AccountMate
SOFTWARE THAT FITS ®

Article # 1102

Technical Note: Differences between a Time Card and an Hourly Employee

Difficulty Level: Intermediate Level AccountMate User

Version(s) Affected: AccountMate 7 for SQL and Express
AccountMate 6.5 for SQL and MSDE
AccountMate 7 for LAN
AccountMate 6.5 for LAN

Module(s) Affected: PR

Posting Date: 04/29/2009

Description

By definition, a time card employee is paid a rate per hour or per piece of work completed based on the number of hours or quantity of work completed that is shown on a time card. An hourly employee, on the other hand, is paid an hourly rate for a set number of hours per pay period.

Included in this document is an illustration to help you better understand the differences and similarities of the two pay types according to each pay type's behavior in the system. A guideline is also included to demonstrate further situations where a Time Card pay type is appropriate.

Solution

Transaction Uses (Hourly and Time Card)

The **Hourly** and **Time Card** pay types both require a rate per hour compensation for each employee record; however, each has its own unique use in the system.

To illustrate, the table on the following page will show what pay type you can use for each transaction presented.

Transaction	Pay Type	
	Hourly Employee	Time Card Employee
1. Apply Payroll Based upon: a. number of hours worked and time spent on piece work completed	No	Yes
b. standard number of hours per pay period and rate per hour during a pay period.	Yes	No

2. Apply payroll for an employee
   a. with multiple regular pay rates
   b. with various overtime premiums for hours worked on Sundays, holidays, or in excess of 8 and 12 working hours
	No	Yes

3. Computes extra pay applicable to piece work	No	Yes
4. Records tips (For builds lower than AM7) (For builds AM7 and higher)	No Yes	Yes Yes

5. Payroll deductions
   a. withholds tax deductions
   b. withholds personal deductions
	Yes	Yes

6. Allows additional payment	Yes	Yes
7. Allows overtime pay	Yes	Yes
8. Defaults regular hours based on pay period	Yes	No
9. Allows to edit wages when applying payroll	Yes	No
10. Allows up to three (3) different hourly rates	No	Yes
11. Amends wages distribution	Yes	Yes
12. Accrue Paid leaves	Yes	Yes

Pay Type Criteria: Hourly and Time Card Employee

You must consider certain factors when choosing the pay type of a new employee record. There are situations where a "salary" or "hourly" employee must be designated a time card pay type due to recording and/or reporting requirements.

This section provides a guide to help you designate the correct pay type of an employee record in order for the system to provide information and/or reports needed by the management.

The table below shows four criteria that management may require the system to generate. In each criterion, you are given four cases:

(1) The employee is paid a salary and no tips are recorded.
(2) The employee is paid by the hour and no tips are recorded.
(3) The employee is paid a salary and tips are recorded.
(4) The employee is paid by the hour and tips are recorded.

The Pay Type column shows the suggested pay type to use for each case so that the system can generate the required information.

Criteria	Employee Paid Based Upon			Tipped Employee	Pay Type
	Salary	Rate per Hour	Piece Work		
1.a. wages equally expensed between two or more departments b. need report of actual hours worked in each department	Yes				Hourly
		Yes			Hourly
	Yes			Yes	Hourly
		Yes		Yes	Hourly
2.a. works for two or more departments b. wages expensed by the number of hours actually worked in each department	Yes				Time Card
		Yes			Time Card
	Yes			Yes	Time Card
		Yes		Yes	Time Card
3.a. wages equally expensed between two or more departments b. need report of actual number of piecework completed in each department	Yes				Time Card
		Yes			Time Card
	Yes		Yes	Yes	Time Card
		Yes		Yes	Time Card
4.a. works for two or more departments b. wages expensed by the number of piecework completed in each department	Yes				Time Card
		Yes			Time Card
	Yes		Yes	Yes	Time Card
		Yes		Yes	Time Card

Understanding the differences between the Hourly and Time Card pay types gives you a better grasp of how AccountMate handles each pay type. Knowing the right Pay Type to assign in the employee records allow to effectively set up employee information in the system and to print accurate reports that meets management requirements.

Knowing the differences between the Hourly and Time Card pay types helps you better understand how AccountMate handles each pay type. The information in this document can help you determine the proper pay type to assign to an employee record. Properly setting up employee information provides you with the ability to print accurate reports that can help you meet management requirements.

shall AccountMate be liable for any damages whatsoever including direct, indirect, incidental, consequential, loss of business profits, or special damages, even if AccountMate has been advised of the possibility of such damages.