension Plans Contributions](#)
 - [Education Plans Contributions](#)
 - [Cafeteria Plans Contributions](#)
 - [After-Tax Deductions](#)


▫ [Using Employer Contribution Codes](#)

Using Earning Codes

These earning codes identify a range of compensation and other payments received by employees, both taxable and non-taxable. For example, earning codes are available for regular pay, bonuses, and overtime as well as expense reimbursements and non-taxable sick pay.

- [Taxable Earnings](#)
- [Other Earning Codes](#)
- [Fringe Benefit Earning Codes](#)

Taxable Earnings

 **Important:** In most cases, these codes are treated as regular earnings for W-2 purposes.

Code Name	Description	Additional Information	FIT Taxable	FICA Taxable	W-2 box
Bonus - Taxed as Regular Income	Bonus payments made to employees	These bonus payments should be made as part of the regular payroll check.	Y	Y	box 1, 3, 5
Bonus - Taxed as Supplemental	Bonus payments made to employees	Typically bonus payments identified separately and taxed as supplemental earnings.	Y	Y	box 1, 3, 5
Health Care Premiums - Domestic Partner(Employer)	Federal law requires that premiums for health insurance for domestic partners is taxable. This code adds the employer contribution to the earnings for taxation. An automatic deduction ensures that the employee is not paid for this amount.				
Holiday	Code to track payments made for holiday pay	These payments are reported as regular earnings.	Y	Y	box 1, 3, 5
ISO - Ordinary Income	W-2 income resulting from a disqualifying disposition of EE stock originated from a company's stock option plan. See IRS pub 525.	An offsetting deduction can be used if you would like to record the ISO through payroll rather than directly paying it to the employee.	N	N	box 1, 16
Overtime Premium	Overtime Premium earnings	Overtime Premium is used to pay overtime hours at 0.5 x standard pay rate. In case of Double time, the Overtime Premium Code should be used to pay overtime hours at 1 x standard pay rate.	Y	Y	box 1, 3, 5
Overtime Straight	Overtime earnings paid at straight time	This code pays overtime at the regular hourly rate. Hours entered here are	Y	Y	box 1, 3, 5

Code Name	Description	Additional Information	FIT Taxable	FICA Taxable	W-2 box
		also reflected in overtime premium.			
Paid Time Off - Taxable	Code to track payments made for any paid time off	These payments can include vacation and sick paid time off in accordance with company policy and are reported as regular earnings.	Y	Y	box 1, 3, 5
Personal	Code to track payments made for any personal time off	This tracks personal time off in accordance with company policy. Payments are reported as regular earnings.	Y	Y	box 1, 3, 5
Regular	Code for regular time worked	These payments are reported as regular earnings.	Y	Y	box 1, 3, 5
Retroactive Pay	Code for back pay owed to an employee	These payments are reported as regular earnings and taxed at supplemental rates. If combined with regular earnings, these payments will be taxed at regular rates.	Y	Y	box 1, 3, 5
Severance	Code for pay owed to an employee at termination	This tracks termination pay in accordance with company policy. In most cases, termination is non-voluntary. Payments, when not combined with regular pay, are reported as supplemental earnings for withholding purposes.	Y	Y	box 1, 3, 5
Sick Pay	Code to track payments made for any sick time paid by employer	This tracks regular sick time in accordance with company policy. Payments are reported as regular earnings.	Y	Y	box 1, 3, 5
Supplemental Pay	Pay for other than regular hours worked	These payments are reported as regular earnings and taxed at supplemental rates.	Y	Y	box 1, 3, 5
Unpaid Hours	This is a memo field	Use this field to track any hours not yet paid.	Y	Y	box 1, 3, 5

Other Earning Codes

In most cases, these pay codes are used for special reporting.

Code Name	Description	Additional Information	FIT Taxable	FICA Taxable	W-2 box
1099	Earnings for independent contractors This item is for NetSuite Payroll only.	All pay for independent contractors should go into this code. Earnings will be reported on Form 1099 MISC box 7.			Form 1099-MISC, box 7
Advances - Loans	Code for any advance where repayment is expected	These amounts are not included as income for	N/A	N/A	N/A

Code Name	Description	Additional Information	FIT Taxable	FICA Taxable	W-2 box
		tax-reporting purposes. It is anticipated that they will be paid back to the employer.			
COBRA Premiums (Employer Under ARRA)					
Golden Parachute In Excess Of the Limit	Payment to a key executive when terminated due to a change of ownership	Golden Parachute payments in excess of the federal limit are subject to an additional excise tax. The amount withheld for the excise tax must be reflected in both W-2 box 2 - Federal Income tax withheld and in box 12 Code K.	Y	Y	box 12 Code K
Tips Paid by Employer	Allocated tips paid by employer	In most cases, this code is used by large food and beverage employers who are required to allocate a certain percentage of tips to employees. This appears in box 8 on W-2s.	Y	Y	box 8
Tips		Adds to earnings and is fully taxable. An automatic deduction ensures that the employee is not paid for this amount.			box 7
Moving Expenses - Qualified Reimbursement	Qualified moving expenses paid to employees on their paychecks This code is used when expenses for an employee's relocation are paid out-of-pocket by the employee and the employer reimburses the amount. The check should NOT include an offsetting deduction so this amount does increase check's net payment.	Outcome is to increase net pay without increasing taxable wages - reported in box 12 Code P.	N	N	box 12 Code P
Non-Taxable Reimbursement	Code to use when reimbursing expenses on paychecks	Expenses should be business related and substantiated as per federal rules. This code does not effect earnings or taxes.	N/A	N/A	N/A

Fringe Benefit Earning Codes

In most cases, these codes are additions to earnings for taxation purposes. They account for payments made to employees outside of the payroll system or for use of company assets such as vehicles that have value to the employee.

Note: Any fringe earning on a paycheck must be offset by a deduction with the same amount. You must create a matching deduction to ensure the employee receives no additional cash on the paycheck. For details on creating deductions, read [Creating Payroll Deduction Items](#).

Note: To offset any fringe earning code, use a deduction code based only on the Fringe Benefits Offset type.

Code Name	Description	Additional Information	FIT Taxable	FICA Taxable	W-2 box
Advances - Non-Loans	Code for any advance where repayment is not expected	These are non-loan payments that were made to the employee and need to be reported as taxable income.	Y	Y	box 1, 3, 5
Cost of Employer-Sponsored Health Coverage	Code for health care contributions made by employer Use the Fringe Benefits Offset deduction code to remove the net pay effect of these contributions		N	N	box 12 Code DD
Cost of Employer-Sponsored Health Coverage (Offset)					
Employee FICA Paid By Employer	Code for when the employer chooses to pay the employee's FICA (Federal Insurance Contributions Act tax)	This code is used to offset the FICA paid by the employer.	Y	Y	box 1, 3, 5
Health Care Premiums: Domestic Partner/Civil Union/Same-Sex Marriage (Employer)	For employer contribution for health insurance	Federal law requires that premiums for health insurance for domestic partners is taxable. This code adds the employer contribution to the earnings for taxation. An automatic deduction ensures that the employee is not paid for this amount.	Y	Y	box 1, 3, 5, and 14
HSA (Employer Contribution)	Employer contribution to the Employees Health Spending Account	<p>Paid into a qualified plan. Some states tax these contributions. Set up a matching deduction to ensure the employee is not paid for this amount.</p> <div> <p>Note: This amount is not considered for calculation of base wages for 401(k) contributions.</p> </div>	N	N	box 12 Code W
Moving Expenses - Qualified	This code records qualified moving expenses. Used when expenses for an employee's relocation are paid by the employer directly to service providers. Because the money is already paid	These are expenses that were paid to the employee, but not through payroll. These qualified expenses do not affect net pay and are reported in W-2 box 12 Code P.	N	N	box 12 Code P

Code Name	Description	Additional Information	FIT Taxable	FICA Taxable	W-2 box
	to the third party, the check should include an offsetting deduction so this amount does NOT increase check's net payment.				
Non-Cash Compensation	This records taxable non-cash compensation	This code tracks non-cash compensation, received by the employee, for which value needs to be added to the employee's earnings for taxation purposes. Code is fully taxable.	Y	Y	box 1, 3, 5
Non-Qualified Stock Option	This records non-qualified stock options and is W-2 reportable and taxable.	This code tracks non-qualified stock options, exercised by the employee, for which value needs to be added to the employee's earnings for taxation purposes. Code is fully taxable.	Y	Y	box 1, 3, 5, and box 12 Code V
Pension Plan Contribution (Employer)					
Third Party Sick Pay - Taxable		For a sick pay plan, that the employee contributed to, that is paid by a third party. This code does not affect earnings or net pay. An automatic deduction ensures that the employee is not paid for this amount.			box 1, 3, 5
Third Party Sick Pay - Nontaxable	This code records nontaxable sick pay	This code tracks sick pay plans that employees contribute to and is paid by a third party. This code does not effect earnings or net pay. It enables the amount to be recorded in W-2 box 12 Code J.	N	N	box 12 Code J
Group-Term Life Insurance over \$50,000	This records the value of group term life. The IRS determines the standard amount and provides a table for computing the value of the insurance that is in excess of the standard. This code records the value of the excess in regular earnings (box 1, 3, and 5 of W-2) and reports the value in W-2 box 12 Code C.	You must manually create a matching deduction to ensure the employee receives no additional cash on the paycheck. Set up a matching deduction to ensure the employee is not paid for this amount. For details on creating deductions, read Creating Payroll Deduction Items .	Y	Y	box 1, 3, 5, and box 12 Code C
Tips	This records tips paid directly by customers to the employee.	These payments are added to earnings and are fully taxable.	Y	Y	box 1, 3, 5
Unsubstantiated Reimbursements	Reimbursements for expenses that do not	These are reimbursements that were previously paid and now determined to be unsubstantiated. They are	Y	Y	box 1, 3, 5,

Code Name	Description	Additional Information	FIT Taxable	FICA Taxable	W-2 box
	meet the federal rules for exclusion from taxation	added to earnings and are fully taxable.			and 14
Health Ins Employer Pd--2% Shrhldrs	This code is used to set the amount paid by an employer to cover health insurance premiums of an employee of an s-corporation who is a 2%+ shareholder of the company.	These employer payments are taxed at supplemental rates and if combined with regular earnings, taxed at regular rates.	Y		box 1, 14
Non Taxable Fringe Benefit	This code is to be used very carefully and only when the payroll administrator cannot match a benefit on hand with any of fringe code types available in the system.	Because it cannot be matched, it cannot be taxed properly and this code is never taxed. It is up to an employee to report it correctly on personal tax returns. If the amount is large and the benefit actually is taxable, the employee could be liable for an estimated tax payment to different agencies before the end of the tax year.			
Pension Plan Contribution (Employer)	Records an employer's contribution to any employee's pension plan. 401(k) match is a typical example.				

Using Deduction Codes

These deduction codes identify a range of deductions from employees' compensation that an employer may have to factor into a paycheck or direct deposit. Most employee deductions are voluntary, but some are not (for example, After-Tax Deductions such as Child Support and Garnishments). Deduction codes also include Employer Contributions paid to third parties for benefits such as medical insurance and pension contributions.

- [Misc. Pre-Tax Employee Deductions](#)
- [Pension Plans Contributions](#)
- [Education Plans Contributions](#)
- [Cafeteria Plans Contributions](#)
- [After-Tax Deductions](#)
- [Using Employer Contribution Codes](#)

Misc. Pre-Tax Employee Deductions

Code Name	Description	Additional Information	W-2 box
Commuter Checks	Employee deduction for the employee's contribution to pay for commuter checks Internal Revenue Code Section 132 and the Transportation Equity Act for the 21st Century (TEA-21) enables employers to offer employees the opportunity to set aside a portion of their salary to pay for certain transportation expenses. The employee is not taxed	Employee payment for vouchers that the employee redeems for transit passes, tickets or tokens and/or payment for vanpool fares. Employers provide these tax-free vouchers to employees in amounts up to the federally	

Code Name	Description	Additional Information	W-2 box
	on amounts set aside and used for qualified expenses (that is, pre-tax dollars are used to pay the commuting expenses). For IRS information specific to Transportation (Commuting) Benefits, see http://www.irs.gov/pub/irs-pdf/p15b.pdf .	mandated monthly limit. Employers may also provide commuter checks in the form of cash or cash equivalents in lieu of vouchers. Commuter checks are a pre-tax employee deduction benefit, either as a substitute for taxable salary or a supplemental benefit.	
Fringe Benefits Offset	This code should be used as a base type for all deduction codes used to offset the fringe earnings. Such deduction codes should not be used for any other purposes.	Fringe earnings should not affect a net pay of the check. It is achieved by offsetting every fringe earning on the check with a deduction of the same amount as matching earning.	
Health Ins Employer Pd-2+ pct Shrhldrs	This type was designed as an offset to a fringe earning type with a matching name and should not be used! Instead, the generic offset type Fringe Benefits Offset must be used.		box 14 with label Health Ins

Pension Plans Contributions



Important: In most cases, these pay codes identify pre-tax deductions used to calculate federal and state individual income taxes.

