Canadian Payroll User Guide

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Date	Author	Version	Change
June 14, 2017	Insight Works	2.0	Second Version
March 13, 2018	Diana Groh	2.2	Updated for the Dynamics 365 Business Central Release

1   Overview

This guide is intended to provide the Payroll Processor with instruction on this using Canadian Payroll.

Definition of terms:

Payroll Worksheet: An Excel-based document that indicates the Pay Frequency, Pay Date, Pay Period, Starting and End Date of the pay period. If the pay period is open or closed, you use this to calculate the gross pay and taxes.

Employee Card: Shows the employee set up, with sections for General, Address & Contact, Administration, Personal and Payroll information.

2   Using the Payroll Worksheet

Payroll processing is performed with the Payroll Worksheet.

Before the Payroll Worksheet can be used:

1. The Payroll Setup Wizard must be run.
2. Each Employee must have their payroll-specific information defined.

    Refer to the Canadian Payroll Setup and Configuration Guide for details.

2.1   Starting the Payroll Worksheet

To start the Payroll Worksheet, enter "Payroll Worksheet" in the Search Bar.
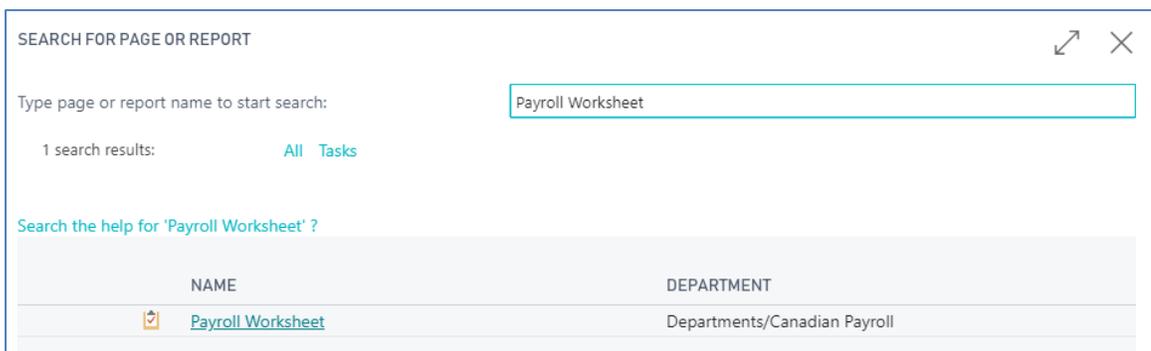
Figure 1: Search Payroll Worksheet

Your User record must have the "PAYROLLPRO" permission set to access and use the Payroll Worksheet (or equivalent, if the permission set has been customized).

Figure 2: Permission Set

2.2 Preparing the Payroll Run

When the Payroll Worksheet starts, it will show you the currently open Payroll Run. If there is no open Payroll Run, then it will try to automatically create a new Payroll Run for you, based on the last closed one.

Figure 3: Open Status

The Default Pay Frequency for the open run will be the company default. For example, if you have configured the Default Pay Frequency on the Payroll Service Setup page to be "Monthly", then the Payroll Run will default to "Monthly".

2.2.1 Choosing Employees for the Payroll Run

Employees in the Payroll Run are automatically added when the Payroll Run is created or when the Pay Frequency has changed.

The employees are automatically added if their Pay Frequency matches the Pay Frequency of the Payroll Run. For example, let's consider a scenario of two employees:

- Bob, set up with a "Monthly" Pay Frequency
- Josie set up with a "Bi-Weekly" Pay Frequency

If the Pay Frequency on the Payroll Worksheet is set up as "Monthly", then Bob will automatically be added, but not Josie.

If the Pay Frequency on the Payroll Worksheet is setup as "Bi-Weekly", then Josie will automatically be added, but not Bob.

If the Pay Frequency on the Payroll Worksheet is setup as "Weekly" then neither Bob nor Josie will be added automatically.

You cannot add an employee that has a mismatched Pay Frequency. To pay an employee, you must choose the correct Pay Frequency on their Employee Card page, and on the Payroll Worksheet.

To Remove an Employee, or Prevent an Employee from being added:

- Mark the Employee record as 'Inactive' on the Employee Card if the employee is no longer active.

