

401K - This type of plan was named for section 401(k) of the Internal Revenue Code, which permits employees of qualifying companies to set aside tax-deferred funds to be used after retirement. 401K deductions are normally taken from an employee's paycheck before taxes are calculated and these funds are then invested in a company-specified 401K plan.

8027 - Employer's Annual Information Return of Tip Income and Allocated Tips filed with the IRS by restaurant owners who meet the following criteria: (1) business serves food/beverages for on-premise consumption, (2) business normally employs 10 or more full-time workers or the equivalent (80 employee hours) on a typical business day, (3) tipping for this business is customary. Restaurant owners are required to allocate tips to each employee who reported tips of less than 8% of their share of the restaurant's sales.

941 - Business employers file the quarterly Form 941 to report wages paid, tips employees have received, federal income tax withheld, social security and Medicare taxes withheld, the business share of social security and Medicare taxes, and advance earned income credit (AEIC) payments. A separate Form 941 is filed for each quarter.

ABA Number - American Banking Association number. The ABA number identifies the bank to the Federal Reserve System with a 9-digit number. Valid ABA numbers must be entered for direct deposits, vendor accounts, etc.

Account Number - the actual number associated with a checking or savings account; this number is unique to an individual or company within any bank and is NOT the same as an ABA number. The account number is required for direct deposits and vendor check information entry.

ACH - Automated Clearing House. Term associated with direct deposits, which is a method of depositing funds directly into a valid bank account; requires a valid ABA number and account number.

Active Employee - employee status indicating that an employee is currently working for a company; active employees are automatically shown in the Hours and Dollars entry process and are automatically paid if they are salary employees unless a no-pay status is indicated.

Adjusted Gross Income - gross income minus non-taxable/ pretax deductions; adjusted gross income is then used to calculate federal and state taxes.

Adjustment - a positive or negative change; adjustments can be made to hours, taxes, deductions, etc. *See also the Employee YTD Adjustments screen and the YTD Adjustment Report.*

Arrears - state of being behind, as in obligation; used as a deduction option to allow voluntary deductions to accumulate if the amount of the voluntary deduction cannot be completely satisfied by the current paycheck.

Base Hours - defined as the regular number of hours an employee works in any given pay period. For example, a full-time weekly employee would normally have 40 base hours, a full-time bi-weekly employee would normally have 80 base hours, etc. Base hours calculations are used at the company level to calculate amounts above base as overtime hours.

Behavior - functioning in a certain manner; when applied to deductions and direct deposits, behavior determines how a deduction or direct deposit is taken (i.e., fixed dollar amount, fixed percent, percent of gross, etc.)

Calendar year - a standard calendar year is defined by US Government requirements as January 1 through December 31. Any other yearly date range would be defined as a fiscal year.

Check - [see Regular Check and Special Check](#)

Check date - This is the date that a check is cashable for the payroll cycle (weekly, bi-weekly, etc.). The check date must match the current payroll year.

Check Type - [see Regular Check and Special Check](#)

Check Void - used to cancel or nullify a check written to an employee. Also see the following help screens: How Do I Void a Check as well as the Check Void Maintenance screen.

City of Employment - [see Employment, County/City of](#)

City of Residence - [see Residence, County/City of](#)

Company Code - defined as a five-digit alphanumeric code. Each company/division has a unique five-digit company code assigned to it for identification purposes.

County of Employment - [see Employment, County/City of](#)

County of Residence - [see Residence, County/City of](#)

Cycle - defined as frequency of pay. The cycle code tells the system the payroll cycle on which an employee is to be paid. Examples: weekly (52/year), bi-weekly (26/year), monthly (12/year).

DBA - Doing Business As; the company name as it is referred to by the public.

Deduction - can be defined as voluntary or involuntary amounts of money taken from an employee's pay at any given frequency or behavior. Voluntary deductions include medical benefits, 401K, etc. Involuntary deductions include taxes such as FIT, FICA, MHI, etc.

Department Number - an identifier used by the company or division to classify an employee.

Dependent - defined at the state and federal tax level as a child, spouse, or relative that directly relies on the employee's earnings; claiming dependents allows an employee to reduce the amount of taxes being withheld from their earnings.

Direct Deposit - method of electronically depositing funds directly into a valid bank account; requires a valid ABA number and account number.

Disposable Net - [see Total Disposable Net](#).

Double Time Hours - Double time hours are hours calculated and paid at double time (2.0 x base wage OR 1.0 x base wage if double time hours are included as regular hours).

EEOC - Equal Employment Opportunity Commission. Several fields that can be maintained through the IOI Pay system can be used in EEOC reporting features.

EIC - Earned Income Credit; tax credit for certain workers who have a qualifying child living with them in the United States.

Employee Number - the unique identifier for an employee within a department.

Employment, County/City of - county or city in which an employee works.