Code Name	Description	Additional Information	W-2 box
401(k) Contribution	Employee's contribution to qualified 401(k) Plan	A retirement plan funded through pre-tax payroll deductions for eligible employees. 401(k) plans are not taxed on any capital gains, dividends, or interest until they are withdrawn.	box 12 Code D
401(k) Additional After-Tax Contribution	Employee's after-tax contribution to qualified 401(k) Plan	After-tax 401(k) contributions are subject to taxation again when they are withdrawn.	box 14
401(k) Catch-up			box 12, Code D
401(k) Loan Repayment	Employee deduction for 401(k) loan repayment	After-tax payments deducted from employee's paycheck to repay funds obtained from a 401(k) in the form of a loan.	N/A
401(k) Roth Contribution	All Roth contributions are after-tax and distributions from the plan are not taxable.	Designated Roth Contribution to 401(k) Plan In Lieu of Elective Deferral You will find more details available at http://www.irs.gov/Retirement-Plans/Roth-IRAs .	box 12 Code AA
401(k) Roth - Catch-up			box 12 Code AA
403(b) Roth Contribution	Employee's contribution to qualified 403(b) plan.	Designated Roth Contribution to 403(b) In Lieu of Elective Deferral	box 12

Code Name	Description	Additional Information	W-2 box
	All Roth contributions are after-tax and distributions from the plan are not taxable.	You will find more details available at https://www.irs.gov/retirement-plans/irc-403b-tax-sheltered-annuity-plans .	Code BB
403(b) Roth - Catch-up - With 15 Years Of Service		Designated Roth Contributions to 403(b)) Plan In Lieu of Elective Deferral. Use either With 15 Years Of Service or After The Age Limit.	box 12 Code BB
403(b) Roth - Catch-up - After The Age Limit		Designated Roth Contributions to 403(b)) Plan In Lieu of Elective Deferral. Use either With 15 Years Of Service or After The Age Limit.	box 12 Code BB
403(b) Contribution	Employee's contribution to qualified 403(b) plan	A retirement plan for university, civil government and not-for-profit employees funded through pre-tax payroll deductions. 403(b) plans have the same characteristics and benefits of 401(k) plans.	box 12 Code E
403(b) - Catch-up - With 15 Years Of Service		Designated contributions to 403(b) plan. Use either With 15 Years Of Service or After The Age Limit.	box 12 Code E
403(b) - Catch-up - After The Age Limit		Designated contributions to 403(b) plan. Use either With 15 Years Of Service or After The Age Limit.	box 12 Code E
Govt. Employee Deferred - 457(b)	Government employee deduction for deferred compensation plan	Non-qualified, pre-tax, deferred compensation plans established by state and local government and tax-exempt employers.	box 12 Code G
Govt. EE 457(b) - Catch-up - Standard			box 12 Code G
Govt. EE 457(b) - Catch-up, Additional - 3 Years To Retirement			box 12 Code G
MQGE Pension Plan Contribution (Employee)	Medicare Qualified Government Employment (MQGE)	MQGE is a special class of government employees. There are special pension plans for this class. You will find more details are available at http://www.irs.gov/pub/irs-pdf/p963.pdf .	
SEP Contribution - 408(k)(6)	Simplified employee pensions	Pre-tax deduction for a Simplified Employee Pension (SEP), which is a retirement plan for employers who do not wish to sponsor or administer a qualified pension or profit-sharing plan.	box 12 Code F
SEP 408(k)(6) - Catch-up			box 12 Code F
SIMPLE - 408(p) Contribution	Saving Incentive Match Plans for employees of small employers	Pre-tax deduction for a Savings Incentive Match Plan, a retirement plan for employers with no more that 100 employees.	box 12 Code S

Code Name	Description	Additional Information	W-2 box
SIMPLE - 408(p) - Catch-up		Pre-tax deduction for a Savings Incentive Match Plan, a retirement plan for employers with no more than 100 employees.	box 12 Code S

Education Plans Contributions

Code Name	Description	Additional Information	W-2 box
College Savings Plan (529)	Employee deduction for a qualified college savings plan	Employee contributions to a tax-deferred college savings plan. While the initial employee deductions are not tax deductible, tax is not paid by the employee on the account's earnings until the funds are disbursed to pay for college.	N/A

Cafeteria Plans Contributions

Code Name	Description	Additional Information	W-2 box
Cafeteria Contrib. - FSA: Adoption Assist.	Employee contribution to a pre-tax adoption assistance plan	A pre-tax payroll deduction for the employee's contribution to his or her employer's cafeteria plan for Adoption Assistance savings account.	box 12, Code T
Cafeteria Contrib. - FSA Dependent Care	Employee contribution to a pre-tax dependent care plan	A pre-tax payroll deduction for the employee's contribution to his or her employer's cafeteria plan for Dependent Care.	box 10
Cafeteria Contrib.-FSA: Health Care		A pre-tax payroll deduction for the employee's contribution to their employer's cafeteria plan for Health Care FSA.	box 14
Cafeteria Contrib. - POP	Employee contribution to a pre-tax premium-only cafeteria plan	A pre-tax payroll deduction for the employee's contribution to his or her employer's cafeteria premium-only plan to pay insurance premiums.	N/A
Cafeteria Contribution-Medical Care Premiums	Employees contribution to a pre-tax medical care plan	A pre-tax payroll deduction for the employee's contribution to his or her employer's cafeteria plan for medical care.	N/A
Cafeteria Contribution - HSA		Employee contribution to a Health Savings Account (HSA) through a Cafeteria Plan	box 12 Code W

After-Tax Deductions

These deductions do not reduce taxes.

Code Name	Description	Additional Information	W-2 box
Advances - Repayment	Employee repayment of advance	Funds paid back to employer for a previous advance. This deduction does not reduce taxes.	N/A

Code Name	Description	Additional Information	W-2 box
After-Tax Employee Insurance Contribution	Employee contribution to insurance plans treated as an after-tax deduction	Insurance contributions made for any insurance that cannot be pre-tax. This deduction does not reduce taxes. This code is rarely used. In most cases, employers provide at the minimum a Premium Only Plan (POP) cafeteria plan that will shift the insurance premiums to a pre-tax basis—reducing virtually all taxes, including employer taxes such as FICA, Medicare, and Unemployment.	N/A
Child Support	Employee deduction for child support payment	Money paid through payroll by the non-custodial parent to the custodial parent for the support of children. This is an after-tax deduction and is often, but not always, mandated by a court order. This deduction does not reduce taxes.	N/A
Employee Share SDI	Employee deduction for state disability insurance	This tracks the employee deduction for state disability insurance. This deduction does not reduce taxes.	box 14
Garnishment	Employee deduction for wage garnishment.	Wage garnishment is a legal procedure in which a person's earnings are required by court order to be withheld by an employer for the payment of a debt. This deduction does not reduce taxes.	N/A
Health Care Premiums - Domestic Partner			
Long Term Disability	Employee deduction for long term disability insurance	After-tax deduction for employee's share of the cost of long term disability insurance. This deduction does not reduce taxes.	box 14
Misc. After-tax Deduction	General employee deduction which does not reduce taxes	Miscellaneous after-tax deduction that can be used for a deduction not listed. This deduction does not reduce taxes.	N/A
Term Life Insurance	Employee deduction for term life insurance which does not reduce taxes	Employee's after-tax contribution for a term-life insurance premium. This code should be rarely used. In most cases, this type of insurance is included in a pre-tax plan, such as a POP plan. This deduction does not reduce taxes.	box 14

Using Employer Contribution Codes

These standard pay codes are used to record employer contributions. They do not appear on paychecks or affect taxation or net pay in any way. The employer contributions are recorded to create checks on the Pay Payroll Liabilities page.

Code Name	Description	Additional Information	W-2 box
Medical (EMPLOYER)	Created to permit NetSuite Payroll to automatically generate third-party checks for medical premiums		N/A
Pension Contributions (EMPLOYER)	Created to permit NetSuite Payroll to automatically generate third-party checks for employer matching pension contributions		N/A


Code Name	Description	Additional Information	W-2 box
SIMPLE - 408(p) Contribution (EMPLOYER)	Optional SIMPLE matching contribution from employer	This deduction does not appear on an employee's pay stub, but is provided so that the payroll system can make direct payments of the full SIMPLE payroll contributions to the pension administrator.	N/A
Term Life Insurance (EMPLOYER)	Created to permit NetSuite Payroll to automatically generate third-party checks for pension contributions		N/A

Running Test Payrolls

Running test payrolls enables you to verify that NetSuite Payroll correctly calculates the payroll information that you set up for each employee.

Your payroll setup is not complete until you complete the following:


1. You either enter Year To Date (YTD) information OR select the option indicating you have no YTD information to report.
2. You run at least one test payroll.

 **Note:** You cannot use NetSuite Payroll until you run a test payroll.

You can run as many test payrolls as you like. Test payroll runs do not affect your current data in any way and are deleted from the system when you turn off the Test Mode feature in your account.


To run a test payroll:

1. Go to Setup > Payroll > Set Up Payroll.
2. Ensure that the **Run Payroll in Test Mode** box is checked. Click **Save**.
3. Go to Transactions > Employees > Create Payroll.
4. If you have a NetSuite OneWorld account, select a subsidiary from the dropdown list in the **Subsidiary** field.
For more information, see the help topic [Setting Up Payroll in OneWorld](#).
5. In the **Pay Frequency** field, select the range that describes how often you pay the employees you want to include in this payroll.

 **Note:** The frequency you select in this field filters the list of employees on this page who are included in the payroll run.

6. In the **Period Ending** field, accept or change the last date of the payroll period.
This date is based on the last paid date and pay frequency entered on the employee record.
7. Click **Create**.
8. Select the employees to include in the payroll batch:
 - a. In the **Workplace** field, select a workplace to filter the list.
For details about workplace records, see [Entering Workplace Records for Payroll](#).

- b. In the **Department** field, select a department.
For details about department records, read the help topic [Departments and Classes Overview](#).
 - c. In the **Class** field, select a class.
For details about class records, read the help topic [Departments and Classes Overview](#).
 - d. In the **Select** column, next to the names of the employees you want to pay, click **Mark All** or boxes.
9. Click **Save**.
 10. In the **Check Date** field, accept or change the posting date of the paychecks.

 **Note:** This date cannot be a previous date, a weekend, or a bank holiday. If you want to enter a check for today's date, you must check the **To Be Printed** box and locally print the check. NetSuite Payroll cannot process direct deposits or service-printed checks on the same day.

11. Check or clear the following boxes:
 - a. To save the checks and direct deposit vouchers in a queue for printing later, check the **To Be Printed** box.



Important: If you do not check this box, paychecks and direct deposit vouchers are not printed for this payroll. To print checks and vouchers later, you must individually access and print each transaction. If you use the Service Printed Checks and Stubs feature, do not check this box. If you want to print the checks yourself for this payroll run only, check this box. By default, this box is not checked for future payrolls.

- b. To pay approved commission amounts, from NetSuite Commissions, on the paychecks included in this run, check the **Pay Commissions** box.
 - c. To pay approved expense amounts (from NetSuite) on the paychecks included in this run, check the **Pay Expenses** box.
You must set up an expense payroll item to use this preference. For more information, see [Creating Payroll Earning Items](#).
 - d. If you do not want to accrue vacation or sick time on the paychecks included in this run, check the **Do Not Accrue Time** box.
 - e. To pay PTO on the paychecks included in this run, check the **Pay PTO** box.
12. Verify the hours and amounts shown for the earning items listed.
 13. To run your test payroll and view the checks created on the Payroll Batch page, click **Calculate**.
 14. On the Payroll Batch page, on the **Complete** tab, click **View** next to an employee's name to view the details on their paycheck.
If you need to make changes, click **Edit** to change any payroll related information on the employee record.
 15. Compare and verify employee withholding and deduction calculations with your most recent payroll run.

If you discover errors during your test payroll runs, go to Lists > Employees > Employees to make the necessary changes to employee records. Then, to go to Transactions > Employees > Create Payroll to rerun your test payroll.

If you make changes, you may be required to update your payroll information before running another test payroll. To update your payroll information, go to Setup > Payroll > Update Payroll Information.

Turning Off Test Mode

When you have completed your test runs, you need to turn off the test mode before you can run actual payrolls. For more information, read [Turning Off Payroll Test Mode](#).

Turning Off Payroll Test Mode

When you have finished running test payrolls and verified your data, you can complete your setup by turning off the test mode in your account.

After the test mode is turned off, payrolls that you run do affect your account data and are posting transactions.

To turn off Test Mode:

1. Go to Setup > Payroll > Set Up Payroll.
2. Clear the **Run Payroll in Test Mode** box.
If this box is not available, it is because you have not set up YTD information, that you have no YTD information to report, or you have not run at least one test payroll.
3. Click **Save**.

Setting Up Year-To-Date Information

Setting up Year-to-Date (YTD) information records federal and state tax liability information for the periods prior to using NetSuite Payroll. If you have run any payrolls during the calendar year, you must enter YTD information to ensure all calculations and reports for the remainder of the year are accurate. NetSuite requires you to enter these tax liabilities for the year up to the day before the current quarter and enter tax liabilities for the quarter to date.

When you submit your YTD information, NetSuite verifies the data you entered against its tax calculations. If there are differences, NetSuite generates a journal entry for any unpaid liabilities.

You will be prompted to fund and pay any unpaid liabilities through NetSuite Payroll. For more information, see the help topic [Reporting Year-to-Date Tax Liability Payments](#).

To set up YTD information:

1. Go to Setup > Payroll > Year-To-Date Information.
2. If you have a NetSuite OneWorld account, then select a subsidiary.
For more information, see the help topic [Setting Up Payroll in OneWorld](#).
3. If required, click **Update Payroll Information**.

On the Update Payroll Information page, complete the following steps:

- a. Check the **Agree** box.
- b. Click **Commit Updates**.
- c. When your updates have been committed, return to Setup > Payroll > Year-To-Date Information to continue the YTD process.
4. Select the year you will begin using NetSuite Payroll.
If you have not run any previous payrolls on another system during the current year, select **I do not have YTD amounts to report** to skip the YTD setup.

5. Click **Next**.

If you selected **I have YTD amounts to report**, complete the following steps:

- a. Select the employees for whom you have year-to-quarter date data, and then click **Next**.
- b. Enter **Year-to-Quarter** amounts for each employee, and then click **Next**.
You can save time by exporting and completing the template that NetSuite provides you.
- c. Review the amounts, enter amounts reported to tax agencies, and review any unpaid amounts, and then click **Next**.
- d. On the Journal page, edit the journal entry that NetSuite prepared to update your account information based on the year-to-date data that you entered for your employees. Click **Save**.
- e. If the original or edited Journal is ready to post, on the Year To Date Setup - Liability Payments page, click **Commit**.
- f. If you do not have quarter-to-date data for employees, clear the box to indicate that you do not have quarter-to-date data to enter. Click **Next**.

The next step is to enter Quarter-to-Date amounts. This procedure follows the same sequence as entering Year-to-Quarter amounts. Begin by entering employee data, reviewing the amounts calculated by NetSuite, reviewing or editing the journal entry prepared by NetSuite, and committing the journal entry.

- g. On the Year To Date Setup - Liability Reporting page, click the appropriate form link, and then enter the correct amounts by day, week, month, or quarter that add up to the total year-to-date amounts calculated by NetSuite. Click **Save**.

If your company is required to report Hours-to-Quarter, you will enter this information prior to entering your liability information.

- h. Click **Next**.

NetSuite displays the Year To Date Setup - Finish page.

6. If you have a NetSuite OneWorld account, you can select a subsidiary from the dropdown list in the **Subsidiary** field.
7. Select one of the buttons on the Year To Date Setup - Finish page:
 - **Enter More Year-To-Date Data** - Enables you to enter more YTD data for the company or selected subsidiary.
 - **Start Over** - Discards any data entered to this point, and then returns to the Year To Date Setup - Start page.
 - **Return to Payroll Setup** - Returns you to the Payroll Setup page.

