Year-End Wages Control

At year-end, the **Wages Control Account** is one of the most important areas to reconcile. This account acts as a holding area for all payroll-related transactions.

1. Starting at the Balance Sheet

To begin your payroll health check, run a Balance Sheet report for the final day of your financial year **(Reports > Ledger Reports > Balance Sheet)**. Focus on the following accounts in the Liabilities section:

- **Wages Control:** This should show €0.00 if all net wages for the year have been paid out from the bank. The purpose of wage control is to ensure that the net wages that your payroll software reported matches what the employees were actually paid. The balance should be 0 unless there are net wages that haven't yet been paid.
- **PAYE/PRSI/USC Control:** This should match exactly what you owe Revenue for your final payroll period (e.g., your December liability due in January).
- **Pension Control:** This should reflect any pension deductions (Employee or Employer) that haven't yet been transferred to the provider.
- **My Future Fund/Autoenrolment:** should be zero or just the last payment of the year

2. Verifying the Payroll Flow

Accuracy on the Balance Sheet depends on how payroll moves through SortMyBooks:

- **The Monthly Journal:** When payroll is processed (manually or via CloudPay), a journal records the costs and liabilities.
    - Debits (Expenses): Gross Pay and Employer PRSI are recorded as costs on your P&L.
    - Credits (Liabilities): The total amount is "held" in the Wages Control and Revenue Control accounts.
- **The Bank Payment:** When money leaves your bank account, it must be coded to the Wages Control account, not an expense account. This "clears" the credit balance created by the journal.

3. Year-End Reconciliation Steps

Follow these steps to ensure your reporting is accurate before closing the year:

- **Step 1: Verify Gross Totals:** Pull your Nominal Activity Report (v2) for all "Payroll" and "Employee Payroll" nominal codes and compare them to your payroll software Year-to-Date (YTD) reports. The totals must match exactly.
- **Step 2: Investigate Non-Zero Balances:** If Wages Control isn't zero, check if a net wage payment was missed or if a manual bank entry was accidentally coded to an expense account.
- **Step 3: Handle Special Deductions:** Ensure any lump-sum payments to providers (such as NAERSA for pensions) are correctly split to clear the specific liability accounts.
- **Step 4: Benefit Vouchers:** Confirm that any Small Benefit Exemption vouchers were processed through payroll to avoid double-counting the cost as both a supplier purchase and a wage expense.

Common Year-End Red Flags

- **Non-Zero Balance:** A balance left in Wages Control usually means the "Net Pay" paid from the bank didn't match the "Net Pay" recorded in the payroll journal.
- **Missing Journals:** If your P&L expenses for wages look lower than your payroll software reports, a monthly payroll journal may have been missed.
- **Wrong Nominal Coding:** Ensure PAYE, PRSI, and USC payments are coded to the **Revenue Liability** accounts and not lumped into general wages. It is possible that some taxes were incorrectly coded, or the Revenue has taken taxes in a lump sum that includes payroll taxes and other taxes
- **Small Benefit Exemption:** If you've bought vouchers for your employees, including directors, during the year, those will need to be reported through your payroll. If it's been incorrectly reported in SortMyBooks, then it could be responsible for your Wages Control being out. Here is the document with instructions on how to do it properly.

    Note: If your year-end date is December 31st, remember that your December payroll tax (PAYE/PRSI) is often not paid until January. Therefore, your Balance Sheet *should* show a liability for that final month's tax, but the **Wages Control** for net pay should usually be zero if the staff have been paid.

Year-End Payroll Checklist

Task	Action	Checked?
Document Gathering	Collect your Gross/Net/Tax reports from payroll software.	☐
Journal Check	Confirm 12 months (or 52 if you do weekly payments) of payroll journals are posted in SortMyBooks.	☐
Gross Pay Match	P&L Wages match payroll software Year-to-Date Gross totals.	☐
Bank Coding	All wage payments from the bank are coded to **Wages Control**.	☐
Revenue Sync	PAYE/PRSI/USC payments match the amounts owed on ROS.	☐
Control Balance	The Wages Control account balance is reconciled to zero (or the final month's unpaid net pay).	☐
MyFutureFund	The Autoenrolment control account should be zero or just the last payment of the year	☐
Pension	The pension control account should be zero or just the last payment of the year to the private pension provider	☐
Benefit Vouchers	Small benefit exemption vouchers were processed according to the instructions in our how-to.	☐

Consultation Reminder: Always discuss your final payroll liabilities with your accountant. They will ensure these adjustments align with your final statutory filings and tax returns.