- Mark the Employee with the correct Pay Frequency, if the issue is that they have an incorrect Pay Frequency defined.
- Manually remove the pay stub in the Payroll Worksheet. You may need to remove this employee, as the Payroll Worksheet will attempt to automatically add missing employees in specific steps to help ensure that everybody that should be paid in the run will be paid.

2.2.2   Setting the Payroll Run Specifics

The Payroll Run in the worksheet will automatically open the active unposted run, or automatically start preparing the next Payroll Run for you.

Figure 4: Payroll Run Specifics

The Pay Frequency will be set to the Default Pay Frequency defined in the Payroll Service Setup. When you change the Pay Frequency, you may be prompted to remove any existing pay stubs.

Any employees that are configured with the new Pay Frequency will be automatically added to the run.

Change the Pay Date

The Pay Date will attempt to automatically set itself to the next estimated Pay Date, based on the previous Pay Date and your chosen Pay Frequency.

For example, if the last Payroll Run was on March 30th, and the Pay Frequency is set to "Monthly", then the next Payroll Run should default to April 30th.

Make sure the Pay Date reflects the date you are paying your employees, and change the estimate if it does not match. (i.e. Pay Date default is on a weekend, or other non-banking day)

Change the Period Starting and Period Ending

The Pay Date is automatically estimated, the Period Starting and Period Ending Dates will also be automatically estimated based on your last Payroll Run.

Please ensure that the Period Starting and Period Ending Dates satisfy your company requirements.

Note: If you have hourly employees, and they are using the Dynamics 365 Business Central Time Sheets feature to enter hours, then the Period Starting and Period Ending Dates will affect the time range that is used to gather approved hours.

2.2.3   General requirements for Hourly Employees and Pay Rates

Whether you are using Dynamics 365 Business Central Time Sheets, or if you are entering hours manually, the following requirements apply:

- All pay codes must have a rate defined.
  - o If a rate is defined at the employee level, it will be used.
  - o If no rate is available at the employee level, then it will use the default rate defined at the pay code level.
- To see an hourly paycode on the worksheet, you must set the paycode to be either:
  - o "Show Hours", or
  - o "Show Hours and Rate"

2.2.4   Using Time Sheets for Hourly Employees

To configure Time Sheets for a Resource, refer to the Microsoft Documentation for Dynamics 365 Business Central "How to: Set Up Time Sheets" (https://docs.microsoft.com/en-CA/dynamics365/financials/projects-how-setup-time-sheets).
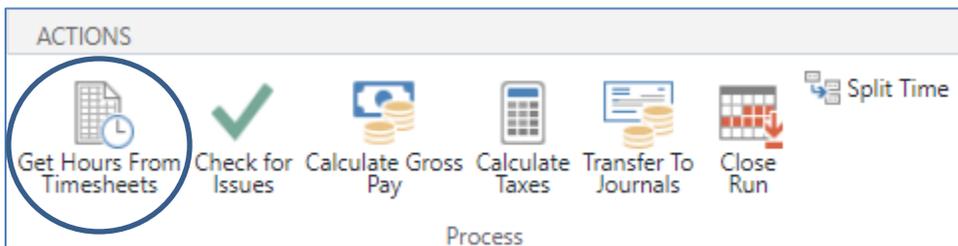

Figure 5: Get Hours from Timesheets

To use hours entered in Time Sheets, choose "Get Hours from Timesheets" on the Payroll Worksheet page.

The following conditions must be met for hours to be collected from a Time Sheet:

- Only hours that are approved are added.
- Only hours that are within the Period Starting Date and Period Ending Date are added.
- Hours are only added for Resources that are
  - o associated with an Employee,
  - o the associated Employee has a status of "Active", and
  - o the associated Employee is configured with a Pay Type of "Hourly".
- All time on the Time Sheets must have a Work Type set.
- All Work Types that are used on Time Sheets must have an appropriate mapping to an hourly pay code. Refer to the setup guide for setting up hourly pay codes.
- All requirements from General requirements for Hourly Employees and Pay Rates apply.

If hours are changed on the Time Sheets after you have gathered hours from Time Sheets, then the hours on the Payroll Worksheet must be refreshed manually. To do this, choose "Get Hours from Timesheets", or enter the corrections manually.

Note: If you change hours on the Payroll Worksheet, the hours will not be transferred back to the Time Sheets.