Entering a Payroll Start Date

After you have enabled the Payroll feature, you must enter a start date for NetSuite Payroll.

You should complete this task after you have turned off the test payroll mode. For details, read [Turning Off Payroll Test Mode](#).

When you select a start date for NetSuite Payroll, you become a full payroll service user. After that date, payroll is processed and funded using NetSuite Payroll. To complete this step, go to Setup > Payroll > Set Up Payroll and enter the payroll start date.



Note: On your service start date, you must report any unpaid liabilities.

Administering Payroll Transactions

After you have completed payroll setup tasks, you can begin performing payroll transactions in NetSuite. Click the links in the following table to access task information and to see step-by-step instructions for payroll transactions.

Note: Prior to entering payroll transactions, if you use time tracking, you should enter and approve time sheets for each employee. For more information, see the help topic [Managing Time Tracking](#).

Task	See...
Generating Payroll Transactions	<ul style="list-style-type: none"> Creating a Payroll Batch Creating a One-Time Payroll Viewing Payroll Batches Calculating a Payroll Batch Viewing Individual Paychecks Using Bulk Edit Editing an Individual Paycheck from a Payroll Batch Committing a Payroll Batch Running a Paycheck Search
Creating Payroll Reversals or Adjustments	<ul style="list-style-type: none"> Creating a Payroll Reversal Committing Payroll Reversals Creating Payroll Adjustments
Checking the Status of Payroll Transactions	<ul style="list-style-type: none"> Payroll List Page Payroll Status Page
Paying payroll liabilities	<ul style="list-style-type: none"> Making Payroll Liability Payments
Print checks and vouchers	<ul style="list-style-type: none"> Printing Payroll Checks or Vouchers Printing Paychecks Printing Direct Deposit Vouchers
Other	<ul style="list-style-type: none"> Allocating Paycheck Expenses to Projects Performing Quarterly or Yearly Payroll Tasks Recording Third-Party Sick Pay Payments

Be aware that the paycheck journal transaction is not a part of NetSuite Payroll. When the Paycheck Journal feature is enabled, this transaction is available for partners' use in creating international payroll solutions. For more information, see [Using the Paycheck Journal Feature](#).

Generating Payroll Transactions

Note: All direct deposits and service-printed checks must be committed at least two banking days before the check date by 2:00 p.m. Pacific Time. For a listing of bank holidays, see the help topic [Following the Payroll Processing Schedule](#).

- Creating a Payroll Batch


- Viewing Individual Paychecks
- Creating a One-Time Payroll
- Viewing Payroll Batches
- Committing a Payroll Batch
- Printing Paychecks
- Printing Direct Deposit Vouchers

Creating a Payroll Batch

To create a payroll batch in NetSuite, you generate paychecks for hours or time periods worked during the specified pay period. You can also choose whether to create a regular payroll or an off-cycle payroll. For more information about off-cycle payrolls, see [Creating a One-Time Payroll](#).

To create a payroll batch:

1. Go to Transactions > Employees > Create Payroll.
2. If you have a NetSuite OneWorld account, select a subsidiary from the list in the **Subsidiary** field. For more information, see the help topic [Setting Up Payroll in OneWorld](#).
3. If this is a one-time payroll, check the **Off Cycle** box.

 **Note:** Off-cycle batches do not update the **Last Paid Date** field on the employee record.

4. In the **Pay Frequency** field, select the pay frequency of the employees you want to include in this payroll.
Pay frequency is included on the **Payroll** subtab of the employee record. The frequency you select filters the list of employees who are eligible to be included in this payroll.
5. In the **Period Ending** field, review the last date of the payroll period, and make changes if necessary.
This date is based on the last paid date and pay frequency entered on the employee record. Paycheck values for new hire employees and terminated employees are based on this date.
6. Click **Create**. The payroll batch is saved, and the next page in the payroll batch creation process opens.

After you create the payroll batch, continue with the next steps:

- [Adding Employees to a Payroll Batch](#)
- [Selecting Batch Payroll Payment Options](#)
- [Calculating a Payroll Batch](#)
- [Committing a Payroll Batch](#)

Adding Employees to a Payroll Batch

When you click Create on the first Payroll Batch page, a popup window opens that enables you to select employees to pay from those who match the Pay Frequency and Period Ending values for the batch. To open the popup window when you are editing a batch that you have previously created, click Add Employees at the top of the page.

The number of employees visible in the list is determined by the Number of Rows in List Segments field on the General tab of the Set Preferences page at Home > Set Preferences. If the available employees exceed the number set, a dropdown list appears in the upper right of the list so you can select a different segment in the list.

To add employees to the batch:

1. Click **Add Employees** to open the popup window.
2. If necessary, filter the available employees to determine which employees are displayed for selection. The filter criteria is additive. Only employees who meet all criteria are displayed. The total number employees available to pay is included at the top of the list. The number of employees that meet the filter criteria is displayed in red next to the total number. Enter the following information:
 - **Workplace** – Select a workplace from the dropdown list.
For more information, see [Entering Workplace Records for Payroll](#).
 - **Department** – Select a department from the dropdown list.
 - **Class** Select a class from the dropdown list.
For more information, see the help topic [Departments and Classes Overview](#).
 - **Saved Search** – Select a saved search from the dropdown list.
For more information, see the help topic [Saved Searches](#).
 - **Employee Name** – Type characters in the field to search for a specific employee or multiple employees with the same character set in their names.
3. Click **Mark All** or check individual boxes in the **Select** column to select the employees you want to pay.
4. Click **Save**.
The popup window closes, and the selected employees are added to the Employees to Pay list at the bottom of the page. If the batch has been calculated before, the newly added employees are listed in the **Pending** subtab.

No values appear in the Employees to Pay or Pending lists at the bottom of the Payroll Batch page until the batch is calculated. For information, see [Creating a Payroll Batch](#).

Removing Paychecks from a Batch

You can remove individual paychecks from a batch before it is committed.

To remove paychecks from a batch

1. Go to Transactions > Employees > Create Payroll > List, and click **Edit** or **View** next to the batch from which you want to remove paychecks.
You can select paychecks to remove from the following locations on the Payroll Batch page:
 - Employees to Pay list on batches that have not been calculated
 - **Pending** subtab
 - **Paycheck** subtab of **Complete** subtab
 - **Net Pay** subtab of **Complete** subtab
 - **Errors** subtab
2. If you want to only display particular paychecks, you can filter the listed paychecks as desired to determine which paychecks are displayed for selection. The filter criteria is additive. Only paychecks that meet all criteria are displayed. The total number paychecks available is included at the top of the list. The number of paychecks that meet the filter criteria is displayed in red next to the total number.
 - **Workplace** – Select a workplace from the dropdown list.
For more information, see [Entering Workplace Records for Payroll](#).

- **Department** – Select a department from the dropdown list.
 - **Class** Select a class from the dropdown list.
For more information, see the help topic [Departments and Classes Overview](#).
 - **Saved Search** – Select a saved search from the dropdown list.
For more information, see the help topic [Saved Searches](#).
 - **Employee Name** – Type characters in the field to search for a specific employee or multiple employees with the same character set in their names.
3. Click **Mark All** or check individual boxes in the **Select** column to select the paychecks you want to remove from the batch.
 4. Click **Delete Paychecks**.


Selecting Batch Payroll Payment Options

You can change payment options at any time before the batch is committed. If the batch status is Calculated, click Payment Options to enable editing of the options. The status changes to Payment Options, and you must calculate again before you commit the batch.

To select payroll payment options:

1. In the **Account** field, select the payroll funding account specified on the Set Up Payroll page.
For more information, see the help topic [Selecting a Payroll Funding Account](#).
The current balance for the account appears in the **Balance** field.
2. In the **Check Date** field, review the posting date of the paychecks, and make changes if necessary.

If you change the date after you calculate the payroll batch, manually entered payroll items will be retained on the individual paychecks, but you must recalculate the payroll to update the auto generated payroll items.

 **Note:** If you are using service-printed checks, the **Check Date** cannot be a date in the past, a weekend, or a bank holiday. For a list of bank holidays, see the help topic [Following the Payroll Processing Schedule](#). The payroll service cannot process direct deposits or service-printed checks on the same day as a payroll. All direct deposits and service-printed checks must be committed by 2:00 p.m. Pacific Time **at least two banking days before the check date**. To enter a check for today's date, check the **No Service Printed Checks** box, and print the check locally.

3. Check or clear the boxes next to the following payroll options:
 - **Pay Auto Earning** – Check if you want to calculate automatic earnings on the paychecks included in this payroll batch.
 - **Pay Time** – Check if you want to include time tracking entries in this payroll batch.
This option appears when the Time Tracking feature is enabled. For more information, see the help topic [Managing Time Tracking](#).
 - **Pay PTO** – Check to pay Paid Time Off (PTO) on the paychecks included in this payroll batch. If this box does not appear, make sure the **Pay Sick/Vacation Time on Paychecks** box is checked on the Set Up Payroll page. See [Setting Payroll Preferences](#).
 - **Pay Expenses** – Check to pay approved expense amounts that have been processed from within NetSuite on the paychecks included in this payroll batch.
If this box does not appear, make sure the **Pay Expenses on Paychecks** box is enabled on the Set Up Payroll page. See [Setting Payroll Preferences](#).

You must set up an expense payroll item to use this option. For more information, see [Creating Payroll Earning Items](#).

- **Pay Commissions** – Check to pay approved commission amounts from NetSuite Commission on the paychecks included in this payroll batch.

This option appears when the Employee Commissions feature is enabled. For more information, see the help topic [Commissions](#). If this box does not appear, make sure the **Pay Employee Commissions on Paychecks by Default** box is checked on the Set Up Payroll page. For more information, see [Setting Payroll Preferences](#).

- **Pay Auto Deduction** – Check if you want to calculate automatic deductions on the paychecks included in this payroll batch.
- **Pay Auto Contribution** – Check if you want to calculate automatic contributions on the paychecks included in this payroll batch.



Important: The auto earning, deduction, and contribution values are those in effect on the employee record as of the **Period Ending** date. For example, if an employee's 401(k) contribution is \$200 on 03/25/2014, the paycheck created during the period ending 03/31/2014 includes an auto deduction of \$200. If the 401(k) contribution changes to \$500 as of 04/02/2014, the paycheck created during the period ending 04/15/2014 will include an auto deduction of \$500.

- **Do Not Accrue Time** – Check if you do not want to accrue vacation or sick time on the paychecks included in this payroll batch. This box is checked by default for off-cycle batches.
- **No Direct Deposits** – Check to pay all employees by check even if an employee has the **Use Direct Deposit** option enabled on their employee record. This option overrides individual options.

If you check this box and also check the **No Service Printed Checks** box, all checks in the batch are processed as employer-printed checks.

Clear this box to process paychecks using direct deposit for employees that have the Use Direct Deposit option enabled on their employee record.

- **No Service Printed Checks or To Be Printed** – If the Service Printed Checks and Stubs feature is enabled, this box is called **No Service Printed Checks**. Otherwise, it is called **To Be Printed**.

Check this box to save the checks and direct deposit vouchers in a queue for printing later. For more information, see [Printing Paychecks](#) and [Printing Direct Deposit Vouchers](#).

If the Service Printed Checks and Stubs feature is not enabled and this box is not checked, paychecks and direct deposit vouchers are not printed for this payroll batch. To print checks and vouchers later, you must access and print them individually.

The following table summarizes the combinations for **No Direct Deposits** and **No Service Printed Checks/To Be Printed**.

Desired Outcome	Boxes to Check	
	No Direct Deposits	No Service Printed Checks/To Be Printed
Employees receive service-printed checks and service-printed direct deposit stubs.		
Employees receive service-printed direct deposit stubs. Employer prints checks locally.		X

Desired Outcome	Boxes to Check	
	No Direct Deposits	No Service Printed Checks/To Be Printed
All employees are paid by check regardless of the Use Direct Deposit option on their employee record. Employer prints checks locally.	X	X
All employees are paid by check regardless of the Use Direct Deposit option on their employee record. Checks are printed by the service.	X	

If you change payment options, you must calculate the batch again. For information, see [Calculating a Payroll Batch](#).

Creating a One-Time Payroll

You can create a one-time payroll based on any payroll item defined in your system. For example, you can create a one-time bonus payroll based on the Bonus (Earning:Addition) payroll item. For more information about creating payroll items, see [Creating Payroll Items](#).

To create a one-time payroll for a payroll item:

1. Go to Transactions > Employees > Create Payroll.
2. On the Payroll Batch page, do the following:
 - a. If you have a NetSuite OneWorld account, select a subsidiary from the **Subsidiary** drop-down list.
 - b. Check the **Off Cycle** box.
 - c. In the **Pay Frequency** drop-down list, select the pay frequency for the employees who are receiving the one-time payroll.
 - d. In the **Period Ending** field, enter the date that the pay period ends in the format MM/DD/YYYY.
 - e. Click **Create**.

For more information, see [Creating a Payroll Batch](#).

3. In the popup window that appears, check the boxes beside the employees to include in the one-time payroll, and then click **Save**.
4. Click **Bulk Edit**.

Note: If you are including only one employee in the one-time payroll, you can edit the employee on the Payroll Batch page, without clicking Bulk Edit.

- a. From the **Payroll Item** dropdown list, select the payroll item that you want to use for this one-time payroll.
- b. In the **Employee ID** column, select an employee.
- c. Enter a rate or an amount to pay the employee:
 - If the one-time payroll is based on hours worked, enter the number of hours in the **Hours/Base** column, and then enter a pay rate in the **Rate** column.
 - If the one-time payroll is an amount, enter the total amount in the **Amount** column.
- d. Click **Add**.

- e. Repeat steps b-d for additional employees.
 - f. Click **Save**.
5. On the Payroll Batch page, in the **Check Date** field, change the check date to the date that the employees will be paid.
 6. Verify and make changes to individual paychecks as necessary, making sure that the one-time payroll item is included in each paycheck.
For more information, see [Viewing Payroll Batches](#) and [Editing an Individual Paycheck from a Payroll Batch](#).
 7. After you review your payroll, click **Calculate**.
 8. After you review your payroll calculations, click **Commit**. For more information, see [Committing a Payroll Batch](#).

If you make mistakes in your payroll, but do not discover them until after the payroll is committed, then you must enter an adjustment or a reversal. For more information, see [Creating Payroll Adjustments](#) and [Creating a Payroll Reversal](#).

