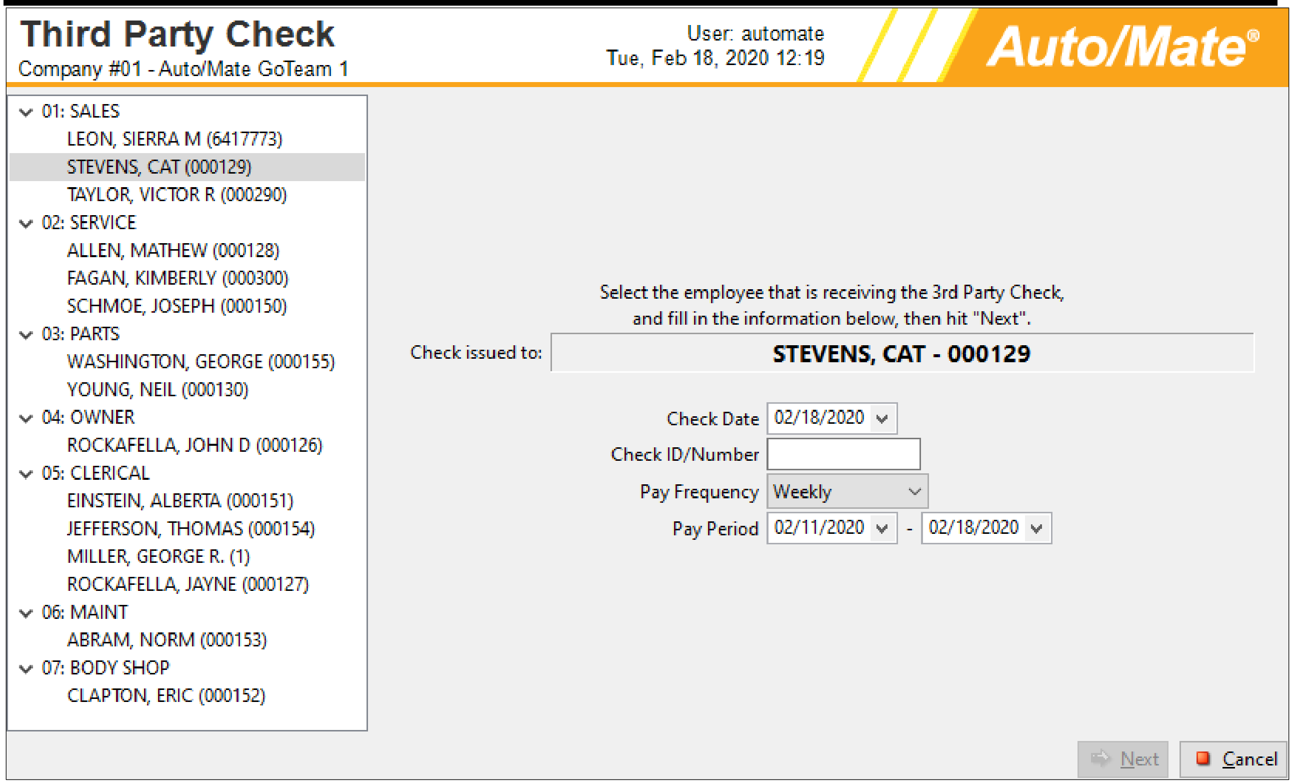
Payroll System Main Menu – Special Processing