2.2.5 Entering hours for hourly employees without Time Sheets

If you have hourly employees, but don't use Time Sheets, you can still enter hours. Do note that all requirements from General requirements for Hourly Employees and Pay Rates still apply.

To enter time manually, enter hourly values for each employee on the Payroll Worksheet.

Figure 6: Enter Manual Hours

2.2.6 Overtime and Double Time

There is no automatic breakdown of hours entered for overtime or double time based on shifts. If an employee has worked overtime and/or double time, then you must split the hours manually.

If the overtime and double-time pay codes are visible on the Payroll Worksheet, then you can split the time directly on the worksheet. If they are not visible, then choose Split Time. A new page will open, enabling you to enter new hourly times for the employee. To split the overtime and double-time hours on the Time Sheets, you must have appropriate Work Types for each configuration. Canadian Payroll will automatically create three different Work Types to help with that categorization.
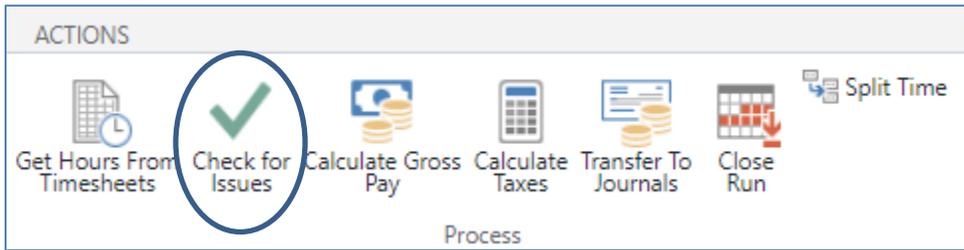
2.3   Validate Payroll Setup

Figure 7: Check for Issues

To ensure that the setup information is correct, choose "Check for Issues" on the Payroll Worksheet. This action will open a validation helper page and attempt to list potential issues. This does not ensure that rates and employee information are accurate. For example, the validation can help identify that a rate is missing, but not that a rate should be $10 per hour instead of $15 per hour.

Problems that need to be addressed are shown as notifications with links to the appropriate Employee record.

The following notation appears on the validation helper page and indicates that there are no errors per the set-up information.
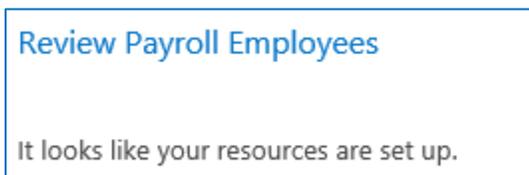

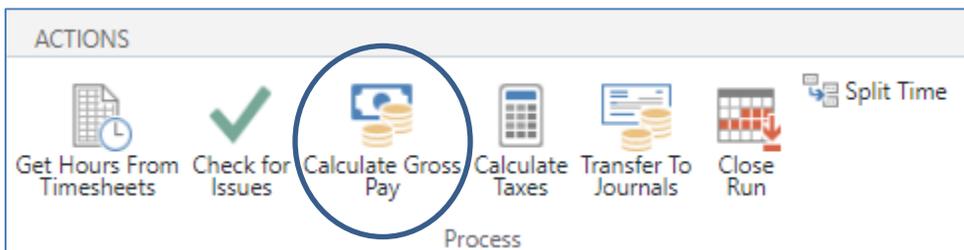*Figure 8: Issues Message*

2.4   Calculating Gross Pay

Figure 9: Calculating Gross Pay

After you have entered any time for hourly employees, and after you have validated for potential issues with using Check for Issues, you can "Calculate Gross Pay".

For hourly employees, this will multiply the hours available by the rate for the Hourly Pay Code for the employee.

For salaried employees, this will use the Gross Pay Per Period from the Employee Card.

A detailed breakdown of all income sources is available in the side bar, and is also available by choosing Income Details on the Actions tab.