Exempt, Exemption - [see Tax Exempt](#)

FICA - Federal Insurance Contributions Act; FICA consists of a social security (OASDI) payroll tax and a Medicare (MHI) tax; this tax is levied on employers and employees.

File Number - This is a unique employee identifier, which cannot be duplicated within a company.

Fiscal year - accounting period of 365 days (366 in leap year) not necessarily starting on January 1. Defined at the company level for yearly finance reporting purposes.

FIT - Federal Income Tax; levied by US government, applies to taxable income on a yearly basis.

Frequency - determines how often a deduction or direct deposit is taken; e.g., once every pay, every first pay of the month, etc. In regards to recurring earnings, the frequency determines how often the earning is paid.

FUTA Tax - Federal Unemployment Tax Authority; unemployment tax paid by employers.

Garnishment - standard or negotiated amount deducted from an employee's pay on a given frequency.

General Ledger (G/L) - General Ledger accounting system; a company-defined way of showing breakdowns of hours, earnings, taxes, etc.

Gross Income - employee earnings before voluntary and involuntary deductions (tax-exempt income excluded).

Gross Limit - upper dollar amount set for employees indicating maximum allowable gross earnings for a given calendar year.

H-Check (Hand Check) - The H-Check function is used to generate unusually calculated checks. The system does not calculate taxes (with the exception of FICA). A cashable or direct deposit check is created based on exactly what was keyed.

Hourly Rate - defined as the regular base rate per hour for the employee; employees may have more than one hourly rate based on shift, incentive, etc.

HR - relating to Human Resources. IOI Pay has the ability to interface with several Human Resources products and also has several screens where HR-related information at the company and employee level can be entered. Please also reference the index section "Human Resources" for additional information.

Marital Status - W4 marital status is defined as the marital status declared on an employee's W-4 form; this entry DOES affect tax calculations. An additional field, "actual marital status" is for informational use only and DOES NOT affect tax calculations.

MHI - Medicare hospital insurance; portion of FICA (Federal Insurance Contributions Act) levied on employers and employees.

MTD - Month to Date; this accumulator is shown on various reports/screens and is cleared each time a new month begins.

Net Earnings/Pay - employee earnings after taxes and deductions have been taken.

No-Pay - this system feature is used to stop the automatic process of paying salaried employees; to no-pay a salary employee, it must be done on Check 1, Check Type "Regular". Please see "How Do I No-Pay An Employee?" for additional information on this feature.

OASDI - Old Age, Survivors and Disability Insurance; portion of Social Security benefits available to an individual at retirement or qualifying disability.

Overtime - overtime hours are hours normally paid at time and a half a base wage (1.5 x base wage). Once an employee has reached base hours for any given pay period (e.g., weekly employee = 40 hours/week), any additional hours are calculated at an overtime rate. Some pay calculations calculate at .5 for overtime, i.e., 45 hours would be calculated at (45) x (base wage) plus (5) x (.5 base wage).

Password - a unique code identified with a user name used to access secure areas/screens. See the "Change Password" screen for information regarding password length and guidelines.

Pay Cycle - a set period of time used to calculate an employee's pay. Examples of pay cycles include weekly (once a week), bi-weekly (once every 2 weeks), monthly (once a month), semi-monthly (twice a month) and quarterly (4 times/year).

Payroll Number - defined within the system as a sequential number assigned to each payroll (system defined as 1-999); In the example 2004-013-01, 013 is the payroll number. Each payroll number may have multiple payroll runs ([see definition for run number](#)).

PEO - Professional Employment Organization; IOI offers PEO services in addition to payroll services; this version contains options, flags, and fields that are specifically used in PEO processing.

Pension - company deferred compensation plan; a Pension field = Yes at the employee level causes the Pension box on the W2 to be checked.

Period End - indicates the last date of the pay period for a payroll.

Prenote - refers to bank account pre-notification. Prenotes are used to verify bank account and bank routing numbers BEFORE actual monies are sent through the ACH network (direct deposit), which allows you to send a prenote transaction along with your other payroll information for verification. When a direct deposit is prenoted, it normally becomes active after 10 days.

QTD - abbreviation for Quarter to Date, a common accumulator shown on reports/screens that is cleared each time a new quarter begins; standard calendar quarters are defined as follows:

1st Quarter (January – March)

2nd Quarter (April – June)

3rd Quarter (July – September)

4th Quarter (October – December)

Rate - [see Hourly Rate](#)

Reciprocal, Reciprocity - when used in the context of taxes, this refers to an agreement between states or other taxing authorities for dividing monies earned between place of residence and place of employment.

Recurring Earning - an earning that occurs on a regular basis/specified frequency.

Regular Check - defined as a standard check in a regular payroll run; the payroll system has the ability to produce both regular and special checks; regular checks take all applicable deductions and direct deposits by default.

Regular Hours - basic hours category for all hourly employees; may be defined by base hours setting; i.e., if base hours are set at 40/week, any hours up to 40.0 would be considered regular hours and would be calculated at the corresponding regular hourly rate.