Program 20: Third-Party Check

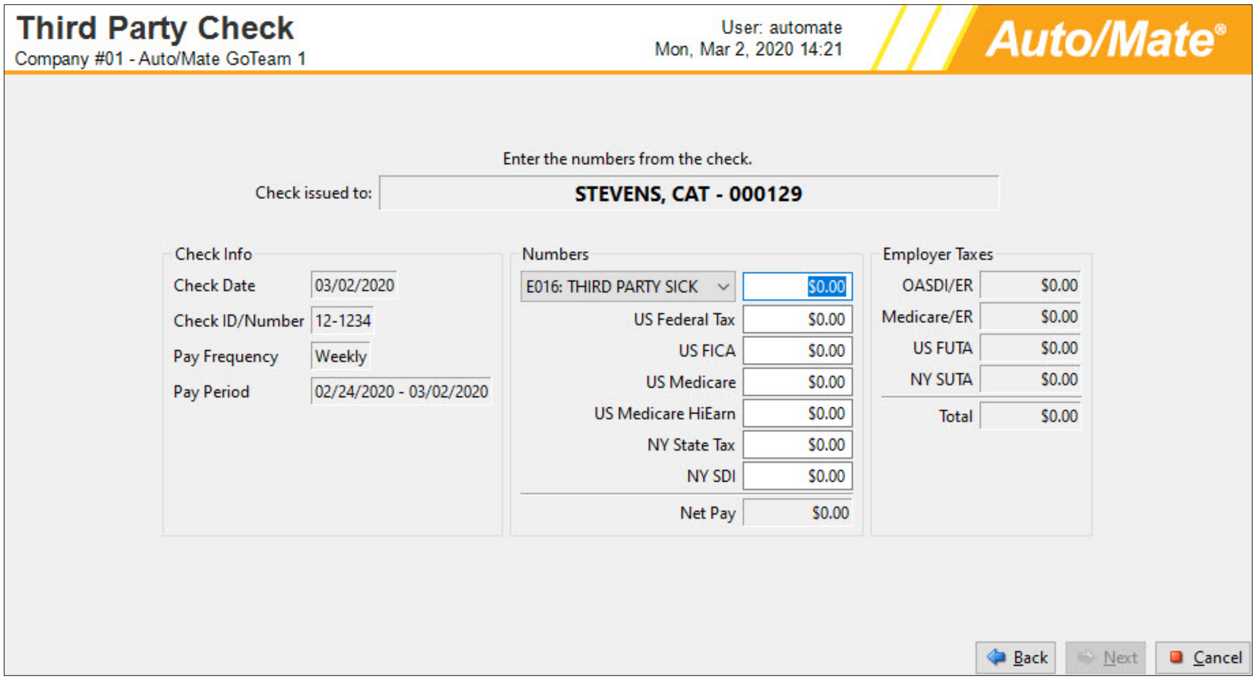
Third-Party checks are commonly wages paid by an insurance company for individuals receiving Workers' Compensation. The payer provides information to the employer and requests that the wages be added to an individual's totals for W2 reporting purposes.

Before you will be able to add a Third Party check, an Earning Code categorized as **Third Party** must exist. If it does not exist refer to the section **Adding Earning Code** for instructions to add it.

IMPORTANT: *Any wages added as Third Party and tax withholdings that may have been taken will not update to General Ledger when completed; only Employer Taxes will update. If Earning is set up as taxable for all taxes, the system will complete FUTA & SUTA as usual when the individual has yet to earn the maximum wages. If the employee's FUTA and SUTA obligations have been met, only Employer FICA and Employer MEDICARE expenses and accrual will post to the GL. The US Government Wage report will also show a portion of Employee FICA and Employee.*
Medicare is paid by the third party under the adjustment section on the Summary page, line 7.