Figure 10: Payroll Income

The gross pay for each employee for the pay period should be reviewed for accuracy and errors before proceeding to the next step.
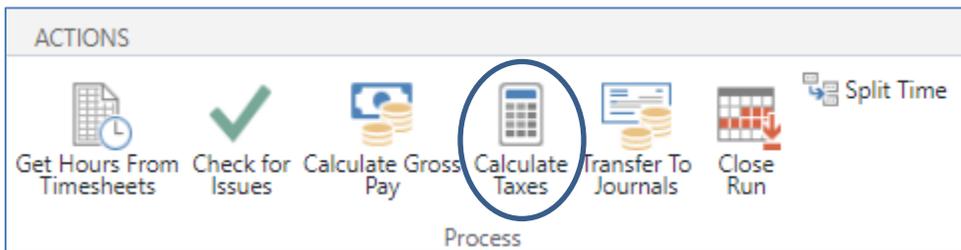
2.5   Calculating Taxes and Deductions

Figure 11: Calculating Taxes and Deductions

After you have verified that the gross pay for each employee is accurate, click on the "Calculate Taxes" action.

This will use the details supplied on the employee payroll configuration, and the current gross pay to calculate deductions such as CPP, EI, QPP, etc.

If the employment province is in Quebec, then QPP and QPIP will be calculated as well, if the default setting is on Deduct.

Review the calculated values for any potential issues.

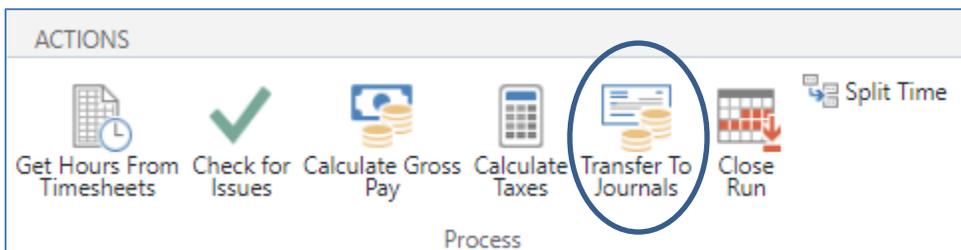## 2.6   Transfer to Journals

Figure 12: Transfer to Journals

After the tax amounts, have been calculated, the next step is to transfer the information to the Payment Journal and General Journal. Choose "Transfer to Journals" on the Payroll Worksheet.

This will create the appropriate entries in the Payment Journal for employees, and create entries for your deductions such as CPP and EI in the General Journal. After the entries, have been transferred, the Payment Journal will automatically open.

Figure 13: Payroll Journal

If you are paying employees with Manual Cheques, and have already entered the manual check numbers on the Payroll Worksheet, then these will transfer to the Payment Journal.

If you are paying employees electronically, then the corresponding employee will automatically be entered on the Payment Journal line, underneath the Vendor-related columns.

Note: *Canadian Payroll automatically creates a Vendor record for Employees that need to get paid, and can also automatically create a default 'PAYROLL' bank account for that Employee.*

2.6.1 Posting the Payment Journal (Paying Employees)

Refer to the Microsoft Documentation for using the Payment Journal (https://docs.microsoft.com/en-CA/dynamics365/financials/payables-manage-payables).

If you are paying an employee with either manual cheques or with computer cheques, then the check number from the Payment Journal will automatically update the paystub cheque reference.

If you are using manual cheques, you can also pre-define the cheque no. in the Payroll Worksheet, and then when you transfer to the Payment Journal the cheque no. will transfer across. This feature is not compatible with Electronic Payments, or with Computer Cheques.

Figure 14: Post Payment Journal

Click on the Post to post the Payment Journal. This feature will finalize the document or journal by posting the amounts and quantities to the related accounts in your company books.
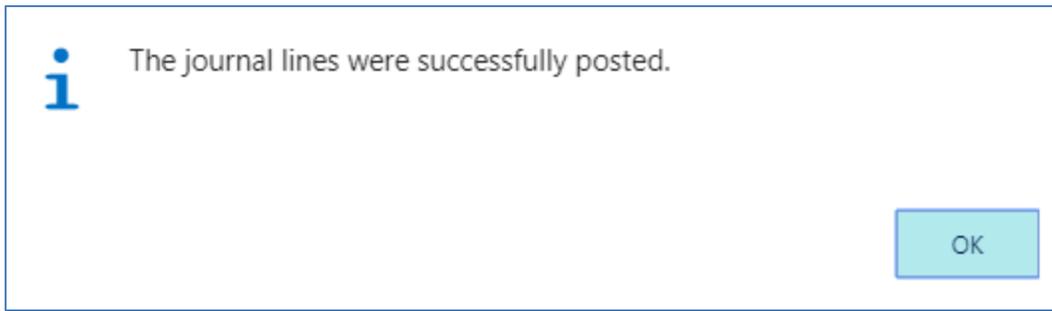
Figure 15: Post Successful

Or click on Post and Print. This feature will finalize and prepare to print the document or journal. The values and quantities are posted to the related accounts. A report request window will appear where you can specify what to include on the printout.

