Creating Easy to use Adjustment and Refund Elements

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Introduction:

Oracle Payroll provides "Special Input" elements that allow for non-recurring reductions and additions as well as replacement amounts for active Earnings, Voluntary Deduction, Pretax Deduction, and Involuntary Deduction elements. Oracle also provides a method to adjust balances for all elements using the "Adjust Balance" feature. "Out of the Box". this feature requires that the user adjust each balance separately. Because multiple balances can be affected, the process can become quite cumbersome and the chance of omitting or entering incorrect data is high. Many Oracle Payroll clients have created elements that will adjust multiple balances but have failed to add an additional input value that would permit the refunding or the additional withholding amount through the payroll or Quick Pay processes while updating balances.

Oracle does not provide standard elements to refund or take additional amounts if the element has been discontinued or if the adjustment is needed for a tax deduction. To adjust taxable wage bases, refund or increase tax withholdings, or refund or take additional amounts for end-dated elements, you will need to create elements specific to your business environment. For the examples used in this paper, I have chosen to use "Non-Payroll Payments" with the category of "Expense Reimbursement". You may also use "Voluntary Deductions" based on your business requirements.

The ideal situation would be to have one element that updates all the correct balances and can be used to refund or take additional amounts. Due to limitations on the number of input values, this is not the case. You can however, create specific elements that do perform all of the required updates for a specific tax category or deduction category. For example: a "Non-payroll Payment" element can be created that allows you to refund or take additional amounts for all Federal taxes and taxable wages; a "Non-payroll Payment" element can be created to support the moving of taxes withheld and the appropriate bases for State and Local Income taxes; and an Earnings element to refund and adjust balances for an "Involuntary, Support" deduction.

The following will provide suggestions and guidelines for creating the elements needed to simplify the process of correcting balances and adjusting withholding amounts.

Why You Need an Element for Refunding and/or Adjusting Elements:

- **Federal tax adjustment**

  If your company has chosen the option to let Social Security (SS), Medicare, and Federal Unemployment (FUTA) "Self Adjust", it will be a rare case that you would need to refund or take additional withholding in these areas. But, you will need to make adjustments to taxable earnings from time to time.

  If your company has chosen not to "Self Adjust", it will be necessary to have the ability to refund or take additional withholding for these tax deductions in addition to making adjustments to taxable earnings from time to time.

  It is not advisable to refund Federal Income Tax withholding amounts, but occasionally a revised W4 is received and not entered on the employee's record timely resulting in a need make a one time adjustment to the amount withheld.

- **State and Local Jurisdictions**

  Oracle Payroll maintains the employee work location and residence. Based on this information, the system creates the correct tax records and supports the reciprocity agreements across jurisdictions. However, Oracle cannot know that an employee has failed to notify you of a change of address or someone has failed to record a change in the work location. These oversights often result in the need to adjust taxable wages and move the taxes withheld from one jurisdiction to another or refund the taxes withheld.

- **Involuntary Deduction Elements**

Typically, an involuntary deduction is not stopped until a release has been received from the court. Occasionally, the release is received late resulting in excess withholding. It is a matter of internal company policy whether the company will refund the over withheld amount or let the payment recipient refund the amount. If you choose to refund the over withheld amount, you will need an element to refund the over withheld amount and adjust the appropriate balances.

Occasionally, an employee will be assigned an involuntary deduction in error. When this occurs, it is necessary to refund the amount withheld.

The issue with using the "Special Input" element is that the base element must be active for the "Special Input" feature to work. This creates the need for custom elements that will refund the money and adjust the balances.

Creating Tax Refund/Adjustment Elements

In the following examples, I have chosen to use an Earnings Element with the classification of "Non-Payroll Payment" and the category of "Expense Reimbursement". If you choose to use the "Voluntary Deduction" classification, you will need to include "Jurisdiction" as an input value for all elements that may require a state or local tax jurisdiction.

The decision as to whether it is an "Earnings" or a "Deduction" is usually based on where you want the amount to appear on the employee's check stub. It really is a matter of preference and the setup process remains the same.

- **Create the base element**

Navigation: Compensation and Benefits → Earnings.

