Manual Payroll Journal Entry

Pension Control

These instructions are for clients who use an external payroll system (like CloudPay) but **manually enter the monthly payroll journal** into SortMyBooks.

Part 1: Setup (Only needs to be done once)

To correctly track the money you owe the pension provider, you need a dedicated Balance Sheet control account.

1. **Create the Pension Control Nominal:**
   - Navigate to **Tools** > **Nominals**.
   - Find the **Payroll** section under **Current Liabilities** (usually code 22000).
   - Click on the **Payroll** folder, then click **New,** and create a new nominal:
   - Enter the name: **Pension Control**
   - Click **OK** to save.
2. **Update Pension Supplier:**
   - Navigate to **Purchases** > **Suppliers**.
   - Find and open the supplier record for your pension company (e.g., **Zurich**).
   - Under **Details**, change the **Default Nominal** from the old expense account (e.g., Other: Pension) to the new **Balance Sheet** account you just created: **Payroll: Pension Control.**
   - Click **OK** to save.

Part 2: Entering the Monthly Payroll Journal

Use the monthly **Payroll Summary Report** from your payroll software to get the amounts for these journal lines.

1. Navigate to **Cloudpay** (or other payroll software)
   - Click **Reports** on the left-hand side of your screen.
   - Scroll down to the Payroll **Summary Report.**
   - Select **date range.**
   - Click **Export** in the left corner of the report.
2. **Access the Journal Entry Screen:**
   - Go to **Accounts** > **Journals**.
   - Click **Add** to create a new journal.
   - Enter the **Date** (e.g., 31/01/2025) and a **Description** (e.g., Jan 25 Payroll Journal).

3. **Enter the DEBIT Lines** (Profit & Loss/Expense):
This part of the journal records the Cost of payroll on your Profit & Loss report.

Debit Nominal	Description	Amount	Source on Payroll Report
Employee Payroll (e.g., 61000)	Gross Pay	(Total Gross Pay)	Total Pay (Taxable + Allowable)
Employer's PRSI (e.g., 61888)	ER PRSI	(Total Employer PRSI amount)	Employer PRSI column
Other: Pension (e.g., 69000)	Pension	(Total Employer Contribution)	Total Pension column (Employer only)

4. **Enter the CREDIT Lines** (Balance Sheet/Liability):
This part of the journal records the Liabilities (the amounts you owe to employees, Revenue, and the pension company) on your Balance Sheet.

Credit Nominal	Description	Amount	Source on Payroll Report
Wages Control (e.g., 22500)	Net Pay	(Total Net Pay)	Net Pay column
PAYE PRSI/USC/LPT (e.g., 22000)	PAYE/PRSI/USC /LPT	(Sum of all employee & employer tax liabilities)	Sum of PAYE, Employee PRSI, USC, LPT, and Employer PRSI columns
Payroll: Pension Control	**Pension Liability**	**(Total Pension Contribution)**	**Total Pension column** (Both employee and employer contributions)

5. **Verify and Post:**
    - The total of the **Debit** column must **exactly match** the total of the **Credit** column. The system will alert you if they do not match. (There can be minor rounding differences in the tax liability, so you can adjust the *Employer's PRSI* by a cent or two.)
    - Once the totals match, click **OK** to post the journal.
    - Once you have set up your journal, you can just duplicate it for every other month just changing the date (if everything is the same, if not - you can duplicate and correct the amount in any line clicking on it).

Part 3: Recording the Pension Payment

When the monthly pension payment leaves your bank account, you must now allocate it to the Balance Sheet liability account.

1. **Match the Bank Transaction:**
    - Go to **Accounts** > **Statement** screen.
    - Find the payment made to your pension supplier.
    - Click **Match**.
    - The transaction should automatically be assigned to the **Payroll: Pension Control** nominal (because you set the default in Part 1, Step 2).
    - Set the **Type** to **Bank transfer** and click **OK**.
2. **Verify Pension Control Account:**
    - Navigate to **Reports, Ledger Reports**
    - Run the **Balance Sheet** report (e.g., January)
    - The Payroll: Pension Control account under Current Liabilities should now show a **$0.00** balance, as the payment has cleared the liability created by the journal.