Close this page when finished.

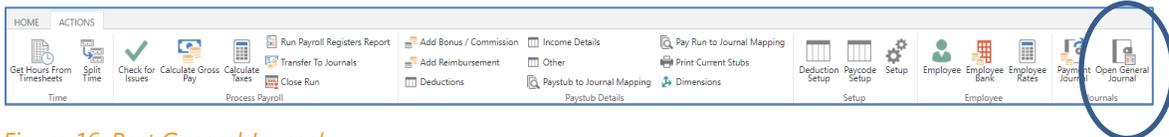### 2.6.2 Posting the General Journal

Figure 16: Post General Journal

After the Payment Journal, has been posted, the next step is to post the corresponding expense and liability entries.

Open the Payroll General Journal by choosing Open General Journal in the Payroll Worksheet on the Actions Tab.

All entries should balance to 0. If they do not balance to 0, then review the payments, deductions, and deduction setup.

The expense and liability entries will be grouped by the type and by the appropriate dimensions. Refer to the Dimensions section in the Canadian Payroll Setup and Configuration Guide for a review of how Dimensions can affect General Journal entries.

2.7 Printing paystubs

Paystubs can be printed anytime. However, if they are printed before the Payment Journal has been posted, then the printable paystub will have a message on it indicating that it is being printed before the employee has been paid.
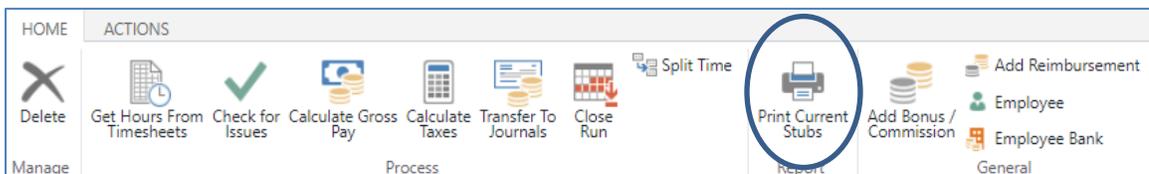

Figure 17: Printing Paystubs

Click on the "Print Current Stubs" icon from the Actions tab and the following new page will appear,

Figure 18: Print Paystubs Sort

By populating the various fields you are defining how the pay stubs are printed and where they are printed.(PDF, Word document or Excel document)
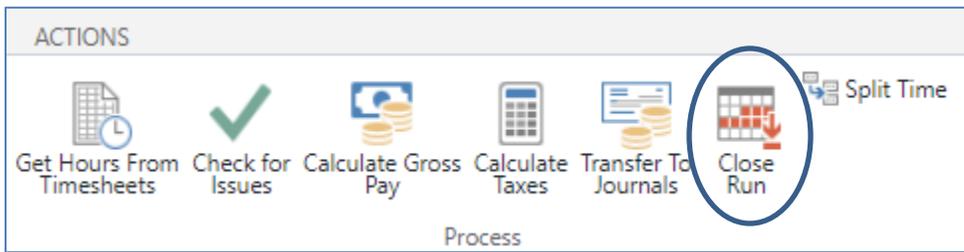
2.8   Closing the Payroll Run

Figure 19: Close Payroll Run

Once all employees in the Payroll Run have been paid, and all journal entries have been posted, then you can close the Payroll Run. Click on the "Close Run" Icon

If you have not yet posted the Payment Journal or General Journal lines, then you will be prevented from closing the Payroll Run. This feature exists to help you remember to pay employees.

As soon as you close the Payroll Run, the Payroll Run for the next Pay Period for the Default Pay Frequency will automatically be created. You can leave this in its current state until it's time for the next Payroll Run to be processed.

3   Additional Information

For additional information please refer to the following link

http://www.canadian-payroll.ca/knowledge-base/