Create a non-recurring "Non-Payroll Payment" element.

Select the formula for "Flat Amount".

- **Alter the "Input Values"**

Navigation: Compensation and Benefits → Element Description.

Query your element's name.

Select the "Inputs" button.

Delete all inputs EXCEPT "Amount". "Jurisdiction". and "Pay Value". If you are using an element generated by the Deduction template, you will need to add "Jurisdiction".

Make all input values, except "Pay Value". user enterable.

Add new input values.

TIP: For the School District Refund element, include a default that provides the user with the correct format and remove the reference to the "Validation Rule" for "Jurisdiction". For example, the default for "Jurisdiction" would be 99-00000 (State Code-School District Code). The default would be overridden when the user inputs the other applicable input values.

Examples of Input Values:

Element Name = Fed Tax Adj

Input Value	Unit	Sequence	Required	User Enterable	Database Item
Amount	Money	1	No	Yes	Yes
Jurisdiction	Character	2	No	Yes	Yes
FUTA Taxable	Money	3	No	Yes	Yes
FUTA Liability	Money	4	No	Yes	Yes
SS Taxable	Money	5	No	Yes	Yes

Input Value	Unit	Sequence	Required	User Enterable	Database Item
SS Withheld	Money	6	No	Yes	Yes
SS Liability	Money	7	No	Yes	Yes
Med Taxable	Money	8	No	Yes	Yes
Med Withheld	Money	9	No	Yes	Yes
Med Liability	Money	10	No	Yes	Yes
FIT Withheld	Money	11	No	Yes	Yes
FIT Taxable	Money	12	No	Yes	Yes
Gross Wages	Money	13	No	Yes	Yes
Pay Value	Money	15	No	No	No

Element Name = State and Local Adj

Input Value	Unit	Sequence	Required	User Enterable	Database Item
Amount	Money	1	No	Yes	Yes
Jurisdiction	Character	2	Yes	Yes	Yes
Gross Wages	Money	3	No	Yes	Yes
EE 401k	Money	4	No	Yes	Yes
Health Care 125	Money	5	No	Yes	Yes
Dep Care 125	Money	6	No	Yes	Yes
Subject WHable	Money	7	No	Yes	Yes
State Withheld	Money	8	No	Yes	Yes
City Withheld	Money	9	No	Yes	Yes
County Withheld	Money	10	No	Yes	Yes
Head TaxWithheld	Money	11	No	Yes	Yes
Head Tax Liability	Money	12	No	Yes	Yes
Subject NWHable	Money	13	No	Yes	Yes
Pay Value	Money	15	No	No	No

Element Name = SUI and SDI Adj

Input Value	Unit	Sequence	Required	User Enterable	Database Item
Amount	Money	1	No	Yes	Yes
Jurisdiction	Character	2	Yes	Yes	Yes
Gross Wages	Money	3	No	Yes	Yes
Subject WHable	Money	4	No	Yes	Yes
Subject NWHable	Money	5	No	Yes	Yes
EE 401k	Money	6	No	Yes	Yes
Health Care 125	Money	7	No	Yes	Yes
Dep Care 125	Money	8	No	Yes	Yes
EE Taxable	Money	9	No	Yes	Yes
ER Taxable	Money	10	No	Yes	Yes
SUI Withheld	Money	11	No	Yes	Yes
SDI Withheld	Money	12	No	Yes	Yes
SUI ER Liability	Money	13	No	Yes	Yes
SDI ER Liability	Money	14	No	Yes	Yes
Pay Value	Money	15	No	No	No

Element Name = School Dist Adj

Input Value	Unit	Sequence	Required	User Enterable	Database Item	Default
Amount	Money	1	No	Yes	Yes	
Jurisdiction	Character	2	Yes	Yes	Yes	99-00000
Gross Wages	Money	3	No	Yes	Yes	
Subject WHable	Money	4	No	Yes	Yes	
Subject	Money	5	No	Yes	Yes	

Input Value	Unit	Sequence	Required	User Enterable	Database Item	Default
NWHable						
EE 401k	Money	6	No	Yes	Yes	
Health Care 125	Money	7	No	Yes	Yes	
Dep Care 125	Money	8	No	Yes	Yes	
School Withheld	Money	9	No	Yes	Yes	
Pay Value	Money	15	No	No	No	

- **Create the Balance feeds**

Now that the elements and the input values have been created, you need to define what balances will be updated by each of the element's input values. We'll use the "State and Local Adj" element for our example.