Note: Only those user roles that include **Process Payroll** with the **Full** option can commit a payroll. These user roles include Full Access: Full, Payroll Manager: Full, and Payroll Setup: Full. For more information, see the help topics [NetSuite Roles Overview](#), [Showing Role Permission Differences](#), and [Standard Roles Permissions Table](#).

To print checks, go to Transactions > Management > Print Checks and Forms, and click **Paychecks**. For more information, see [Printing Paychecks](#) and [Printing Checks and Other Transactions](#).

Viewing Payroll Batches

After you create a payroll, you can view it on the Payroll Batch page. This page provides a summary of a payroll batch that you can review before you commit the payroll.

Note: You also can open the Payroll Batch page by going to Transactions > Employees > Create Payroll > List. Click the Edit or View link to open that specific Payroll Batch page. For more information, see [Payroll List Page](#).

On the Payroll Batch page you can view totals for the required funding, taxes, withholdings, and deductions for the batch. The totals for the payroll batch appear on the following subtabs:

- **Summary** provides a summary of the funds needed to fund this payroll batch.
- **Paychecks** lists each employee and a breakdown of the earnings, taxes, and deductions included in the batch's paychecks.
Click **View** next to an employee's name to view that employee's paycheck. The paycheck includes the **Summary** and **Disbursement** subtabs that display a summary of all earnings deductions, taxes, and company contributions included in the transaction, and details of the disbursement of those funds.
- **Tax Withholdings and Expenses** lists totals for taxes and withholdings by payroll item, for both the employer and the employees.
- **Third Party Payments** lists totals for third-party deduction items included in the batch's paychecks.
- **Net Pay** lists the payroll items specific to the employees included in this payroll batch.

You can edit a payroll batch to make changes to amounts before you commit it. For more details, read [Editing Calculated Payroll Batches](#).

If you do not need to make any changes, you can commit the batch. For information, see [Committing Payroll Reversals](#).

Note: Only those user roles that include **Process Payroll** with the **Full** option can commit a payroll. These user roles include Full Access: Full, Payroll Manager: Full, and Payroll Setup: Full. For more information, see the help topics [NetSuite Roles Overview](#), [Showing Role Permission Differences](#), and [Standard Roles Permissions Table](#).

Calculating a Payroll Batch

After you create a payroll batch and add employees to it, a Calculate button appears at the top of the page. The Calculate button remains available as you change payroll options, add employees to the batch, and remove paychecks from it. You can click Calculate after each change you make or wait until your changes are complete, and then calculate.

NetSuite performs the calculation one paycheck at a time. During the calculation process, a message at the top of the page identifies the paycheck currently being calculated. A link labeled **Click here** refreshes the Pending, Complete, and Error subtabs at the bottom of the page. For more information, see [Payroll Batch Subtabs](#).

Pausing Calculation

During calculation, a Pause button at the top of page enables you to stop calculation temporarily. When you click Pause, calculation stops after completion of the current paycheck. The Pending, Complete, and Error subtabs refresh to display the status at the point that the calculation stopped.

While calculation is stopped, the Payroll Batch status changes to Paused. You can perform the same actions when a batch is Paused as when it is Calculated. For information, see [Editing Calculated Payroll Batches](#).

Click Calculate again to resume calculation with the next record.

Editing Calculated Payroll Batches

When the calculation process finishes, the Payroll Batch status changes to Calculated. You can perform several actions after a batch is calculated, after which you click Calculate again to recalculate the changes. These actions are:

- **Add Employees** – Click Add Employees to open the popup window and add employees to the batch as you did when you created the batch. For more information, see [Adding Employees to a Payroll Batch](#).
- **Change payment options** – Click Payment Options to edit Account, Check Date, and the payment option boxes. For more information, see [Selecting Batch Payroll Payment Options](#).

Note: If you edit an individual paycheck to include a payment and then edit the payroll batch by disabling the related payment option, NetSuite removes from the paychecks only those items that are generated by the system. You must manually remove any items you manually enter. For example, you edit an employee paycheck to pay a commission, and then you recalculate the payroll batch. You then decide against paying commission in this payroll. You clear the **Pay Commissions** box and again recalculate the payroll batch. NetSuite removes all of the system-generated commission items from the paychecks, but leaves all of the manually entered commission items intact.

- **Remove paychecks from the batch** – On the Pending and Errors subtabs and the Paychecks and Net Pay subtabs of the Complete subtab, select the paychecks to remove and click Delete Paychecks. For more information, see [Removing Paychecks from a Batch](#).

- **Bulk edit payroll items** – On the Pending and Errors subtabs and the Paychecks and Net Pay subtabs of the Complete subtab, click Bulk Edit to open a popup window, select a payroll item, and edit values for multiple employees in the batch. For more information, see [Using Bulk Edit](#).
- **Edit an individual paycheck** – On the Errors subtab and the Paychecks and Net Pay subtabs of the Complete subtab, click Edit to open an individual paycheck and make changes. For more information, see [Editing an Individual Paycheck from a Payroll Batch](#).

The following actions that do not require recalculation are also available:

- **Delete the entire batch** – To delete the batch, select **Delete** from the **Actions** menu.
- **Access the account register** – To open the register associated with the selected Account, click the open icon.

Payroll Batch Subtabs

After payroll batch calculation begins, the following subtabs appear at the bottom of the page:

- **Pending** – This subtab lists any new or changed paychecks and is similar to the Employees to Pay list at the bottom of an uncalculated Payroll Batch page. It includes the same filters, fields, and buttons.
- **Error** – This subtab lists errors and issues with individual checks. It includes the same filters, fields, and buttons as the Pending subtab. Each entry on this subtab includes a message that is stored with the employee paycheck record.
- **Complete** – This subtab has the following subtabs:
 - Information that appears on the **Summary** subtab is detailed on the **Paychecks, Tax Withholdings and Expenses, Third Party Payments, and Net Pay** subtabs.
 - Information that appears on the **Paychecks** subtab includes the employee name, employee ID, and payment method. Additional information that displays includes individual earnings amount, deductions amount, employee taxes amount, net pay, company taxes amount, and the line total of these amounts. From this subtab you can perform the following tasks:
 - Use the **Workplace, Department, Class, and Saved Search** filters and the **Employee** field to reduce the list of employees eligible to be paid in this payroll batch.
 - Remove one or more paychecks from this payroll batch by checking the **Select** boxes next to the paychecks to be removed and then clicking **Remove**.
 - View a paycheck by clicking the **View** link to the left of the paycheck.
 - Modify a paycheck by clicking the **Edit** link to the left of the paycheck you want to modify. For more information, see [Editing an Individual Paycheck from a Payroll Batch](#).
 - Access an employee record by clicking the employee's name link in the **Employee** column. For more information about employee records, see the help topic [Adding an Employee](#).
 - Information that appears on the **Tax Withholdings and Expenses** subtab includes a description of each tax withholding and expense item included in this payroll batch and its associated deduction amount.
 - Information that appears on the **Third Party Payments** subtab includes a description of each payment item included in this payroll batch and its associated payment amount.
 - Information that appears on the **Net Pay** subtab includes detailed information about each paycheck including all tax withholdings, expenses, and third-party payments. From this subtab you can perform the following tasks:
 - Use the **Workplace, Department, Class, and Saved Search** filters and the **Employee** field to reduce the list of employees eligible to be paid in this payroll batch.

- Remove one or more paychecks from this payroll batch by checking the **Select** boxes next to the paychecks to be removed and then clicking **Remove**.
- View a paycheck by clicking the **View** link to the left of the paycheck.
- Modify a paycheck by clicking the **Edit** link to the left of the paycheck you want to modify.
- Access an employee record by clicking the employee's name link in the **Employee** column.

Verify the details of each paycheck to ensure its accuracy. If you make changes to paychecks or payment options, click Calculate to update related information.

After you have thoroughly reviewed your payroll, click **Commit**.

Note: Only those user roles that include **Process Payroll** with the **Full** option can commit a payroll. These user roles include Full Access: Full, Payroll Manager: Full, and Payroll Setup: Full. For more information, see the help topics [NetSuite Roles Overview](#), [Showing Role Permission Differences](#), and [Standard Roles Permissions Table](#).

For more information, see [Committing a Payroll Batch](#).

Using Bulk Edit

You can edit the values for a payroll item across multiple paychecks within a batch. The Employees to Pay list at the bottom of the Payroll Batch page includes a Bulk Edit button. When the batch has been calculated, this button is included on the Pending subtab and the Paychecks and Net Pay subtabs of the Complete subtab. The Bulk Edit button opens a popup window where you select a payroll item to edit.

To edit a payroll item for multiple paychecks:

- If you do not have a payroll batch open, go to Transactions > Employees > Create Payroll > List, and click **Edit** for the batch you want to edit.
- Add employees if none are listed.
- Click **Bulk Edit**. This button is in the upper right of the following:
 - Employees to Pay list
 - Pending** subtab
 - Paycheck** subtab of **Complete** subtab
 - Net Pay** subtab of **Complete** subtab
 - Errors** subtab
- Select a **Payroll Item** from the list in the popup window.

Employees in the batch whose employee records include the payroll item appear in an editable list below a filter row. The list includes the option to add employee records.

Paychecks that have been calculated display values. If a paycheck has not been calculated, 0 amounts are displayed.

Tax items are available only if they are calculated, included on the paycheck, and permit editing.

Note: Payroll items that are calculated automatically using some NetSuite features cannot be edited. These features are Time Tracking, Expense Reports, and Employee Commissions. You can add lines for these payroll items.

- (Optional) Use the filters to find records to edit. The filter criteria is additive. Only employees who meet all criteria in the filters are displayed.

- **Workplace** – Select a workplace from the dropdown list.

For more information, see [Entering Workplace Records for Payroll](#).
 - **Department** – Select a department from the dropdown list.
 - **Class** Select a class from the dropdown list.

For more information, see the help topic [Departments and Classes Overview](#).
 - **Saved Search** – Select a saved search from the dropdown list.


For more information, see the help topic [Saved Searches](#).
 - **Employee Name** – Type characters in the field to search for a specific employee or multiple employees with the same character set in their names.
5. Edit the record rows, or add records, as needed.
- The read-only **Manual Entry** field in the popup window is empty for all lines that have been automatically calculated. This does not change when you edit the line. Lines that are not automatically calculated are populated with **Yes** in the **Manual Entry** field. The yes value is saved to the database only if you change the amount to a non-zero value. If you add a line, the value in the **Manual Entry** field is always **Yes**. Lines with a value of 0 are not saved regardless of whether you added or edited them.
- You cannot add lines to tax items, so these items do not include a Manual Entry field.
6. When you finish, click **Save** to close the popup window. Paychecks affected by your changes appear in the **Pending** subtab.
- If you make changes, you must calculate again before you can commit the batch. When you recalculate, manual entries are untouched, but values that were calculated automatically are cleared and recalculated. For information, see [Calculating a Payroll Batch](#).

Editing an Individual Paycheck from a Payroll Batch

You can view or edit an individual paycheck from within a calculated payroll batch. For example, your payroll batch includes a paycheck for an employee who was recently awarded Employee of the Quarter. In your company, this award pays a \$1,500 bonus. You must add the Bonus payroll item to the paycheck. In addition to the new earnings item, the employee has requested that an additional \$300 be deducted from the paycheck and contributed to their 401(k). After you save the changes to the paycheck, NetSuite recalculates only the paycheck that has been modified.

To edit an individual paycheck:

1. Click the **Complete** subtab on the Payroll Batch page after you have calculated the batch.
 2. Click the **Paychecks** or **Net Pay** subtab to open a list of the paychecks included in the batch.
 3. Click the **Edit** link to the left of the paycheck to be edited.
 4. Modify the relevant department, location, class, and workplace for the employee, if necessary.
 5. If you checked the **To Be Printed/No Service Printed Checks** box when you created your payroll batch, the **Check #** field displays **To be printed**. The system uses the next consecutive check number available when you print the checks.
- You can enter another check number, if necessary.
6. In the **Memo** field, enter a memo that prints on the check.
 7. Enter or edit information relevant to the paycheck on the subtabs provided.

 **Note:** The **PTO Hours**, **Summary**, and **Disbursements** subtabs on the Paycheck record are read-only. They do not appear when you open the record for editing.

Earnings Subtab

Existing lines in this subtab are editable. However, unless you need to reduce an amount, it is better to add new lines. New lines always have a value of Yes in the read-only Manual Entry field. When you recalculate, manual entries are untouched, but values that were calculated automatically are cleared and recalculated.

1. In the **Earnings** field, select an earning item assigned to this employee.
For example, select **Bonus** for an employee receiving a bonus payroll item.
2. In the **Hours/Base** field, enter the number of hours worked or other number to be multiplied by the rate shown in the **Rate** field, if necessary.
In this example, you can leave the value for Hours/Base at **0** for an employee receiving a bonus.
3. If this earning item is related to a customer or a project, select the appropriate service item in the **Service Item** field.
4. Click **Add**.
The **Manual Entry** field displays **Yes** for each new earning item you add to this paycheck.
5. Repeat these steps to select more earning items for this employee.

Time Subtab

This subtab lists approved, unpaid time transactions and appears when the **Time Tracking** feature is enabled.

- By default all unpaid time transactions are listed and checked for inclusion in the paycheck when the paycheck is calculated.
- Clear the check in the Pay column to remove a transaction from the paycheck. When you recalculate, removed transactions are no longer displayed. They will appear again as unpaid transactions in the next payroll.
- If you need to add hourly wages manually, use the **Earnings** subtab.

Expenses Subtab

This subtab lists unpaid expense reports that have been approved and appears if the **Expense Reports** feature is enabled.

- By default all unpaid expense items are listed and checked for inclusion in the paycheck when the paycheck is calculated.
- Clear the check in the Pay column to remove an expense item from the paycheck. When you recalculate, removed expense items are no longer displayed. They will appear again as unpaid expense items in the next payroll.
- If you need to add expenses manually, use the **Earnings** subtab.

Commissions Subtab

This subtab lists unpaid commissions that have been approved and appears if the **Commissions** feature is enabled.

- By default all unpaid commission items are listed and checked for inclusion in the paycheck when the paycheck is calculated.

- Clear the check in the Pay column to remove a commission item from the paycheck. When you recalculate, removed commission items are no longer displayed. They will appear again as unpaid commission items in the next payroll.
- If you need to add commissions manually, use the **Earnings** subtab.

