

How to Set Up Tips inside Payroll Mate

This tutorial is for information purposes only. It is your responsibility to make sure the payroll setup is correct. Consult your accountant or tax advisor if you are unsure how a certain payroll item or your payroll in general should be set up.

Payroll Mate Software has 2 tip income categories built into the software.

Tips Received Directly by Employee (Cash Tips) – these tips will be excluded from net pay and will be taxed as income

Example of Cash tips: A tip was left in cash and the server already has the funds in hand. The employer only needs to report the amount so it is taxed as income.

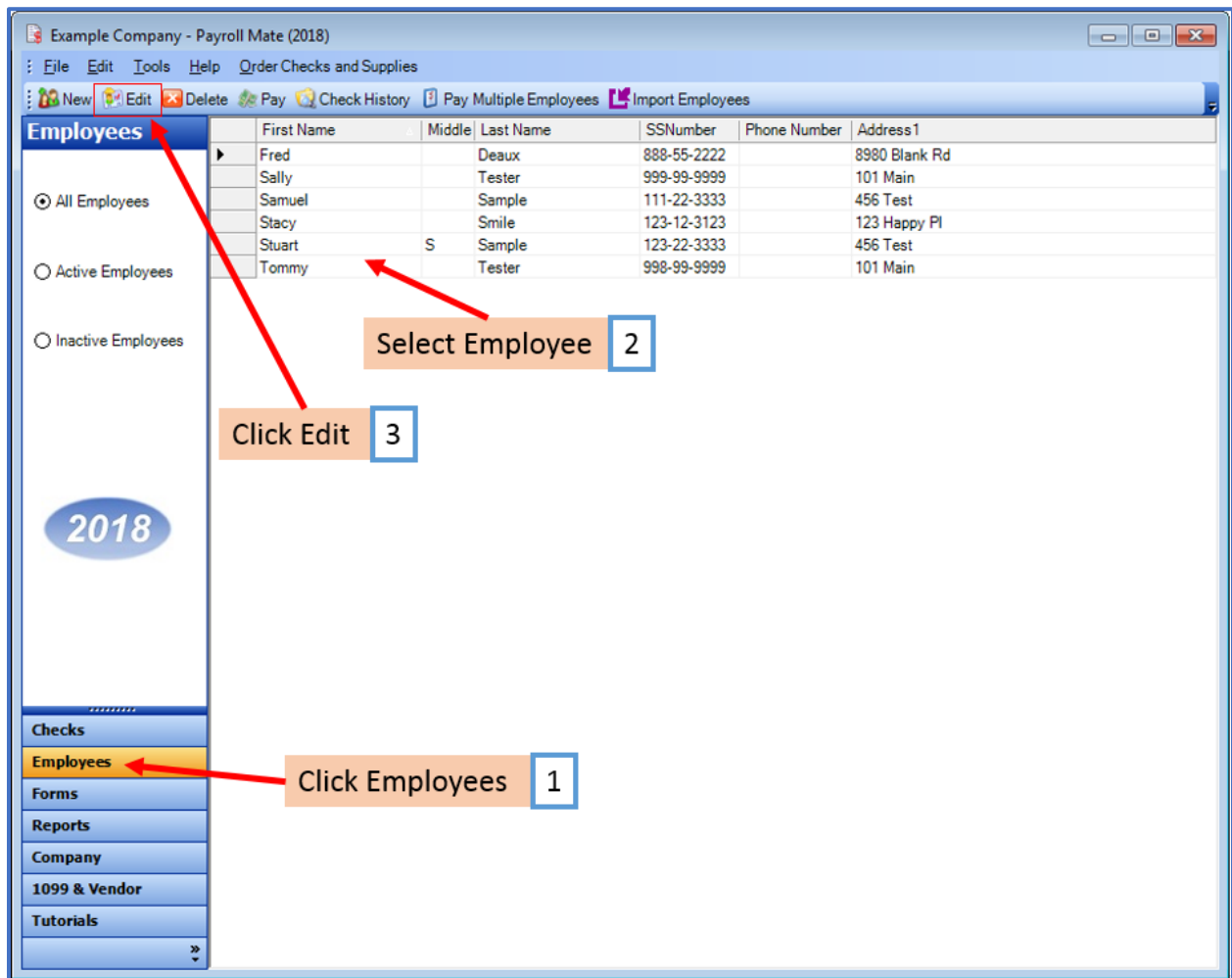
Tips Paid by Employer (Paycheck Tips) – these tips will be included in net pay and taxed as income

Example of Paycheck tips: A tip was left by credit card and the employer needs to pay this tip amount out to the server on their regular paycheck.