Navigation: Compensation and Benefits → Balance

Query each appropriate balance. (Sorry, there is no easy way to do this!) Note: Queries for balances are case sensitive.

Add the appropriate data as shown in the example below.

Save your work before beginning your next query.

1. Query Balance Name	2. Select the "Feeds" button	3. Enter the Element Name	4. Enter the Input Value	5. Add or Subtract
SIT 125 Redns		State and Local Adj	Health Care 125	Add
SIT 401 Redns		State and Local Adj	EE 401k	Add
SIT Dep Care Redns		State and Local Adj	Dep Care 125	Add
SIT Gross		State and Local Adj	Gross Wages	Add
SIT Subj Nwhable		State and Local Adj	Subject NWHable	Add
SIT Subj Whable		State and Local Adj	Subject WHable	Add
SIT Withheld		State and Local Adj	State Withheld	Add
City 125 Redns		State and Local Adj	Health Care 125	Add
City 401 Redns		State and Local Adj	EE 401k	Add
City Dep Care Redns		State and Local Adj	Dep Care 125	Add
City Gross		State and Local Adj	Gross Wages	Add
City Subj Nwhable		State and Local Adj	Subject NWHable	Add
City Subj Whable		State and Local Adj	Subject WHable	Add
City Withheld		State and Local Adj	City Withheld	Add
County 125 Redns		State and Local Adj	Health Care 125	Add
County 401 Redns		State and Local Adj	EE 401k	Add
County Dep Care Redns		State and Local Adj	Dep Care 125	Add
County Gross		State and Local Adj	Gross Wages	Add
County Subj Nwhable		State and Local Adj	Subject NWHable	Add
County Subj Whable		State and Local Adj	Subject WHable	Add
County Withheld		State and Local Adj	County Withheld	Add
Head Tax Withheld		State and Local Adj	Head TaxWithheld	Add
Head Tax Liability		State and Local Adj	Head Tax Liability	Add

In using the standard Oracle Payroll "Adjust Balance" procedure, it would be necessary to enter a single "Adjust Balance" for each balance. You can see that although this is complicated to setup, it will be much easier for the user to enter and maintain.

Creating the Involuntary Deduction Refund/Adjustment Elements

Again, I have chosen to use an Earnings Element with the classification of "Non-Payroll Payment" and the category of "Expense Reimbursement". If you choose to use the "Voluntary Deduction" classification, it is **NOT** necessary to include the "Jurisdiction" input value, however the earnings element does require the Jurisdiction to process.

As with the Tax Adjusting elements, the decision as to whether it is an "Earnings" or a "Deduction" is a matter of preference. The setup process is the same for either element type.

- **Create the base element**

  Navigation: Compensation and Benefits → Earnings

  Create a non-recurring "Non-Payroll Payment" element.

  Select the formula for "Flat Amount".

- **Alter the "Input Values"**

  Navigation: Compensation and Benefits → Element Description

  Query your element's name.

  Select the "Inputs" button.

  Delete all inputs EXCEPT "Amount". "Jurisdiction". and "Pay Value".

  Make all input values, except "Pay Value". user enterable.

  Add new input values.

Examples of Input Values:

Element Name = Support Refund

Input Value	Unit	Sequence	Required	User Enterable	Database Item
Amount	Money	1	No	Yes	Yes
Jurisdiction	Character	2	No	Yes	Yes
Support 1	Money	3	No	Yes	Yes
Support 2	Money	4	No	Yes	Yes
Support 3	Money	5	No	Yes	Yes
Support 4	Money	6	No	Yes	Yes
Support 5	Money	7	No	Yes	Yes
Support 6	Money	8	No	Yes	Yes
Support 7	Money	9	No	Yes	Yes
Pay Value	Money	15	No	Yes	Yes

TIP: To provide consistency, I changed the sequence of "Pay Value" for all custom elements to 15. It makes it easier for the user if input values are in the same sequence within elements.