Deductions Subtab

Based on the payroll items selected for the employee, NetSuite applies deduction against the employee's pay, such as 401(k), health insurance, union dues, and credit union deposits. Existing lines in this subtab are editable. However, unless you need to reduce an amount, it is better to add new lines. New lines always have a value of Yes in the read-only Manual Entry field. When you recalculate, manual entries are untouched, but values that were calculated automatically are cleared and recalculated.

NetSuite will adjust the value of a manual entry to the limits allowed for a particular payroll item. For example, in your payroll the system generates an earning item of \$40,000 for a sales rep who closed a very large deal. This employee would like to increase their 401(k) deduction from the usual \$500 to \$13,000 for this payroll. You modify the amount for the deduction item and then save the paycheck. During batch recalculation, NetSuite reduces the \$13,000 value to \$10,500 to ensure that the annual 401(k) allowable employee contribution limit is not exceeded.

Note: If you make a change on this subtab, you may also want to permanently change this deduction item on the employee's record.

1. In the **Deductions** field, select a deduction item assigned to this employee.
For example, you may have been requested to increase the amount of the employee's 401(k) contribution.
The read-only **Wage Base** field displays the employee's base pay amount.
2. In the **Amount** field, enter the amount of this deduction payroll item.
3. Click **Add**.

Note: For each new deduction item that you add to this paycheck, the value in the Manual Entry field is **Yes**.

4. Repeat these steps to add more deduction items for this employee.

Contributions Subtab

Based on the payroll items selected for the employee, NetSuite applies contributions, such as the employer's 401(k) match.

Existing lines in this subtab are editable. However, unless you need to reduce an amount, it is better to add new lines. New lines always have a value of Yes in the read-only Manual Entry field. When you recalculate, manual entries are untouched, but values that were calculated automatically are cleared and recalculated.

Note: If you make a change on this subtab, you may also want to permanently change this contribution item on the employee's record.

1. In the **Contributions** field, select a contribution item assigned to this employee.
The read-only **Wage Base** field displays the employee's base pay amount.
2. In the **Amount** field, enter the amount of this contribution item.

Note: The **Manual Entry** field displays **Yes** for each new contribution item you add to this paycheck.

3. Click **Add**.
4. Repeat these steps to add more contribution items for this employee.

Taxes Subtab

NetSuite applies tax items, such as state and federal unemployment, social security, and Medicare, when you calculate the payroll batch. Not all taxes are editable. You cannot add lines to tax items, so they do not include a Manual Entry field.

Note: If you change a tax amount on this subtab, you may also want to permanently change this tax item on the employee's record.

1. In the **Amount** field, modify the amount of this tax item.
2. Click **OK**.
3. Repeat these steps to modify additional tax item amounts for this employee, if necessary.
8. When you have finished modifying the paycheck, click **Save**.
The Payroll Batch page appears with a status of Edited, and edited paychecks are listed in the **Pending** subtab.
9. Click **Calculate** to update the payroll batch with the modified employee paycheck.

After you review your payroll, you are ready to commit it. For instructions, see [Committing a Payroll Batch](#).

Committing a Payroll Batch

After you create a payroll batch, calculate it, and review and edit it, you must commit your payroll batch. You cannot change a payroll batch or the individual paychecks in it after you commit it. All direct deposits and service-printed checks must be committed at least two banking days before the check date by 2:00 p.m. Pacific Time. For a listing of bank holidays, see the help topic [Following the Payroll Processing Schedule](#).

Note: Only those user roles that include **Process Payroll** with the **Full** option can commit a payroll. These user roles include Full Access: Full, Payroll Manager: Full, and Payroll Setup: Full. For more information, see the help topics [NetSuite Roles Overview](#), [Showing Role Permission Differences](#), and [Standard Roles Permissions Table](#).

To commit a payroll batch:

- Click **Commit** at the top of the Payroll Batch page. The button appears only when the status is Calculated.

When you click Commit, the system funds the payroll and creates a journal entry posting a debit to the payroll funding account and a credit to the bank account. The payroll service withdraws funds electronically to cover service fees, tax liability payments due, and net pay.

The payroll service begins processing all committed payrolls prior to 2 p.m. Pacific Time. Payrolls committed after 2 p.m. are not processed until the following business day.


If you make mistakes in your payroll but do not discover them until after the payroll is committed, you must enter an adjustment or a reversal. For more information, see [Creating Payroll Adjustments](#) or [Creating a Payroll Reversal](#).

To print checks, go to Transactions > Management > Print Checks and Forms, and select Paychecks. For more information, see [Printing Paychecks](#).

Viewing Individual Paychecks

You cannot create individual paychecks using NetSuite Payroll, but you can view individual paychecks. Before you can view individual paychecks, you must create a payroll batch. For more information, see [Creating a Payroll Batch](#).

To view individual paychecks, go to Transactions > Employees > View Individual Paychecks.

 **Note:** If an individual paycheck is a part of a payroll batch that has not been committed, you can edit the paycheck. For more information, see [Editing an Individual Paycheck from a Payroll Batch](#).

Running a Paycheck Search

A paycheck search lists all data available when a payroll is run. This data includes the employee, date, batch number, payroll item, account affected, and hours or amounts associated per line item.

If the check is taxed, the search also provides taxable wages. The search indicates if the amount has any general ledger (GL) impact. You are also able to search calculated payroll numbers.

To run a paycheck search, go to Reports > New Search. In the Search list, click Paycheck. From the Paycheck Search page you can do the following:

- Submit to run a search
- Export data
- Personalize the search
- Create a saved search

Submitting the search provides a results page.

Printing Payroll Checks or Vouchers

As you are processing payroll, check the To Be Printed box if you want to print paychecks and direct deposits after you process payroll.

If you do not check this box, paychecks and direct deposit vouchers are not printed for the payroll. To print check and vouchers later, you must individually access and print each transaction.

If you use the Service Printed Checks and Stubs feature, this box is called No Service Printed Checks. To print the checks for **only this pay run**, check the No Service Printed Checks box. By default, this box is not checked for future payrolls.

Printing Paychecks

When you create a payroll or an individual paycheck and check the To Be Printed box, paychecks are saved in a queue to be printed later. When the Service Printed Checks and Stubs feature is enabled,

this box is called No Service Printed Checks. You should not check this box if you intend the Payroll Service print and send checks and stubs.

After you verify that all information in a payroll batch is correct and committed, you can use NetSuite to print some or all of the paychecks. Paychecks should be printed on check stock.

To print paychecks:

1. Go to Transactions > Management > Print Checks and Forms.
2. On the Print Checks and Forms page, click **Paychecks**.
3. In the **Account** field, select an account from which payroll is funded to display a list of its associated paycheck transactions.
4. Enter a check number or other information as necessary.
5. In the displayed list, mark the check or checks that you want to print.
6. Click the **Print** button.

Printing Direct Deposit Vouchers

When you process direct deposit payroll transactions, checking the To Be Printed box generates vouchers that detail payment information for that pay period. You should not check this box if you have enabled the Service Printed Checks and Stubs feature and intend the Payroll service to print checks and stubs.

Direct deposit vouchers should be printed on plain paper or non-negotiable check stock.

To print direct deposit vouchers:

1. Go to Transactions > Management > Print Checks and Forms.
2. On the Print Checks and Forms page, click **Direct Deposit Voucher**.
3. In the **Account** field, select an account to display a list of its associated direct deposit transactions.
4. In the displayed list, mark the voucher or vouchers that you want to print.
5. Click **Print**.

Direct Deposit Vouchers show the dollar amount of funds transferred into each prenoted employee account. A prenote is a test to ensure that the bank routing information is accurate and the Direct Deposit transmission can be properly completed. Employee accounts are marked Prenoted on the Direct Deposit subtab of the Employee record.

 **Note:** You can reprint a direct deposit voucher at any time using the preceding instructions.

Direct Deposit Payroll Transaction Examples

Example 1: Post a direct deposit to one prenoted net account.

Result: One direct deposit voucher queues to print.

The voucher shows the net amount of the deposit (\$1200.00) to the employee's account Wachovia 1234567.

Example 1 voucher:

Angela Hitchcock					\$1,200.00		
One thousand two hundred and 00/100 *****							
Angela Hitchcock		555-55-5555			1/16/2014 - 1/31/2014		1/31/2014
Earnings					Taxes and Deductions		
Description	Hours	Rate	Amount	YTD	Description	Amount	YTD
Regular Pay	80.00	36.00	2880.00	5760.00	401K	300.00	600.00
					FIT	901.81	1803.62
					Medicare	41.76	83.52
					Social Security	178.56	357.12
					CA - Withholding	231.81	463.62
					CA - Disability	25.92	51.84
					Wachovia - 1234567	1200.00	2400.00
This Period					Year to Date		
Earnings	Deductions		Net Pay		Earnings	Deductions	Net Pay
2880.00	1679.86		1200.00		5760.00	3359.72	2400.00

Example 2: Post direct deposits to two accounts — one prenoted savings account and one prenoted net account.

Result: One direct deposit voucher queues to print.

The voucher displays the net amount of the deposit (\$1200.00) to the employee's two accounts:

- \$200.00 is deposited to savings account Wachovia 987654.
- \$1000.00 is deposited to net account Wachovia 1234567.

Example 2 voucher:

Angela Hitchcock					\$1,200.00			
One thousand two hundred and 00/100 *****								
Angela Hitchcock		555-55-5555			1/16/2014 - 1/31/2014		1/31/2014	
Earnings					Taxes and Deductions			
Description	Hours	Rate	Amount	YTD	Description	Amount	YTD	
Regular Pay	80.00	36.00	2880.00	5760.00	401K	300.00	600.00	
					FIT	901.81	1803.62	
					Medicare	41.76	83.52	
					Social Security	178.56	357.12	
					CA - Withholding	231.81	463.62	
					CA - Disability	25.92	51.84	
					Wachovia - 1234567	1000.00	2000.00	
					Wachovia - 987654	200.00	400.00	
This Period					Year to Date			
Earnings		Deductions		Net Pay	Earnings		Deductions	Net Pay
2880.00		1679.86		1200.00	5760.00		3359.72	2400.00

Example 3: Post a direct deposit to one prenoted savings account and one non-prenoted net account.

Result: One paycheck queues to print and one prenote test posts for the net account.

As in the below example, the paycheck shows:

- Net Pay for this period is \$1200.00.
- \$200.00 is direct deposited to the prenoted savings account Wachovia 987654.
- \$1000.00 is the amount on the printed paycheck.


Example 3 paycheck:

Angela Hitchcock					\$1,000.00			
One thousand two hundred and 00/100 *****								
Angela Hitchcock		555-55-5555			1/16/2014 - 1/31/2014		1/31/2014	
Earnings					Taxes and Deductions			
Description	Hours	Rate	Amount	YTD	Description	Amount	YTD	
Regular Pay	80.00	36.00	2880.00	5760.00	401K	300.00	600.00	
					FIT	901.81	1803.62	
					Medicare	41.76	83.52	
					Social Security	178.56	357.12	
					CA - Withholding	231.81	463.62	
					CA - Disability	25.92	51.84	
					Wachovia - 1234567	prenote	2000.00	
					Wachovia - 987654	200.00	400.00	
					This Period			
Earnings	Deductions		Net Pay		Earnings	Deductions		Net Pay
2880.00	1679.86		1200.00		5760.00	3359.72		2400.00

2. On the Payroll page, in the **Status** dropdown list, select **Committed**.
3. Click **View** next to the payroll batch that contains the paycheck to be reversed.
4. On the **Paychecks** subtab, click **View** next to the paycheck to be reversed.
5. Click **Reverse**.

In the case of a funded payroll or a payroll run in a previous quarter, reversing a paycheck incurs fees. If fees apply, consider correcting this payroll with an adjustment to your next standard payroll run. For more information, see [Creating Payroll Adjustments](#).

6. On the Voiding Journal page, click **Save**.

 **Note:** The system generates a journal entry. The Voiding Journal appears on the List of Journal Entries after you save the transaction.

 **Important:** You must commit all payroll reversals before your next payroll run. For information, see [Committing Payroll Reversals](#).


7. On the Payroll Batch page, click **Commit**.

After you reverse a paycheck, NetSuite no longer lists it in the Reconciliation Detail report or on the Reconcile Bank Statement page. In addition, when you view the bank account register, the Cleared (Clr) box and the link in the Reconciled Date column no longer show for the voided paycheck.

Committing Payroll Reversals

After you have created payroll reversals, you must commit them before you run your next payroll.

Uncommitted reversals do not reduce your liability and may result in overpaying a tax agency. In addition, uncommitted reversals do not show on the Pay Payroll Liabilities page or on liability reports. If you commit a payroll reversal after tax liabilities have been paid, unapplied payments, which are liability payments not associated with checks, may display on the Pay Payroll Liabilities page.


 **Note:** Only those user roles that include **Process Payroll** with the **Full** option can commit a payroll. These user roles include Full Access: Full, Payroll Manager: Full, and Payroll Setup: Full. For more information, see the help topics [NetSuite Roles Overview](#), [Showing Role Permission Differences](#), and [Standard Roles Permissions Table](#).

The following steps help you commit a payroll reversal that was not previously committed.

To commit a payroll reversal:

1. Go to Transactions > Employees > Create Payroll > List.
2. In the Payroll list, select **Ready to Commit**, **Calculated**, and **Edited** in the **Status** field.

These options filter the list to show only those payroll transactions that are ready to commit, calculated, and edited.

 **Note:** To be able to select multiple statuses you must customize the view. On the Customize Payroll Batch Search Results: Custom Payroll Batch View page, click the **Available Filters** subtab. If it is not visible, set the **Status** field as a filter, enable the field for multiple selection, and then click **Done**. Click **Preview**. In the **Status** field of the Custom Payroll Batch View: Results page, select **Ready to Commit**, **Calculated**, and **Edited**. You can return to the search criteria to save the search or make modifications. For more information, see the help topic [Customizing List Views](#).

3. Click **Edit** next to an uncommitted payroll reversal.

To quickly locate your reversals, click the **Type** column header to sort the list by type and locate Reverse payroll.

4. On the Payroll Batch page, click **Commit**.
5. Repeat these steps until all reversals have been committed.

After all of your reversals are committed, you can go to Transactions > Employees > Create Payroll to create your next payroll.



Important: Payroll reversals cannot retrieve funds from employee accounts. You must collect any overpaid amount from an employee.

