

## Processing Salaries and Civil Contract Payments in GMS

1. Generating and signing the salaries contracts
  - a. Employee contracts
  - b. Civil Contracts

Program staff is responsible for creation of employee and consultants contracts. After the contract has been printed it should be handed out for approval by the Program / Financial Director and by the Executive Director. The original of the contract should remain at the Human Resource / Accounting office.

2. Generate Payment Request (Non-Grant Payment Request – General Details screen).
  - a. Program staff (or accountant as an exception) initiates the Payment Request for consultants when a payments should be made
    - Payment Type = “Salary GROSS-KZT”
    - Payment Request Type = “Direct”
    - Amount of the contract with all taxes included
    - Beneficiary = “Contractor”
    - Global Category = “Salaries&Benefits”
    - Account = “Honoraria” (NY-61020)
    - Remarks –contract details (e.g. if the contract is translation services: hours of work and hourly rate)
  - b. The accountant initiates the Payment Request for employees at the end of the month
    - Account = “Salaries for employees” (NY-61010)
3. The approval scheme is the same as for the regular Payment Request  
A printed Payment Request and a copy of the contract should be collected by the Accountant.

### 4. Processing the contract in the accounting office

After the income taxes are calculated, the amounts are split in separate lines, with check-marked box under the TAX column (and the name of the tax account).

My Tasks Contacts Applications Grants Financials Reports Budgeting DM Sessions Settings

(16333) - "Безгодов Владимир Александрови..." - Non-grant Paym.Request (Direct)- Approved

Print Center (PR/AR) Attachments Attachments Center PR Request/Advance

SUN Today Rate Exchange rate: 40.0000 from date: 2005/06/07.

Short Description for SUN ТруслБезгодовВ.

Transfer Account \* (3421) Начисленная Зарплата

Skip AR generation

Payment Request Type  Direct  Advance

Advance Report Due Date \*

Activity	Account Group	Account	Amount	Remark	Tax	Tax Account	Edit
<input type="checkbox"/> ZZZ79000 General Admin Expenses #0001	(1) Benefits and compensation	8010_Salaries	3 000.00		<input type="checkbox"/>	n/a	Edit
<input type="checkbox"/> ZZZ79000 General Admin Expenses #0001	(1) Benefits and compensation	8010_Salaries	700.00		<input checked="" type="checkbox"/>	(3615) Подоходный налог	Edit
<input type="checkbox"/> ZZZ79000 General Admin Expenses #0001	(1) Benefits and compensation	8010_Salaries	58.00		<input checked="" type="checkbox"/>	(3617) Пенсионный фонд	Edit

Transfer Account + Tax Account - this is the account with set up Beneficiary code (T8).

### 5. Posting of Transaction

Transactions are generated immediately after clicking the button “Accept and Generate Transfer” as these types of payments do not require processing through cash/bank.

- a. Salary expense (it includes all taxes that have been charged on behalf of the contractor)

Dt	Salary Expense (NY-61010)	+ T0, T1, T3, T4
Ct	Salary Accrual (NY-26100)	T8=contractor

- b. Withhold taxes on behalf of the contractor (for every line marked with TAX flag)

Dt	Salary Charging (NY-26100)	T8=contractor
Ct	Income Taxes (NY- 26100)	T8=contractor

The procedure is the same for all taxes that have been charged on behalf of the consultant (e.g. voluntary insurances)

#### 6. Charging of the social taxes on behalf of the employer

After all social taxes have been charged the accountant should send them to the respective expense accounts. The procedure is analogical to that of the salary (items 1-5)

- Payment Type = “Salary TAXes-KZT”
- Payment Request Type = “Direct”
- The amount of all taxes
- Global Category = “Salaries&Benefits”
- Account = “Employer TAXes” (NY-61020)
- Remarks – contract details

#### 7. Recalculation of taxes and salaries

At the end of the month the Payroll officer finalize all Payment Request for recalculating of all taxes – these are the standard Payment Requests which are type “Cash”. The Beneficiary is the respective Tax Authority depending on the recalculated taxes.

For recalculation of the individual salaries the original Payment Request have to be cloned and in the new documents the Payment Typed is changed to “Cash” or “Bank”. The Beneficiary is the respective employee or consultant. The amount that the beneficiary should finally receive has to be lessening with all paid taxes that have been charged on his behalf.

For recalculation of the salaries, the payroll officer should generate an advance Payment Request of type Cash and then distribute the salaries to the staff by roll-call.

All payment for recalculation of the salaries and taxes should be marked as “Advanced” and check-marked as “Skip AR Generation” in the Accounting screen so that the system will has not generate advance reports after execution of the payment.

These documents can be cloned each following months after the first. This way the time for the processing of the salaries should be significantly lessen.

**IMPORTANT for the GMS Administrator:**

The generation of the transaction for withheld taxess on the following set-up:

- The system parameter “GMSTaxDeduction” has to be equal to “1”
- The Payment Type has to include “1” in the line “excludeTax”

- Taxes are withheld only for Non-Grant Payment Request at the moment when the expense has already been confirmed. In the advance payments the taxes can not be charged.