TIP: You cannot add input values after the element has been used. You may want to use all the available input values (even if you do not currently use the balance). You can go back at a later date and change the name of the input value to match the new element when it is created.

Element Name = Garnishment Refund

Input Value	Unit	Sequence	Required	User Enterable	Database Item
Amount	Money	1	No	Yes	Yes
Jurisdiction	Character	2	No	Yes	Yes
Credit Debt 1	Money	3	No	Yes	Yes
Credit Debt 2	Money	4	No	Yes	Yes
Ed Loan 1	Money	5	No	Yes	Yes
Ed Loan 2	Money	6	No	Yes	Yes
IRS Levy	Money	7	No	Yes	Yes
AL Levy	Money	8	No	Yes	Yes
CA Levy	Money	9	No	Yes	Yes
CO Levy	Money	10	No	Yes	Yes
GA Levy	Money	11	No	Yes	Yes
KN Levy	Money	12	No	Yes	Yes
MN Levy	Money	13	No	Yes	Yes
WI Levy	Money	14	No	Yes	Yes
Pay Value	Money	15	No	Yes	Yes

In this element, I have combined several balances for different involuntary category types. How many balances you wish to update with a single element is based on your individual business requirements.

- **Create the Balance feeds**

  Identify the balances to be updated by each of the element's input values. For our example, we'll use the "Support Refund".

  Navigation: Compensation and Benefits → Balance

  Query each appropriate balance.

  Add the appropriate data as shown in the example below.

  Save your work before beginning your next query.

1. Query Balance Name	2. Select the "Feeds" button	3. Enter the Element Name	4. Enter the Input Value	5. Add or Subtract
Support 1		Support Refund	Support 1	Add
Support 2		Support Refund	Support 2	Add
Support 3		Support Refund	Support 3	Add
Support 4		Support Refund	Support 4	Add
Support 5		Support Refund	Support 5	Add
Support 6		Support Refund	Support 6	Add
Support 7		Support Refund	Support 7	Add

Note: If you have added any customization to create additional costing entries based on the State or Local Tax jurisdiction, be sure to include these new elements in the custom procedure.

TIP: If the elements are to apply to all employees with no eligibility requirements, enter the element name and "Save". It is not necessary to enter any eligibility rules.

Using the Refund/Adjustment Elements:

Now that you have the elements completed, it's time to learn how to use them. One of the things I like most about this set up is that I can give an employee a refund and update all of the balances at the same time. You still have the option of using the "Adjust Balance" window if you need to make adjustments outside of the normal payroll process cycle, as for quarter or year-end corrections.

I always like to do a screen print of the applicable tax balance screens before I start. This also helps to identify the balances that need to be adjusted. After the payroll process is complete, confirm the process by reviewing the tax balances, again.

Payroll Process or Quick Pay

To use the element with the payroll process:

- Date Track to a date within the period earned.
- Navigate to the Element Entry form.
- Insert the element name.
- Select the Input Values button.
- Enter the appropriate balances and amount (if applicable).
- Save your work.

An example of the State and Local Adj is provided below. This example reflects a change between work locations that was processed three weeks after the transfer took place. This employee moved from Kentucky with local taxes to California. Because two states are involved I will need to enter the element twice.

TIP: You will need the State and Local Tax Jurisdiction codes that represent the state and local for which adjustments are being made. You can look up the Jurisdiction code in your Vertex manuals or using one of these methods:

Method A

1. Open the employees state tax form.
2. On the toolbar, click: Help -> Tools -> Examine (enter a password).
3. Click Block and select State Tax.
4. Click Field and select Jurisdiction Code to display the value.

Method B

1. Navigate to the Assignment Process Results form and look up the payroll run result for the employee in question.
2. Select the run result for SIT and click on Run Result Values to display the value.