Creating Payroll Adjustments

To make changes to previously committed paychecks, you should create payroll adjustments. These adjustments can be either positive or negative, depending upon the situation.

Payroll adjustments never directly affect company disbursement (bank) accounts or employee accounts. Instead, adjustments balance expenses recorded on your company's accounting ledgers. You must collect incorrect payments directly from employees.



Note: Only those user roles that include **Process Payroll** with the **Full** option can commit a payroll. These user roles include Full Access: Full, Payroll Manager: Full, and Payroll Setup: Full. For more information, see the help topics [NetSuite Roles Overview](#), [Showing Role Permission Differences](#), and [Standard Roles Permissions Table](#).

NetSuite automatically funds any increase in liabilities from your Payroll Funding Account and files amendments with tax agencies.

To reverse disbursements associated with a previously committed paycheck, you should create a payroll reversal. For more information, see [Creating a Payroll Reversal](#).

To create a payroll adjustment:

1. Go to Transactions > Employees > Create Payroll Adjustment.
2. In the **Payee** field, select the employee for whom you are entering the adjustment.
3. If you track departments, classes, or locations, select the appropriate information for those fields.
4. In the **Pay Period Ending** field, select the date for the pay period in which these funds were originally disbursed.
5. In the **Post Date** field, enter the date of the payroll that includes the adjustment.
6. In the **Posting Period** field, select the fiscal period to which NetSuite must post the adjustment.




Note: You cannot post to a locked accounting period.

7. If you have a NetSuite OneWorld account, select a subsidiary from the list in the **Subsidiary** field.
8. Enter the amount of the adjustment. This amount can be either positive or negative.
9. Enter a memo for this adjustment.
10. Select an account to use to fund this transaction.

You must use the **Payroll Funding Account** you selected on the Set Up Payroll page.

11. On the **Earnings, Withholdings, Deductions, and Company Contributions** subtabs, enter amounts for the payroll items related to the adjustment.

 **Note:** If you need to reduce a value, enter a negative amount.

NetSuite automatically checks the corresponding box.

In the **Amount** field, NetSuite calculates the total for the adjustment based on the amounts entered.

12. Click **Save**.

NetSuite calculates the taxes associated with this adjustment and updates the employee's payroll history.

13. Click **Commit** to commit the payroll batch.

On the Payroll Adjustment page, click List to review a list of payroll adjustments. On the list, click the View or Edit links to review individual adjustment records.

Recording Third-Party Sick Pay Payments

Many companies provide short and long-term disability benefits to their employees. Generally, companies purchase these benefit plans from third-party providers that administer the benefits, such as insurance companies.

The third-party provider:

- makes payments to disabled employees
- withholds Federal taxes
 - Income
 - FICA (Federal Insurance Contribution Act)
 - Medicare
 - FUTA (Federal Unemployment Tax Act)
- reports data to companies as required to prepare employees' annual W-2 forms

By creating Third-Party Sick Pay payroll items, companies can enter the data received from the third-party provider into NetSuite Payroll to ensure that employees receive the appropriate payments and W-2 information.

If an employee elects to receive non-taxable disability payments, NetSuite reports these payments on the employee's W-2, but does not withhold taxes. If an employee elects to receive taxable disability payments, the third-party provider withholds income tax, FICA, and Medicare contributions from the employee's payments.

The following guidelines can help you process Third-Party Sick Pay:

- Enter the Third-Party Sick Pay taxable gross, federal income tax (if withheld), employee social security, and Medicare.
- Do not enter any amount in the Taxable Wage Base and Taxed Wage Base fields.
- Do not enter any employer taxes.
- Do not enter any state or local taxes.

- Process each employee's benefit check as a separate adjustment. You cannot process all employees' checks at the same time.
- Process these entries as adjustments. Process Third-Party Sick Pay adjustments separate from other entries.
- Do not process third-party sick pay adjustments with your regular payroll. Your payroll will not process with this error condition.
- Do not pay employees third-party sick pay with a check or direct deposit, because the employee has already received the money from the third party payer.
- **Do not process any other types of earnings or deduction code entries with your Third-Party Sick Pay adjustments.**

Additional notes:

- Processing instructions for third-party sick pay must be followed to properly report the information including the adjustment on Form 941 line 7b.
- Entering any amount in the Taxable Wage Base and Taxed Wage Base fields results in a zero amount in the Social Security and Medicare tax amount fields after committing the payroll adjustment.



Note: Only those user roles that include **Process Payroll** with the **Full** option can commit a payroll. These user roles include Full Access: Full, Payroll Manager: Full, and Payroll Setup: Full. For more information, see the help topics [NetSuite Roles Overview](#), [Showing Role Permission Differences](#), and [Standard Roles Permissions Table](#).

To record third-party sick pay payments:

1. Create two payroll earning items: Third-Party Sick Pay Taxable and Third-Party Sick Pay Non-Taxable.
You can use the most appropriate **Payroll Item Type**, such as **Earning: Salary** or **Earning:Wage**. Refer to [Creating Payroll Earning Items](#).
2. Assign a third-party sick pay payroll earning item to the employee who receives the sick pay.
Refer to [Updating Employee Records for Payroll](#).
3. On the Payroll Adjustment page, on **Earnings** subtab, create a payroll adjustment using a third-party sick pay payroll earning item.
On the **Withholding** subtab enter amounts for:
 - Employee's portion of Social Security
 - Federal tax withholding
 - Medicare employee portion
 For more information, refer to [Creating Payroll Adjustments](#).
4. Save the payroll adjustment.
NetSuite calculates the required tax amounts.
5. On the Payroll Batch page, click **Commit** to submit the adjustment payroll for processing.
For more information, refer to [Committing a Payroll Batch](#).

Checking the Status of Payroll Transactions

- [Payroll List Page](#)

■ [Payroll Status Page](#)

Payroll List Page

To open the Payroll list page, go to Transactions > Employees > Create Payroll > List.





On the Payroll list, you can select an uncommitted payroll batch to review or edit, or you can select a previously committed payroll batch to review.

You cannot edit a committed payroll batch. If you need to make changes to a committed payroll, you must create a payroll adjustment or reverse the payroll. For information, see [Creating Payroll Adjustments](#) or [Creating a Payroll Reversal](#).

The Payroll list includes the following information for each batch:

- **Batch Number.** A unique number assigned to each payroll batch.
- **Check Date.** The date selected in the Check Date field when the payroll batch was created.
- **Date Created.** The date the payroll batch was created.
- **Period Ending Date.** The date selected in the Period Ending field when the payroll batch was created.
- **Status.** This is the current status for the payroll batch: Hold, Initiated, Pending, Complete, or Failed.
- **Pay Frequency.** The frequency selected in the Pay Frequency field when the payroll batch was created.
- **Type.** The type of payroll batch you created. The possible types are Standard, Year to Date, Adjustment, and Reversal.
- **Subsidiary.** If you use a NetSuite OneWorld account, the subsidiary for the payroll batch.

On the Payroll list page, you can:

- Click **Edit** to change the check date or to edit a paycheck included in an uncommitted payroll batch.
- Click **View** to view the list of checks included in the payroll batch.
- Click **New Payroll Batch** to create a new payroll batch.
- Click the print icon  to print the list of payroll batches.
- Click **Customize View** to customize the look of this list.
- Click one of the export icons to export the list in the following formats:
 -  – CSV
 -  – Microsoft Excel
 -  – PDF

Payroll Status Page

To open the Payroll Status page, go to Transactions > Employees > View Payroll Status.

On the Payroll Status page, you can view the list of all disbursements associated with each payroll batch. The list of disbursements is itemized based on the transaction type.

For each disbursement listed, NetSuite provides the transaction type, batch number, batch status, check date, description, status, transaction number, due date, settlement date, and disbursement amount.

The status of a batch may be Calculated, Committed, Created, or Edited.

Making Payroll Liability Payments

Payroll liability is the amount you owe the government and other agencies for the taxes, deductions, and company contributions you accrue from issuing paychecks to your employees.

Liability payments are made to vendors you set up as tax agencies. For more information, see the help topic [Associating Vendors with Payroll Items](#).

Form 941 may show slight rounding differences between Part 1 and Part 2.


To make a payroll liabilities payment:

1. Go to Transactions > Bank > Pay Payroll Liabilities.
2. In the **Account** field, select the account on your balance sheet identified as the Payroll Funding Account containing the funds to pay these expenses.


For more information, see [Setting Payroll Preferences](#).

NetSuite displays the current balance in this bank account in the **Account Balance** field.

3. In the **Date** field, accept today's date or enter another date.

 **Note:** The date in this field is the date that appears on the check.

4. If you use accounting periods, in the **Posting Period** field select the period to which you want to post this liability.

 **Note:** If the period you select is closed, you cannot post to that period.

5. If you have a NetSuite OneWorld account, select a subsidiary from the list in the **Subsidiary** field.
For more information, see the help topic [Setting Up Payroll in OneWorld](#).
6. If you want to print checks to these vendors, check the **To Be Printed** box.
You should not check this box if you have enabled the **Service Printed Checks and Stubs** feature and you intend the payroll service to print checks and stubs.
7. Select the department, class, or location to associate with this payment.
8. In the **Show Liabilities From** field, select a beginning date for the date range of the transactions that you want to include in this liability payment.
9. In the **Through** field, select an ending date for the date range of the transactions that you want to include in this liability payment.
10. Check **Apply Existing Payments** if you previously overpaid a liability and now have a credit on record with a tax agency.
11. Check the **Pay** box next to the items you want to pay.
Click **Mark All** to pay all of the line items.
The **Amount** field at the top of the page autofills with the total of the items you select.
12. Click **Save**.

If you checked **To Be Printed**, go to Transactions > Management > Print Checks and Forms > Checks to print the checks for the payments you selected to make. For more information, see the help topic [Printing Checks and Other Transactions](#).

Performing Quarterly or Yearly Payroll Tasks

Use the following checklists to complete your quarter-end and year-end payroll tasks.

Payroll Quarter-End Checklists

Complete the following quarter-end tasks for your company and your employees.

Company Quarter-End


Task	Done
Replenish check stock and envelope inventory.	
Plan and coordinate benefits enrollment, if necessary.	

Employee Quarter-End

Task	Done
Review the data on audit reports.	
Verify that employees are set up for the correct state and locality. Review employees who moved from one state to another during the tax year. Verify that the appropriate wages are set up for each state.	
Review tax-exempt employees. Update their information, if necessary.	
Review scheduled or repeating earnings and deductions.	
Update annual limits for scheduled or repeating earnings and deductions.	

Payroll Year-End Checklists

Complete the following year-end tasks for your company and employees.

 **Note:** For information about year-end closing in NetSuite, see the help topic [Year-End Closing](#).

Company Year-End

Task	Done
Update company-level deduction amounts and limits for the upcoming year.	
Use your audit reports to do the following: <ul style="list-style-type: none"> ■ Verify that your company's legal name and address are correct on year-end forms. ■ Verify your Federal Employer Identification Number (FEIN). ■ Verify that earning and deduction codes print in the correct boxes. ■ Verify that earnings are mapped to box 7 of Form 1099-MISC, and the correct IRS codes are printed. 	

Task	Done
<ul style="list-style-type: none"> Verify that all of your employees and contractors appear on Form W-2 and 1099-MISC Audit Information. Review any letters in the Error column and review the Error Legend to understand the errors. 	
Notify NetSuite Customer Support as soon as possible if you plan to pay any large bonuses, commissions, or stock awards at the end of the year. You may be required to process early or wire funds to meet the obligations of the resulting large payroll run. Early notification of NetSuite Customer Support can avoid processing issues.	
Update your unemployment rates as necessary. You are responsible for ensuring that these rates are correct. Maintaining the correct rates avoids potential penalty and interest charges relating to incorrectly paid taxes. See the help topic How can I update the unemployment rates in NetSuite? .	
Update your state tax payment frequencies as necessary. You are responsible for ensuring that tax payment frequencies are correct in the system, to ensure that related tax deposits are made on a timely basis. The timing of your tax deposits typically is based on the dollar amount of your liabilities from the previous year. State tax agencies may reassess the frequency. If you receive a notice of such a change, immediately update the system. Tax deposits and filings are made based on the deposit schedule for each jurisdiction. Deposit schedules are set on the Jurisdictions subtab of the Set Up Payroll page. See Setting Preferences for Jurisdictions .	

Employee Year-End

Task	Done
If you use the Social Security Administration's service to verify that employee names and social security numbers match, begin the verification process as soon as possible.	
Update employee-level deduction amounts and limits.	
Correct excess employee contributions to 401(k), 403(b), and SIMPLE plans.	
Correct excess employee contributions to health care and dependent care spending accounts.	
Notify employees to update their W-4 (Employee's Withholding Allowance Certificate) information, if applicable.	
Notify employees to update their W-5 (Earned Income Credit Advance Payment Certificate) information, if applicable.	

Forms W-2 and 1099-MISC Year-End

Task	Done
Select a group of employees (totaling 5-6 individuals) to verify that items accurately print on the appropriate year-end form.	

Allocating Paycheck Expenses to Projects

The Time Tracking feature enables you to record the hours worked by employees. If the Project Management feature is also enabled, you can link employees' hours worked to specific projects. If you use these two features with NetSuite Payroll, you can allocate payroll expenses to specific projects to track projects' profitability.

To allocate paycheck expenses to projects, both hourly and salaried employees' time worked must be linked to a project by a selection from the **Customer:Project** field on the Time Tracking page.

Allocating Paycheck Expenses for Hourly Employees

After the payroll run is completed, you can allocate the expenses by creating journal entries to associate payroll amounts with specific projects. This means that only Actual Time/Hours are used for expense allocation.

Allocating Paycheck Expenses for Salaried Employees

For salaried employees, earnings and company contribution expenses can be allocated to projects. Both allocated and actual hours are used to identify how much percentage of time is allocated to the project.

For example, the following calculation is used for a salaried employee paid weekly for a 40 hour work week, with 24 hours allocated in the project record, and an additional four hours of actual time entered in a timesheet: $(24 + 4)/40 * 100 = 70\%$

This means that 70% of the employee's paycheck is allocated to the project.



Note: If actual hours are not tracked, paycheck allocation for salaried employees is based entirely on allocated hours.