Residence, County/City/School of - defined at the state level as the county, city, or school district in which the employee lives and maintains a primary residence.

Restaurant Sales - this term refers to businesses that have employees in wait staff positions that record the amount of food and drink sales for proper tip reporting. Restaurant sales include all cash and charge sales collected by any employee who is required to report tips.

Run Number - The run number is the occurrence number used if adjustments are to be made to a payroll number. This number should fall sequentially after the prior run number for this payroll number. For example, if changes need to be made to Payroll Number 13, Run 1 (2004-013-01), then the changes to this payroll would normally be Run 2 (2004-013-02).

Running Net - this term refers to the amount of available funds at the time any calculation is being performed. For example, if an employee has both involuntary (taxes) and voluntary deductions (insurance, disability, etc.), running net after taxes are taken out will be greater than running net as each voluntary deduction is taken.

Salary - fixed rate of pay for any given pay cycle; within the system, a salaried employee's pay is automatic, which means no hours or dollars entries are needed to generate a paycheck. If you wish to stop a salary employee's paycheck, you must not pay the employee.

School of Residence - see Residence, County/City/School of

Seniority Date - date on which an employee's seniority is based.

Service Rate - a rate paid to an employee working in a position that receives tips (e.g., restaurant work).

SIT - State Income Tax; levied by state on employee's taxable income.

Special Check - special checks do not take deductions or partial direct deposits unless they are specifically requested.

Shift Differential - an added incentive (amount or percent) added to a base wage or hourly rate of pay; for example, a base pay of \$8.00/hr. for an employee that normally works 1st shift may be changed by adding an additional incentive of \$1.00/hr. if that employee works 2nd shift.

Standard Hours - defined within the system as the default number of hours to be used in the Hours & Dollars entry process.

State Unemployment Compensation - see Unemployment Compensation

SUTA - Employer State Unemployment Tax Authority. This is a tax paid by the employer to the state in which the business is located (or the state in which the employees work). This tax rate (percent) can change from year to year.

Tax - a compulsory transfer of money from private individuals, institutions, or groups to the state or federal agency collecting revenue. Taxes are usually levied based on the wealth or income of the taxpayer. See also FUTA, SUTA, FIT and SIT.

Tax Exempt - status indicating full or partial exemption from taxes; a number of tax exempt scenarios exist, and specific codes indicate different levels of an employee's tax exempt status. This may range from completely tax exempt to only the Social Security portion of FICA/MHI. Such employees may include partners in a partnership who file a K-1 form for tax filing purposes, or clergy.

Tax Levy - a levy on an employee's wages that is used to satisfy uncollected taxes; can be issued by an IRS Revenue Officer or by the IRS's Automated Collection System. A tax levy is usually taken every pay until the debt is collected or until the employee leaves the company.

Taxable Income - adjusted gross income minus allowable standard deductions or itemized deductions and allowable personal exemptions.

Terminated Employee - A terminated employee is defined as an employee with both a termination date and Status Deceased or Terminated. Once an employee is terminated, he/she will no longer appear on the Turnaround Journal (they will only appear on the YTD Report), the employee's salary/hourly rates are reset to zero after all current and future pay rates are moved to rate history, the employee ACH/direct deposit information is cleared, and the employee's record is dropped from the employee master file sometime after W-2's and the SSA (Social Security Administration) tape is sent to the government.

Total Disposable Net - defined as an employee's earnings after all involuntary deductions (i.e., taxes - FIT, SIT, FICA, MHI) have been taken.

Unemployment Compensation - provides workers (whose jobs have been terminated through no fault of their own) monetary payments for a given period of time, or until they find a new job. The federal program is implemented through the Federal Unemployment Tax Act (*see also FUTA*), and each state administers a separate unemployment insurance program. A combination of state (SUTA) and federal (FUTA) taxes are levied upon employers and the proceeds are deposited into an Unemployment Trust Fund.

Vendor Account - account set up at the company and employee level for services paid to an outside source on behalf of the employee; examples of vendor accounts may include child supports, garnishments, 401K deductions/ company match, medical benefits paid on an employee's behalf, etc. See also the Company Vendor screen and the Employee Vendor screen for setup information.

Void Check - *see Check Void*

W2 - Statement of earnings (wages, tips, and other compensation) provided to employees by the employer on a yearly basis; this form also reflects social security, local, state, and federal tax withholdings, which are needed to file state and federal personal income tax forms.

W4 - Employee withholding allowance certificate; employees must complete this form when they are hired because it determines their state and federal tax withholdings.

Worker's Compensation - system of compensation for work-related injuries or death, paid for by employer compensation insurance contributions.

YTD - Year to Date; often shown on reports/screens. YTD, is a term used to express the results of an activity in the time between today's date and the beginning of either the calendar or fiscal year.