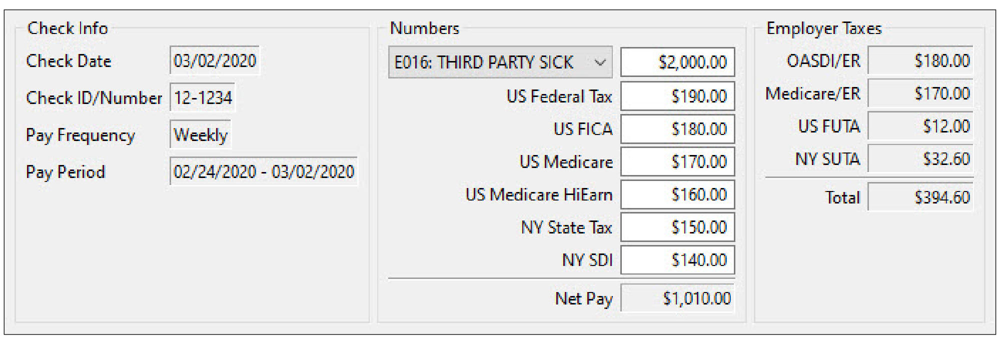


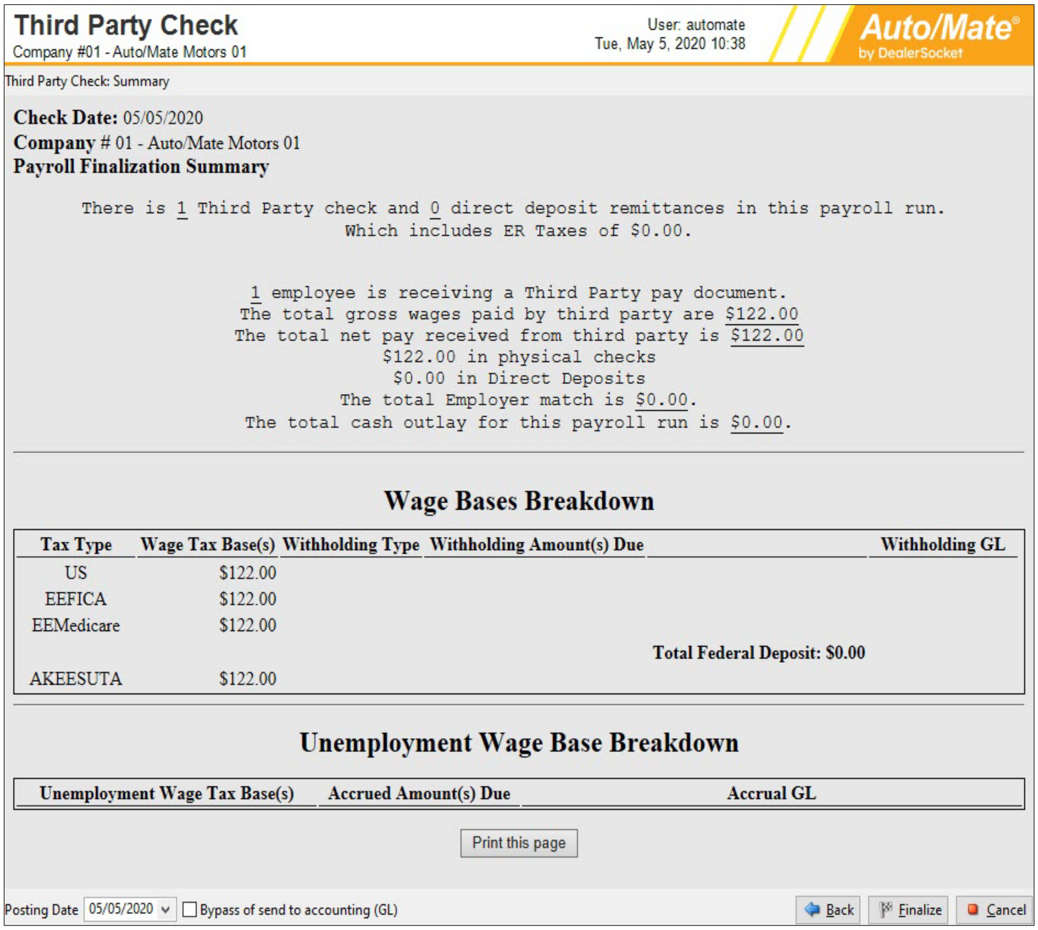
1. From the Employee List, click to select the employee that the Third Party check will be added.
2. Select the Check Date (cannot precede that of any previously issued check)
3. Input the Third-Party Check ID/Number
4. Select Pay Frequency
5. Select Pay Period
6. Click **Next**



The following screen displays the information you entered in the prior screen; click **Back** to return to that screen. Clicking **Cancel** will delete this entry and return you to the Payroll System Main Menu.

1. Select the Third Party Earning Code from the dropdown.
2. Enter the gross value paid by the Third Party for this check.
3. Enter values for applicable taxes that were withheld by the Third Party; Net Pay & Employer Taxes will be calculated by the system based on your input and Setup defaults.





Third-Party Check Summary displays, showing the Wage Bases Breakdown.

1. Verify all information. To make corrections, click **Back**. Clicking **Cancel** will delete this entry and return you to the Payroll System Main Menu.
2. Verify the check Posting Date before proceeding. The check Posting Date is at the lower left corner & defaults to today's date.
3. If this check info does not need to be posted to accounting or is just added detail, check the box provided to **Bypass or send to accounting (GL)**. To allow this there is a setting in "**Dealership**" info program 23 from the main menu in payroll.
4. Once all information is confirmed, click **Finalize**.
   A confirmation prompt will appear.
5. Respond to the prompt.
   A message "*The 3rd party check was recorded*" will appear briefly at the lower right of the screen as the system returns to the main Third Party Check screen where you may record another check or click **Cancel** to exit. The system will automatically update the check date, check number, gross value, and the net value of the Third Party check-in Employee's master file under the Check History tab; it will be specified as a Third Party entry.