

Title:
Payroll

Word Count:
375

Summary:

Payroll is one of many accounting transactions that manages the method of paying employees for their services. This happens after processing the several requirements for holding back money from the employee in order to pay payroll taxes, insurance premiums, employee benefits and other deductions. The process involves calculating the amount due to each employee, such as hourly wages, commission from sales, reimbursements and so on, either by using a standard per diem rate or based on amounts actually spent by the employee.

Keywords:

Payroll, Payroll Processing, Payroll Software, Payroll Systems

Article Body:

Payroll is one of many accounting transactions that manages the method of paying employees for their services. This happens after processing the several requirements for holding back money from the employee in order to pay payroll taxes, insurance premiums, employee benefits and other deductions. The process involves calculating the amount due to each employee, such as hourly wages, commission from sales, reimbursements and so on, either by using a standard per diem rate or based on amounts actually spent by the employee.

The term "payroll" takes into consideration every member of the company paid on a regular basis. Some employees are paid on an hourly basis or based on output, while yet others are paid on a monthly basis. A payroll specialist takes into account the various payment methods, and checks are issued appropriately.

Companies tend to use measuring tools that are neutral, such as timecards or timesheets filled out by supervisors, in order to ascertain the final amount of payroll due each payment cycle. Standard deductions such as social security, medical insurance, charitable contributions and the like are first deducted. The remaining amount is then made into a check and becomes the employee's net pay for that pay period. Payroll departments also distinguish the employer and the employee on the basis of a federal code, and keep tabs on total income and deductions for a given fiscal year.

For small businesses, keeping the payroll account well-oiled is a matter of

priority. Even if the business has not broken even, employees will have to be paid. Therefore, small companies prefer to keep their payroll debts to a minimum until they achieve a measure of profitability.

Trained accountants can easily set up an efficient payroll mechanism, time-consuming though it is. Small businesses use software to manage their payroll systems. Large companies will employ accountants to do the job. But companies without the means to sustain their payroll systems will give the job to specialists outside. Since payroll records are maintained on the basis of impartial norms such as timecards and federal tax forms, accounting consultants calculate, save data and issue checks according to time deadlines. All any employer needs to do is update the payroll company when with relevant changes as and when they occur.