Example of a state and local tax adjustment using the element 'State and Local Adj' twice:

First Entry:

Input Name	Input Value	Comments
Amount	-125.00	This will result in the withholding of an additional

Input Name	Input Value	Comments
		amount of 125.00.
Jurisdiction	06-000-0000	State jurisdiction to be adjusted.
Gross Wages	6256.78	
EE 401k	625.68	
Health Care 125	125.00	
Dep Care 125		
Subject WHable	6256.78	
State Withheld	125.00	
City Withheld		
County Withheld		
Head TaxWithheld		
Head Tax Liability		
Subject NWHable		
Pay Value		

Second Entry:

Input Name	Input Value	Comments
Amount	200.00	This will result in a refund of $200 and reflects the total of state, city, and county taxes.
Jurisdiction	16-127-2883	State, county and city jurisdiction to be adjusted.
Gross Wages	-6256.78	We want to reduce the gross wages for all the Jurisdictions.
EE 401k	-625.68	
Health Care 125	-125.00	
Dep Care 125		
Subject WHable	-6256.78	Most times this is the same as gross, but it may be different based on the earnings types earned during the period being adjusted.
State Withheld	-115.00	Enter the amount that was over withheld for each tax.
City Withheld	-15.00	
County Withheld	-70.00	
Head TaxWithheld		Not applicable for our example.
Head Tax Liability		
Subject NWHable		
Pay Value		

Based on this example, our employee will see a positive amount on their check stub for $75.00, the net result of both entries. A review of the tax balances will show the changes to the balances.

Support Refund

Input Name	Input Value	Comments
Amount	250.00	Enter the total amount to be refunded to the employee.
Jurisdiction		Leave blank.
Support 1	-125.00	Enter the input value as a negative to reduce the balance.
Support 2	-125.00	
Support 3		
Support 4		
Support 5		
Support 6		
Support 7		
Pay Value		

TIP: The check stub will reflect the "net" results of the adjusting entry plus the pay values of the active recurring elements. In the above example, the employee's check stub will include "Support 1" and "Support 2" each with a negative 125.00. If the "Support 1" has not been end-dated and $125 was withheld, the current amount on the check stub for "Support 1" will be "0".

Adjust Balance:

To use the element with the "Adjust Balance" form:

- Date Track to a date within the period earned.
- Navigate to the Adjust Balance form.
- Enter the element name.
- Enter the appropriate balances and amount (if applicable).
- Save your work.

An example of the State and Local Adj is provided below. This example reflects a change between work locations that were processed three weeks after the transfer took place. This employee moved from Kentucky with local taxes to California. Because two states are involved, I will need to enter an adjustment for each jurisdiction. We will assume that no money is due the employee.

Element Name	State and Local Adj

Jurisdiction	Gross Wages	EE 401k	Health Care 125	Dep Care 125	Subject WHable	State Withheld	City Withheld	County Withheld	Subject NWHable
06-000-0000	6256.78	625.68	125.00		6256.78	200.00			

Save your work, after the system has successfully completed the adjustment, and enter the next adjustment.

Element Name	State and Local Adj

Jurisdiction	Gross Wages	EE 401k	Health Care 125	Dep Care 125	Subject WHable	State Withheld	City Withheld	County Withheld	Subject NWHable
16-127-2883	-6256.78	-625.68	-125.00		-6256.78	-115.00	-15.00	-70.00	

Save your work, after the system has successfully completed the adjustment, enter the next adjustment if applicable.

Conclusion

You can simplify the adjustment process by determining your user's requirements and understanding how Oracle Payroll balances work.

Oracle Payroll provides standard methods to correct balances and adjust withholding amounts via the "Special Input" feature, but these can be difficult to use and have a high error factor.

By combining the ability to adjust withholding with the ability to update balances, you can greatly simplify the process for the user.

Through the use of the Earnings or Deduction template, you can create elements that can be processed the normal payroll or Quick Pay processes while updating all the appropriate balances. The only time you would need to use the "Adjust Balance" feature would be after you have run the last payroll for a quarter or for the year-end. Even with these, you would have the option of using Quick Pay.

About the Author:

Patricia Keeley is a consultant who is exclusively dedicated to Oracle HRMS (HR, Payroll, Advanced Benefits, Time Management, and Training Administration) implementations for BOSS Corporation (www.bosscorporation.com). Pat has contributed in both a management and hands-on role in the implementation and post-implementation processes for several Oracle HRMS projects during the last 5 years.