USPS-R Refunding a Payroll Item

If an employee payroll item was over-withheld, a refund can be created to return money back to the employee. This can be done in a payroll or refunded in a separate deposit or check.

Create a Negative Error Adjustment

Create a negative Error Adjustment on the Payroll Item that was over-withheld and needs refunded. This can be done using any of the following methods:

1. Core>Payroll Item>Payroll Item – filter the grid on a specific employee & payroll item, then **Edit**
   - Scroll to the bottom of the screen and find the box labeled "Error Adjustments"

   - Click the **Create** button
   - Type the **Amount** of the over-withholding. *Be sure to use a negative amount when refunding.*
   - The **Date** is optional and can be left blank if the Error Adjustment will be processed on the next processed payroll or refunded outside of a payroll. If the Error Adjustment should be processed on a specific payroll, then use a date within the payroll processing Beginning/Ending date range of that payroll.
   - Type a brief **Description** explaining the Error Adjustment/Refund
   - Click **✔ Save**

2. Employee Dashboard>Payroll Items – **Edit** the specific payroll item
   - Scroll to the bottom of the screen and find the box labeled "Error Adjustments"

   - Click the **Create** button
   - Type the **Amount** of the over-withholding. *Be sure to use a negative amount when refunding.*
   - The **Date** is optional and can be left blank if the Error Adjustment will be processed on the next processed payroll or refunded outside of a payroll. If the Error Adjustment should be processed on a specific payroll, then use a date within the payroll processing Beginning/Ending date range of that payroll.
   - Type a brief **Description** explaining the Error Adjustment/Refund
   - Click **✔ Save**

3. Core>Payroll Item>Error Adjustment – Click **Create** and choose the specific Employee & Payroll Item
   - Click Continue
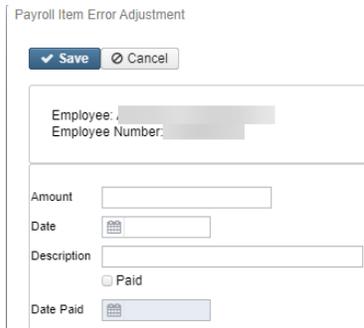
   - Type the **Amount** of the over-withholding. *Be sure to use a negative amount when refunding.*
   - The **Date** is optional and can be left blank if the Error Adjustment will be processed on the next processed payroll or refunded outside of a payroll. If the Error Adjustment should be processed on a specific payroll, then use a date within the payroll processing Beginning/Ending date range of that payroll.
   - Type a brief **Description** explaining the Error Adjustment/Refund
   - Click ✔ Save

Process the Refund

The refund can either be processed through a payroll or outside of a payroll. If processed through a payroll, the negative error adjustment will be pulled in when the employee is included in the initialized payroll. If the payroll is already initialized (prior to posting), simply re-run the Payroll Report to see the added negative error adjustment. Use the following steps to process the refund outside of payroll:

1. Go to Processing>Payroll Item Refund
   - Filter the grid (Last Name, Number, Code, etc.) to find the negative Amount associated with the refund
2. Check the box to the left of the record
3. Click Refund Selected Error Adjustments
4. Choose either Check Payment (to print a physical check) or ACH Electronic Payment (to create an ACH deposit file)
5. If wanting a check, verify the Starting Check Number
6. Choose the proper Output Format (XML to print a check)
7. Choose the correct Pay Plan to ensure any taxes on the refund are calculated properly
8. Click ⬇ Process Refunds

Once the refund is processed, details can be found by going to Payments>Refunds. Clicking on the record will open a window with the details of the refund, including any taxes that were withheld.

Processing a refund may also create payables. Any taxes withheld on the refund will create a payable or be added to any existing outstanding payables. Furthermore, the negative error adjustment will reduce the payable for the refunded payroll item. Payables adjustments can be used if needed to adjust the amount of any payable.