If either of these income categories do not apply to you, then you may add a new tip income category. See the tutorial [How to Add an Income Category](#)

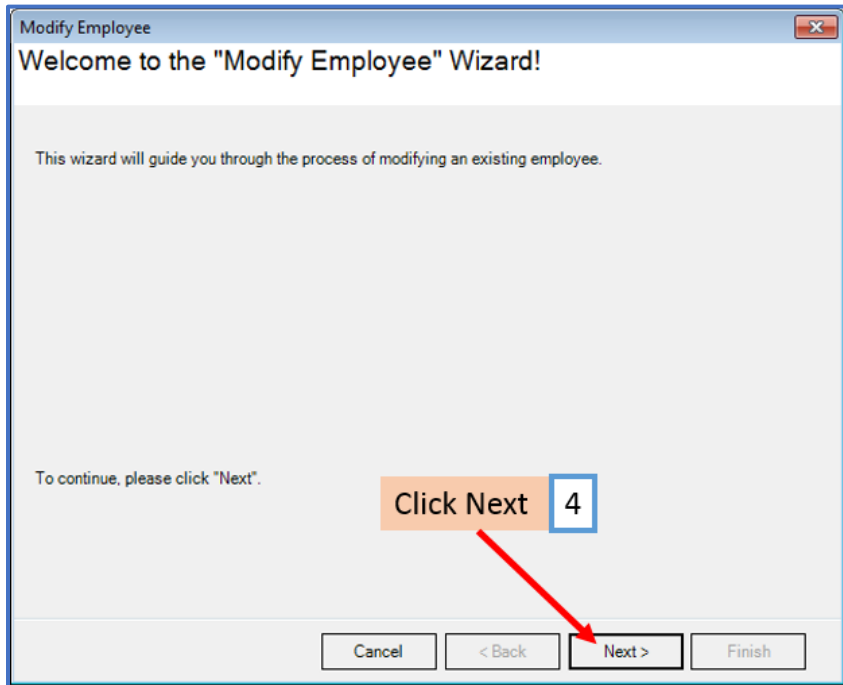
You will need to apply the tip income to each employee as needed

1. Click Employees from Shortcuts
2. Select an employee from the list of employee's names
3. Click Edit

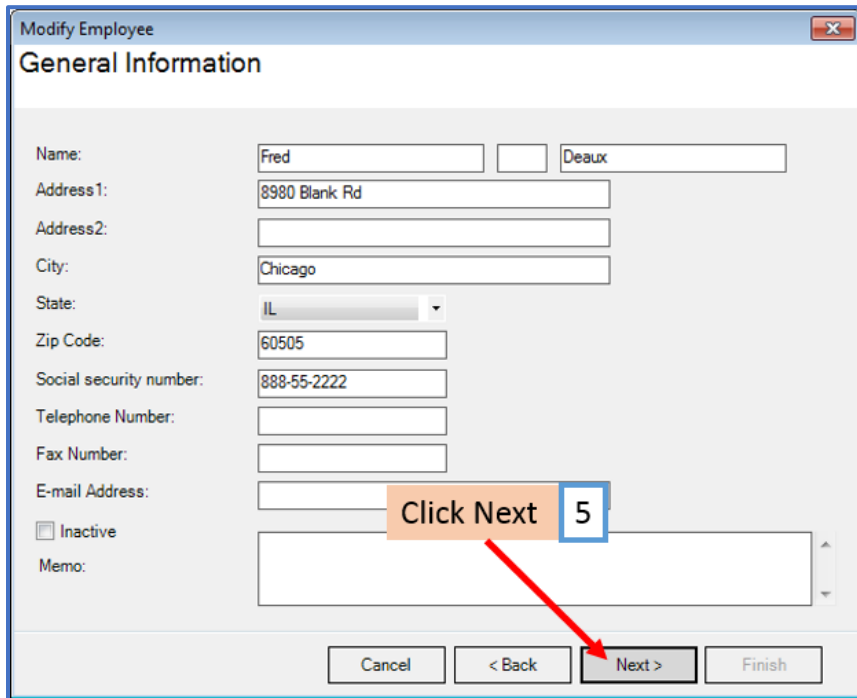


The Modify Employee Wizard will appear on the screen

4. Click Next



5. Click Next



6. Click Next

Modify Employee

Tax Setup

Federal Income Tax Setup

Filing Status:

Number of Allowances:

Pay Frequency:

Additional Federal Withholding:

W-2 Options

Statutory Employee

Retirement Plan

This employee receives Advance EIC payment

Set the following Taxes to zero on the check

Federal Income State Income SS. & Med. (Employee) SS. & Med. (Employer)

State Income Tax Setup

State:

Additional State Withholding:

IL-W4 Line 1:

IL-W4 Line 2:

Click Next 6

Cancel < Back Next > Finish

7. Checkmark to select tip income as applicable

8. Click Next

Modify Employee

Incomes

Regular Hourly Pay [Per Hour] 20.0000

Overtime Hourly Pay [Per Hour] 0.00

Yearly Salary [Per Year] 0.00

Double-Time [Per Hour] 0.00

Mileage [Per Mile] 0.00

Piece Work [Per Piece] 0.00

Fringe Benefits [Fixed] 0.00

Vacation Pay Hourly [Per Hour] 0.00

Sick Pay Hourly [Per Hour] 0.00

Bonus [Variable]

Tips Received Directly by Employee [Variable]

Tips Paid by Employer [Variable]

Commission [Variable]

Checkmark to select tip income as applicable 7

Click Next 8

Cancel < Back Next > Finish

9. Click Next

The screenshot shows the 'Modify Employee' window with the 'Taxes' section. The following taxes are checked:

- Federal Income Tax
- Social Security (Employee)
- Social Security (Employer)
- Medicare (Employee)
- Medicare (Employer)
- Fed Unemployment (Employer)
- State Income Tax
- State Unemployment (Employer)
- Local Income Tax
- State Disability Insurance (Employee)
- State Disability Insurance (Employer)
- NY Disability [Percentage]
- Chicago City Tax [Percentage]

At the bottom, there are four buttons: 'Cancel', '< Back', 'Next >', and 'Finish'. A red arrow points to the 'Next >' button. A callout box with the text 'Click Next 9' is positioned above the arrow.

10. Click Next

The screenshot shows the 'Modify Employee' window with the 'Deductions' section. The following deductions are checked:

Deduction	Type	Value
401K (Employee)	[Percentage]	4.000000
401K (Employer)	[Percentage]	2.000000
Health Insurance	[Fixed]	25.000000
Box 12 data	[Percentage]	1.500000

At the bottom, there are four buttons: 'Cancel', '< Back', 'Next >', and 'Finish'. A red arrow points to the 'Next >' button. A callout box with the text 'Click Next 10' is positioned above the arrow.

11. Click Next

Modify Employee

Direct Deposit

Include in Direct Deposit Process

Banking Information

Account Type:

Bank Routing Number:

Account Number:

Click Next 11

Cancel < Back Next > Finish

12. Click Next

Modify Employee

Vacation / Sick Hours Settings

Method of Calculating Vacation and Sick Hours:

- Per Check
- Per Total Hours on Check

Vacation Hours Earned Per Check:

Maximum Vacation Hours Earned Per Year: Keep blank for unlimited hours per year; fill with 0.00 for zero hours per year

Sick Hours Earned Per Check:

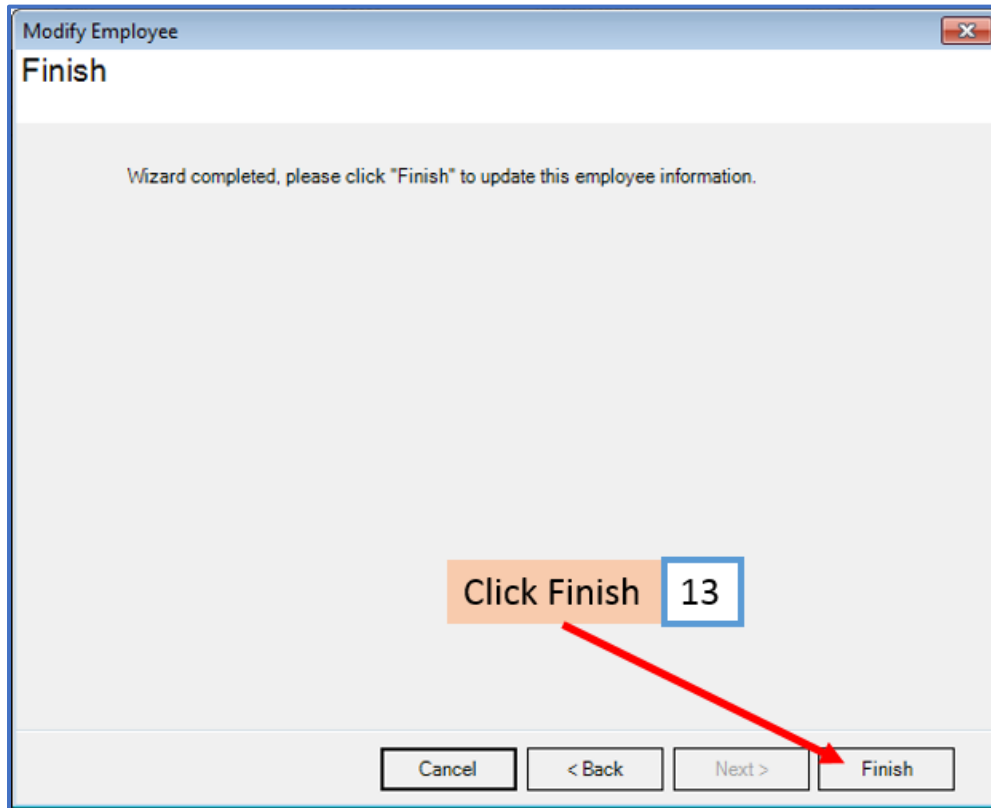
Maximum Sick Hours Earned Per Year: limited hours per year; fill with 0.00 for zero hours per year

Click Next 12

Cancel < Back Next > Finish

13. Click Finish

Note: Your information will not be saved if you do not click Finish



Repeat steps 1-13 for each applicable employee

14. When creating a new payroll check for the employee the new income categories will be visible

Enter the amount of tips to record for this paycheck in the Rate columns

Check Details

Pay Frequency: Weekly (52 Pay Periods)

Employee: Deaux, Fred Begin Date: April 16, 2018 Recalculate

Check #: 10 Pay Date: April 20, 2018 End Date: April 20, 2018

Income Details						Vacation / Sick Hours		
Income:	Rate:	Type:	Quantity:	Amount:	YTD:		Amount:	YTD:
Regular Hourly Pay	20.0000	Per Hour	0.0000	0.00	0.00	Vac. hours earned	0.00	0.00
Tips Received Directly by Employee	50.0000	Variable	N/A	50.00	50.00	Vac. hours used	0.00	0.00
Tips Paid by Employer	100.0000	Variable	N/A	100.00	100.00	Sick hours earned	0.00	0.00
						Sick hours used	0.00	0.00

Tax Details			Deduction Details		
Tax:	Amount:	YTD:	Deduction:	Amount:	YTD:
Federal Income Tax	7.28	75.72	401K (Employee)	6.00	34.00
Social Security (Employee)	9.30	52.70	Health Insurance	25.00	50.00
Medicare (Employee)	2.18	12.33	Box 12 data	2.25	12.75
State Income Tax	7.13	40.39	401K (Employer)	3.00	17.00
Local Income Tax	0.00	0.00			
State Disability Insurance (Employee)	0.00	0.00			
NY Disability	0.60	1.20			
Chicago City Tax	0.15	0.85			
Cook County Tax	10.88	61.63			
Social Security (Employer)	9.30	52.70			
Medicare (Employer)	2.18	12.33			

Tip Income Categories 14

Other Optional Details		Check Summary				
	Amount:	YTD:	Total Incomes:	Total Taxes:	Total Deductions:	Net Pay:
Hours Worked	0.00	.00	This Check: 150.00	37.52	33.25	29.23
Weeks Worked	0.00	.00	YTD: 150.00	244.82	96.75	-241.57

MEMO:

OK Cancel