To allocate paycheck expenses to projects:

1. Go to Transactions > Employees > Allocate Paycheck Expenses to Projects.
This page shows unallocated payroll amounts for employees who have entered time worked and selected a project. You can select from the **Date** field or enter dates in the **From** and **To** fields to narrow the list of amounts.
2. In the **Journal Entry Date** field at the top of the page, enter the date that you want to use for the paycheck allocation journal entries.
3. Check the **Select** box for each paycheck amount that you want to allocate to a project, or click **Mark All** to select all payroll amounts.
4. After you have finished your selections, click **Allocate** to create journal entries for all of the selected payroll amounts.

For each amount:

- The amount is credited to the Payroll Funding Account.
- An equal amount debits the account associated with the project.
- The names of the project and payroll item appear in the Memo field on the journal entry.

Amounts on each paycheck must be allocated using only one journal entry. A journal entry allocation can have a maximum of 200 lines.

Direct Deposit

Direct deposit is part of the NetSuite Payroll service and is automatically enabled when you enable Payroll. For details, see [Enabling NetSuite Payroll](#).

NetSuite is integrated with a NetSuite-authorized third party to permit Electronic Funds Transfer (EFT) payment of payroll funds and to permit transfer of payroll funds. Using direct deposit for the automatic transfer of funds between financial institutions simplifies your payroll process. When you enable the Payroll feature, paychecks are sent electronically to employees you have set up for direct deposit.

When you submit payments, NetSuite transmits direct deposit payment data in batches to a NetSuite third party, which transfers the funds to the appropriate financial institutions.



Important: For payrolls received by 3:00 p.m. Pacific Time, NetSuite sends direct deposit payment data to a NetSuite-authorized third party and they are processed as received. Direct deposits for payrolls received by 3:00 p.m. Pacific Time are processed and sent to the bank the next business day for settlement in the employees' accounts one business day later. You can track the status of all Direct Deposit transactions being processed by going to Transactions > Employees > View Payroll Status (Administrator).

Before you can use direct deposit, you must set up your bank accounts for transferring funds. For more information, see [Setting Up NetSuite Payroll](#).

Setting Up Employees for Direct Deposit

You can set up employees for direct deposit payments by entering bank account information on the employee's record. Then, you can use direct deposit to transfer funds to pay your employees.

To set up an employee record for direct deposit:

1. Go to Lists > Employees > Employees.
2. On the Employees list, click **Edit** next to the employee you want to set up for direct deposit.
3. On the employee record, click the **ACH/Direct Deposit** subtab.
4. Check the **Use Direct Deposit** box.
5. In the Accounts table, add bank accounts for the employee:
 - a. Check the **Net Account** box to indicate that the net paycheck balance should be deposited in this account.
 For example, an employee's check amount is net pay of \$1,200.00. The employee's record lists two direct deposit accounts, one **Savings** account showing an amount of \$200.00, and one Net account. The transaction will show a deposit of \$200.00 into the savings account, and the balance, \$1,000.00, is deposited into the Net account.
 For more examples of Direct Deposit payroll transactions, see [Printing Direct Deposit Vouchers](#).
 - b. If the account is a savings account, check the **Savings Account** box.
 - c. Leave the **Prenoted** box clear to run a prenote test transmission on the account.
 Check the **Prenoted** box to process direct deposit transactions to this account without a prenote test. (NetSuite recommends that you run a prenote test for each account.)
 - d. In the **Bank Name** column, enter the name of the employee's bank.
 You can enter up to 31 characters in this field.

- e. In the **Routing Number** column, enter the 9-digit routing number for the employee's bank account.

Note: International payment of employees' direct deposit is not yet supported by NetSuite Payroll. You may consider using Pay Card to pay the employees with international bank accounts. Be aware that international transit numbers may require a specific number pattern. For example, Canadian transit numbers are regulated by the Canadian Payments Association. The number pattern for Electronic Fund Transactions (EFT) is 0YYYXXXXX. The first four digits represent the transit number where YYY is an Institution Number. The last five digits represent the Branch Number. The last digit of the Branch Number, with few exceptions, indicates the geographical location of the branch.

- f. In the **Account Number** column, enter the employee's bank account number.
You can enter up to 20 characters in this field.
- g. In the **Amount** field, enter the amount of the payment to be deposited to this bank account.

For example, if the employee requests you to deposit \$200.00 from every paycheck into their savings account, you enter 200 in the amount field next to the savings account information.

If you checked the **Net Account** box mentioned in step a, you can leave this field blank.
- h. Click **Add** to save the bank account on the employee record.
You can repeat this process to add multiple accounts for this employee.

6. Click **Save**.

If a direct deposit to an employee's account fails and if the error cannot be resolved with the employee's account, NetSuite changes the paycheck from direct deposit to Employer Paid and the NetSuite Payroll service refunds the amount that initially funded the employee's direct deposit. The refund from the NetSuite Payroll service does not trigger a correcting journal entry for the original amount funded to the NetSuite Payroll Service. For this reason, when your company receives the refund from the NetSuite Payroll service, you must make a manual journal entry in your Payroll Funding Account. For more information, see the help topics [Selecting a Payroll Funding Account](#), [Activating Your Bank Account for NetSuite Payroll](#), and [Making Journal Entries](#).

After an employee is set up for direct deposit, if you also use the ACH Vendor Payments feature, you can pay employee expenses by transferring funds into their bank account. For more information, see the help topic [ACH Vendor Payments](#).

Allowing Employees to Set Up and Edit Their Banking Information for Direct Deposit

You can allow employees who use the Employee Center to set up and edit their own bank account information for direct deposit. Employees can edit only their net bank account information. If employees want to add or edit additional bank accounts, they must contact their payroll administrator.

To allow employees to set up and edit their direct deposit information:

1. Go to Setup > Payroll > Set Up Payroll.
2. On the **Preferences** subtab, in the **Self Service** section, check the **Employees Can Edit Banking Information** box.

3. Click **Save**.



Important: After an employee updates direct deposit information, a notification is sent to the employee and to the email address that is entered in the Payroll Issues Alert Email Address field on the Set Up Payroll page (Setup > Payroll > Set Up Payroll). If you receive a notification that an employee has made a change to direct deposit banking information, you must update payroll information so that the employee's changes can be validated and applied. For more information see [Updating Payroll Information](#).

Viewing the Status of Direct Deposit Transactions

Your direct deposit transactions have a status that reflects where each transaction is in the funds transfer process.

To view a direct deposit status:

1. Go to Transactions > Employees > View Payroll Status.
2. Use the filtering options to search for direct deposits with a status of Pending, Complete, Failed, etc.

The Payroll Status page lists the direct deposit transmissions being processed and the following information is shown for each:

- **Type** – click the direct deposit type to open the transaction. The status of the transaction appears at the top of the page. See below for more information on transmission statuses.
- **Batch Number** – the batch number assigned to the transmission.
Transmissions are sorted by batch number first.
- **Batch Status** – the current status of the payroll batch.
See below for more information on batch statuses:
 - **Calculated** – indicates that check calculation and funding has been successfully completed.
 - **Committed** – indicates that the payroll batch data was received by the payroll provider.
 - **Edited** – indicates that a change has been made to the payroll batch.
 - **Error** – indicates an error was found in the calculations.
- **Check Date** – the date of the transmission approval.
- **Description** – displays the name of the employee.
- **Status** – the current state of the transaction as it is processed through the payment process.
See below for more information on transmission statuses:
 - **Complete** – the payment transaction has been successfully processed.
 - **Initiated** – the transaction has been sent
 - **Pending** – the transaction has not yet been processed.
- **Transaction Number** – the transaction authentication number of the bank listed on the employee's record.
- **Due Date** – this is the date that the funds are received from the employer.
- **Settlement Date** – this is the date that the funds are to be transferred into the employee's account.
- **Amount** – the dollar amount of the transmission.

Your options for processing a direct deposit transaction depend on the transaction's transmission status in the payment process.

Payroll Reports and Forms

If you have enabled NetSuite Payroll, you can print the following reports and forms:

- [Employee Payroll Item History Report](#)
- [Payroll Check Register](#)
- [Payroll Liability Report](#)
- [Payroll Journal Report](#)
- [Payroll Summary Report](#)
- [Payroll Summary by Employee Report](#)
- [Payroll Detail Report](#)
- [Hours & Earnings Report](#)
- [State Withholding Report](#)
- [Service Fees Report](#)
- [W-2 and 1099 Audit Information Report](#)

Some reports can be customized to include payroll batch information. For details, see [Customizing Payroll Reports to Include Batch Information](#).

You can assign the Payroll Items that you define (such as Earnings, Deductions, and Employer Contributions) to Report Sections. For more information, see [Modifying Payroll Report Sections](#) and [Creating Payroll Items](#).

Employee Payroll Item History Report

The Employee Payroll Item History report lists payroll item changes made to existing employee records as well as the creation of a new employee records. The report provides the following columns:

- **Date & Time** – The date and time at which changes were made to the employee record.
- **Author** – The user who made the change to the employee record.
- **Payroll Item** – The name of the payroll item that was changed on the employee record. Depending upon the payroll item, the report displays information in the following additional columns:
 - **Earning:**
 - **Default Hours** – The default number of hours the employee is paid for this earning item.
 - **Default (T/F)** – Indicates whether the payroll item should appear on the paycheck each time you run payroll.
 - **Deduction: Limit** – The maximum monetary deduction.
 - **Company Contribution: Limit** – The maximum monetary contribution.
 - **Accrued Time:**
 - **Accrual Rate** – The rate at which the payroll item accrues, according to the **Accrue As** value.
 - **Accrue As** – The value on which the **Accrual Rate** is based.
 - **Accrued Hours** – The total number of accrued hours.
 - **Limit** – The maximum number of accrued hours.
 - **Reset at Year End (T/F)** – Indicates whether the system should zero the total **Accrued Hours** and restart calculations each calendar year.
- **Deleted (T/F)** – Indicates whether the row in the employee record that was deleted.

- **ID** - The internal value for the row. Use this value to distinguish between multiple rows with the same payroll item name.
- **Earning (T/F)** - Indicates whether the payroll item is an earning.
- **Effective Date** - The date on which this payroll item became effective.
- **Expiration Date** - The date on which this payroll item is set to expire.
- **Inactive (T/F)** - Indicates whether the payroll item is active.
- **Primary (T/F)** - Indicates whether the payroll item is the employee's main source of payment.
- **Rate** - The rate on which this payroll item is based.
- **Rate Is Percent (T/F)** - Indicates whether the rate is a percentage of the **Limit**.

To view the Employee Payroll Item History report:

1. Go to Reports > Payroll > Employee Payroll Item Change History.

A message appears indicating that your report is loading. The status bar indicates the progress as your report loads. You can click Cancel Report to stop the report from loading.

You can customize this report in the Report Builder by clicking Customize on the results page. For more information, see the help topics [Filtering Data on Reports](#) and [Adding, Removing, or Reordering Report Columns](#).

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

Payroll Check Register

The Payroll Check Register lists all employee paychecks in chronological order within a specified date range.

You can use the payroll check register to verify the accuracy of a pay run before printing the paychecks, approving paychecks for direct deposit, or both. The report has a column that indicates whether or not the check has cleared your bank account.

To see the Payroll Check Register report:

Go to Reports > Payroll > Payroll Check Register.

A message appears indicating that your report is loading. The status bar indicates the progress as your report loads. You can click Cancel Report to stop the report from loading.

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

Payroll Liability Report


The Payroll Liability report lists the sum of your unpaid liability for each payroll item. The amounts listed on this report are the amounts you owe to tax agencies and vendors for employee tax withholding, deductions, and company contributions.

The Payroll Liability report does not include previously paid liability. It includes only the amount owed.

To see the Payroll Liability report:

Go to Reports > Payroll > Payroll Liability.

A message appears indicating that your report is loading. The status bar indicates the progress as your report loads. You can click Cancel Report to stop the report from loading.

 **Note:** This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

Payroll Liability Detail Report

The Payroll Liability Detail report lists the details of your unpaid liabilities for each payroll item. The amounts listed on this report are the amounts you owe tax agencies and vendors for employee tax withholding, deductions, and company contributions.


The Payroll Liability Detail report does not include previously paid liability. It includes only the amount owed.

To see the Payroll Liability Detail report:

1. Go to Reports > Payroll > Payroll Liability to open the Payroll Liability report.
2. Click a number in the report to open the detail report for that line.

When you click the total amount, the Payroll Liability Detail includes details for all lines in the report.

To return to the summary Payroll Liability report, click **Back to Summary** at the top of the report.

 **Note:** This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

Payroll Journal Report

The Payroll Journal report lists the journal entries made for each paycheck. Each entry shows the amount debited or credited and the account to which it was posted.

This report is presented in debit/credit format and is organized by check number.

To see the Payroll Journal report:

Go to Reports > Payroll > Payroll Journal.

A message appears indicating that your report is loading. The status bar indicates the progress as your report loads. You can click Cancel Report to stop the report from loading.

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

Payroll Summary Report

The Payroll Summary report displays the sum of paycheck amounts for each payroll item within the specified date range. The items are grouped by payroll item type.

The Payroll key performance indicator (KPI) can be added to your dashboard to provide at-a-glance views of totals from this report. For more information on KPIs, see the help topic [Setting Up the Key Performance Indicators Portlet](#).

To see the Payroll Summary by Item report:

Go to Reports > Payroll > Payroll Summary.

A message appears indicating that your report is loading. The status bar indicates the progress as your report loads. You can click Cancel Report to stop the report from loading.

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

Payroll Summary by Employee Report

The Payroll Summary by Employee report presents employee pay data in a cross-tab format. The report lists dollar amounts for earnings, employee-paid taxes, other deductions, and company contributions, and performs the gross to net calculation. The report also lists company tax liabilities related to each paycheck.

Report results are grouped by employee and display details for one payroll run, or for multiple payroll runs with rolled-up totals for each employee. You can customize the report to group employees by department, or to roll up payroll activity for each department to a single line.

This report is available both before and after a payroll is committed.

To see a Payroll Summary by Employee report:

Go to Reports > Payroll > Payroll Summary by Employee.

A message appears indicating that your report is loading. The status bar indicates the progress as your report loads. You can click Cancel Report to stop the report from loading.

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

Payroll Detail Report

The Payroll Detail report lists all transactions for each payroll item within the specified date range. These items are grouped by payroll item type.

To see the Payroll Detail report:

Go to Reports > Payroll > Payroll Detail.

A message appears indicating that your report is loading. The status bar indicates the progress as your report loads. You can click Cancel Report to stop the report from loading.

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

Hours & Earnings Report

The Hours & Earnings report summarizes the total number of hours worked and the gross pay for each employee. The hours worked and the gross pay are then grouped by employee name and earning item.

You can use this information for a variety of purposes ranging from state requirements to internal audit processes.

Most state agencies require this information on a scheduled basis, either quarterly or yearly, for the purpose of unemployment insurance and other benefits.

To see the Hours & Earnings report:

Go to Reports > Payroll > Hours & Earnings.

A message appears indicating that your report is loading. The status bar indicates the progress as your report loads. You can click Cancel Report to stop the report from loading.

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

State Withholding Report

The State Withholding report shows the total amount withheld for each employee for all the paychecks written within the specified date range.

To see the State Withholding report:

Go to Reports > Payroll > State Withholding.

A message appears indicating that your report is loading. The status bar indicates the progress as your report loads. You can click Cancel Report to stop the report from loading.

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

State Withholding Detail Report

The State Withholding Detail report lists the line item amounts withheld, grouped by employee and payroll item, for all the paychecks written within the specified date range.

To see the State Withholding Detail report:

1. Go to Reports > Payroll > State Withholding to open the State Withholding report.
2. Click a number in the report to open the detail report for that line.

When you click the total amount, the State Withholding Detail includes details for all lines in the report.

To return to the summary State Withholding report, click **Back to Summary** at the top of the report.

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

Service Fees Report

You can review details of the fees charged by the NetSuite Payroll service. You can run the report for a selected date range and view results listing the date and batch/check number for each billed item. You also can view the fees related to a payroll batch, or to an individual paycheck, on the Service Fees subtab of a Payroll Batch record or Paycheck record.

To see the Payroll Service Fees report:

Go to Reports > Payroll > Service Fees.

Note: This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, the Analytics subtab.

W-2 and 1099 Audit Information Report

With this report you can review W-2 and 1099 tax information before year-end and before generating the W-2 and 1099 reports. By reviewing this information before your year-end, you can make adjustments and corrections as necessary before year-end.

This report is a snapshot of your company- and employee-level information as of the date you run the report. By validating this company- and employee-level information, you can ensure that accurate Forms W-2 and 1099-MISC are filed with tax agencies and provided to your employees.

Information on this report appears on each employee's Form W-2 or 1099-MISC.

NetSuite Payroll service sends a reminder for you to review this report towards the end of the year.

To see the W-2 and 1099 Audit Information report:

Go to Reports > Payroll > W-2 and 1099 Audit.

Customizing Payroll Reports to Include Batch Information

You can customize some payroll reports to include information for calculated but uncommitted payroll batches. The fields that include batch information are under Payroll Transactions in the Add Fields pane of the Report Builder. The fields are:

- Batch: Batch Number
- Batch: Check Date
- Batch Status: Status

The reports that include batch information also include a multi-select filter called Batch Status: Status. By default, the filter is set to Committed.

The reports that include the batch status filter and some or all of the additional batch fields are:

- Payroll Journal
- Payroll Summary
- Payroll Summary by Employee
- Payroll Detail
- Hours & Earnings
- Service Fees

To include columns for payroll batch information:

1. Click **Customize** on any of the above reports to open the Report Builder.
2. Enter a new **Name** for the custom report.
3. On the **Edit Columns** subtab, select the batch-related fields you want to add.
4. Preview the report before you save.

Modifying Payroll Report Sections

By default Payroll report sections are made up of subsections in the order shown in the list below. The Report Sections page enables you to reorder, remove, and add subsections for the Earnings, Deductions, and Company Contributions report sections. You cannot change the Taxes and Company Taxes sections.

Payroll Report Sections give you the flexibility to assign Payroll Items that you define to specific sections of payroll reports, some of which you can also define. You can assign each payroll item to a particular report subsection including any new report subsections. For more information about Payroll Items, see [Creating Payroll Items](#).

The standard Report Sections and sub-sections are:

- Earnings
 - Wages
 - Salary
 - Expenses
- Taxes – You cannot add or remove this section or its sub-sections.

- SS/Med
 - Federal
 - State
 - Local
- Deductions
 - Retirement
 - Health
- Company Taxes – You cannot add or remove this section or its sub-sections.
 - SS/Med
 - Federal
 - State
 - Local
- Company Contributions
 - Retirement
 - Health

The Report Section dropdown list on the Payroll Item page includes the options that you define on the Report Sections page. For example, you can define a Payroll Item named Third Party Sick Pay - Taxable and assign that item to the Salary report sub-section of the Earnings section.

To define a payroll report section:

1. Go to Setup > Payroll > Report Sections.
2. On the Report Sections page, you can either:
 - Click the **Edit** link for the name of the Report Section that you want to modify.
 - You can add or remove the items in the **Earnings**, **Deductions**, or **Company Contributions** report sections. You can also reorder the items.
 - You cannot add or remove items in the **Taxes** or **Company Taxes** sections. You can reorder the items.
 - Click the link for the Report Section name. In the Report Section popup, click **Edit**. Add or remove report sections and sub-sections as well as reorder sub-sections.

Using the Paycheck Journal Feature

The Payroll feature is the NetSuite full-service payroll solution for U.S. employees. The Paycheck Journal feature supports different payroll capabilities including the tracking of payroll data for employees in countries other than the U.S.

The Paycheck Journal feature is completely independent from the Payroll feature although both features can be enabled in a single account. For example, in a OneWorld account the Payroll feature can process payroll for a U.S. subsidiary, and the Paycheck Journal feature can track international payroll transactions for non-U.S. subsidiaries.

- To get started with the Paycheck Journal feature, see [Getting Started with Payroll Solutions](#).

The Paycheck Journal feature is intended for use by NetSuite partners. It enables partners to:

- Use web services to build integrations between NetSuite and existing external payroll solutions. See [Using Web Services for Payroll Integrations](#).
- Use SuiteScript to build custom payroll solutions. See [Using SuiteScript for Payroll Solutions](#).
- Customize payroll forms and fields. See [Creating Custom Payroll Forms and Fields](#).

After partners have created payroll scripts, custom forms, and custom fields, they can use SuiteBundler to package these custom objects into SuiteApps that can be installed in NetSuite customer accounts. See the help topic [SuiteApp Creation and Distribution](#).



Important: The Paycheck Journal feature is not intended for direct use by NetSuite customers without a partner payroll solution.

Getting Started with Payroll Solutions

You need to understand the following before you begin work on a payroll integration or payroll SuiteApp using the Paycheck Journal feature:

- [Enabling the Paycheck Journal Feature](#)
- [Understanding the Paycheck Journal Transaction](#)
- [Understanding Payroll Items](#)

Enabling the Paycheck Journal Feature

To enable the Paycheck Journal feature, go to Setup > Company > Enable Features. Check the Paycheck Journal box. This feature is available in NetSuite accounts that have the Accounting feature enabled.

After this feature is enabled, the paycheck journal transaction and payroll item records become available to users with the appropriate permissions.

Understanding the Paycheck Journal Transaction

The paycheck journal transaction is similar to the paycheck transaction used by the Payroll feature. Unlike a paycheck, however, a paycheck journal transaction does not issue a check drawn on an

account. Instead it creates a journal entry to record accounting impact. The purpose of this transaction is to serve as a payroll interface for web services integrations with external payroll systems and for payroll SuiteApps built with SuiteScript.

When the Paycheck Journal feature is enabled, the paycheck journal form is available at Transactions > Employees > Paycheck Journal to users with the Paycheck Journal permission, a Transactions type permission.

The following form is shown to illustrate the fields supported by the paycheck journal transaction. (NetSuite customers are not expected to use this form without a partner payroll solution. Partner solutions are expected to include custom forms and custom fields that vary from this example.)

1	Body fields
2	Sublist fields

Paycheck journal body fields store basic values used by the transaction. Note the following:

- Subsidiary is available only in OneWorld accounts.
- Department, Class, and Location are available in only those accounts that use these classifications.
- Currency is available in only those accounts with the Multiple Currencies feature enabled.
- Exchange Rate is not currently in use. Its value, which is set to 1 when a currency is selected, should not be changed.
- Partners can create custom transaction body fields that display on paycheck journal forms and are accessible to web services and SuiteScript.

Paycheck journal sublist fields store details about different types of payroll items that can be included in the transaction. Partners can create custom transaction line fields.

Understanding Payroll Items

Similar to transactions related to the Payroll feature, paycheck journal transactions use the payroll item record type to store line item values. The following table outlines some differences in how the two features handle payroll items.

Payroll Feature

- NetSuite provides predefined payroll items for deduction, earning, and employer contribution types.
- You can create additional payroll items of these types.

- NetSuite completely manages tax line items for payroll transactions.
- You cannot create payroll items for taxes.

Paycheck Journal Feature

- No predefined payroll items.
- You must create all deduction, earning, and employer contribution type payroll items.

- Payroll-related taxes must be implemented through payroll items that you create.
- You can create two different types of payroll items for taxes: employee paid taxes and company (employer) paid taxes.

Payroll items must be created before any paycheck journal transactions can be entered. The following item types are supported: Deduction, Earning:Addition, Earning:Commission, Earning:Expense, Earning:Salary, Earning:Sick, Earning:Vacation, Earning:Wage, Employer:Contribution, Employer:Expense, and Tax.

The Payroll Item page is available at Lists > Accounting > Items to users with the Payroll Items permission, a Lists type permission. This page is shown to illustrate the fields supported by the payroll item record.

Payroll Item List Search Customize More

Save **Cancel** **Reset**

Subsidiary *
CAN Subsid

Pay Code
<Type then tab>

Report Section
Inactive

Item Type *
Tax

Item Name *

☐ Employee Paid

Liability Account

Expense Account

Agency

☐ Withholding

Note the following:

- Subsidiary is available only in OneWorld accounts.
- Item Type: Tax is available only for non-U.S. subsidiaries.
- Employee Paid field is available only when Item Type is set to Tax. When Employee Paid is set to False, item type is Company Tax. When Employee Paid is set to True, item type is Employee tax.
- Account fields vary according to item type, as shown in the following table:

Item Type	Account Fields for Payroll Items
Deduction	Liability Account, Vendor (Agency)
Earning	Expense Account
Employer Contribution	Liability Account, Expense Account, Vendor (Agency)

Item Type	Account Fields for Payroll Items
Company Tax	Liability Account, Expense Account, Vendor (Agency)
Employee Tax	Liability Account, Vendor (Agency)

Using Web Services for Payroll Integrations

The Paycheck Journal transaction is exposed in web services so that it can act as a payroll interface for integrations with external payroll systems. The Payroll Item record is also exposed to support these integrations. Both of these record types support basic create, read, update, delete, and search operations.

For more information, including usage notes and sample SOAP requests and Java code, see the web services reference topics [Paycheck Journal](#) and [Payroll Item](#).

Using SuiteScript for Payroll Solutions

The Paycheck Journal and Payroll Item records are exposed in SuiteScript to support the building of international payroll SuiteApps. These records support both client and server SuiteScript and full scripting capabilities. For details about scripting with the Paycheck Journal transaction, including supported fields and many code samples, see the SuiteScript reference topic [Paycheck Journal](#).

For details about scripting with the Payroll Item transaction, including supported fields and many code samples, see the SuiteScript reference topic [Payroll Item](#).

Creating Custom Payroll Forms and Fields

When the Paycheck Journal feature is enabled, partners can create payroll-related custom transaction body fields and custom transaction line fields. These fields are available to web services integrations and SuiteScript.

- [Creating Custom Payroll Transaction Body Fields](#)
- [Creating Custom Payroll Transaction Line Fields](#)

Partners can also create custom Paycheck Journal forms based on the standard form for this record type. See [Creating Customized Paycheck Journal Forms](#).

Custom forms and fields can be bundled in international payroll SuiteApps along with SuiteScripts. See the help topic [SuiteApp Creation and Distribution](#).

Creating Custom Payroll Transaction Body Fields

To support partners' ability to build payroll integrations and custom solutions, the Paycheck Journal feature supports the creation of custom payroll transaction body fields. These are fields that added to paycheck journal transaction body data.

To create a custom payroll transaction body field:

1. Go to Customization > Lists, Records, & Fields > Transaction Body Fields > New.

2. Enter a **Label** and optional **Description** for the custom payroll transaction body field.
3. On the **Applies To** subtab, check the **Paycheck** box.
4. Click **Save**.
The new field displays on the **Custom** subtab of any standard and customized Paycheck Journal record.
On custom forms, this field can be moved.

Creating Custom Payroll Transaction Line Fields

To support partners' ability to build payroll integrations and custom solutions, the Paycheck Journal feature supports the creation of custom payroll transaction line fields. These are fields that are added to line items on one or more paycheck journal transaction sublists.

To create a custom payroll transaction line field:

1. Go to Customization > Lists, Records, & Fields > Transaction Column Fields > New.
2. Enter a **Label** and optional **Description** for the custom payroll transaction line field.
3. On the **Applies To** subtab, check one or more **Paycheck** subtabs where this field should be displayed.
Available subtabs include **Earning**, **Deduction**, **Employee Tax**, **Company Tax**, and **Company Contribution**. You can add the same field to multiple subtabs.
4. Click **Save**.
These new subtabs display on the **Payroll Items** subtab of any standard and customized Paycheck Journal record.

Creating Customized Paycheck Journal Forms

To support partners' ability to build international payroll SuiteApps, the Paycheck Journal feature supports the creation of custom Paycheck Journal forms. Partners can start with the standard Paycheck Journal form and make changes to create a form that fits their solution.

To create a customized paycheck journal form:

1. Go to Customization > Forms > Transaction Forms.
2. Click the **Customize** link for the **Standard Paycheck Journal** form.
3. On the Edit Custom Transaction Form page, enter a name for the form, and then complete other fields as needed.
4. Click **Save**.

Notes about Including Custom Fields on a Customized Paycheck Journal Form

On the Edit Custom Transaction Form page, note the following options when including custom body and column fields on your customized form.

- To display one or more custom transaction body fields on the **Custom** subtab of your form, click the **Screen Fields** subtab, then click the **Custom** subtab. Check the **Show** box for each custom transaction body field.

- To display one or more custom transaction line fields on the **Earnings, Deductions, Employee Taxes, Company Taxes, and Company Contributions** subtabs on your form, click the **Tabs** subtab. Check the **Show** box for **Paycheck Lines**.

Click the **Screen Fields** subtab. On the **Earnings, Deductions, Company Taxes, Employee Taxes, and Company Contributions** subtabs, check the **Show** box for each custom transaction line field is checked. For example, you may want to display the **Payroll Item, Department, Class, Location, Hours, Amount, and Printable** fields on each of your subtabs.