

RECORDING EMPLOYEE EXPENSES

Every month you receive a bill from SaskTel for cell phone use. Because you have such a great plan, several of your employees have gotten extra phones for their family members. A portion of the bill is paid by the company for work related charges, and the rest is paid by the individual employees for personal use. Here's how to keep track of who owes what.

What you'll find:

Setup the GL Account (one-time activity)	1
Record the Company Expense	2
Record the Employee Expenses	3
Pay the Supplier	4
Employee Reimbursement.....	4
View the GL Postings.....	5
Reconcile the Employee Receivables GL Account.....	5
Who Hasn't Paid?	6

Setup the GL Account (one-time activity)

To keep track of the amount owed by employees, it's easiest to setup a new GL just for that purpose.

- [Create a GL Account](#) called **Employee Receivables** (this would be an asset account, a 1).

- When setting this account up, check the box next to **Reconcile this account** - this will allow you to use the bank reconciliation process to reconcile the account (even though it's not a bank account, you'll use the same process to reconcile).

The screenshot shows the 'Add GL Account' window. At the top, there are 'Save', 'Refresh', and 'Exit' buttons. Below that, the 'Account Number' is set to 13200 and the 'Account Description' is 'Employee Receivables'. The 'Account Type' is 'Postable Account'. Under 'Postable Account', there are several checkboxes: 'Subtotaled?' (unchecked), 'Print If Zero Balance?' (unchecked), 'Reconcile this account:' (checked, with a red arrow pointing to it), and 'Special Account' (unchecked). At the bottom, there is an 'Other Account' dropdown menu.

Record the Company Expense

- When you receive the bill from SaskTel, [create a new purchase invoice](#) and [record the company portion](#) of the expense - including the taxes - as usual.

The screenshot shows the 'Add Non-Inventory Row' window. The 'GL Account' is '64500 - Telephone - Employee Cell Phones' and the 'Description' is 'Telephone - Employee Cell Phones'. The 'Quantity' is 1, 'Unit Price' is \$689.37, and 'Line Total' is \$689.37. There are checkboxes for 'GST Applies' (checked), 'Other Tax' (checked, set to PST-SK), and 'Taxes Included' (unchecked). The 'Gross Total' is \$765.20. The 'Reference' is 'corporate charges' and the 'Location' is 'Dog River'. A green box with the text 'record the company expense & taxes as usual' has arrows pointing to the 'GL Account' and 'Description' fields.

Record the Employee Expenses

- Add a second non-inventory purchase row to record the employee's personal expense *including the taxes* in the **Unit Price**.

Revenue Canada won't let you claim a GST rebate for tax that you didn't pay (unfortunately you can't claim back any GST that your employees' family pays).

- Repeat for each employee.
Ensure the **Total Purchase Invoice** amount in agrē matches the total on the invoice from your supplier.
The taxes won't be a match because the amount for each employee is included in their unit price and not recorded separately.

Description	Reference	Location	PO Reference	Quantity	Unit Price	GL Account	GST	GST Incl.	Line Total
Telephone - Employee Cell Phc	corporate chart	Dog River		1	\$689.37	Telephone - Employee Cell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$689.37
Employee Receivables	Alex Ramsay			1	\$65.34	13200 - Employee Receival	<input type="checkbox"/>	<input type="checkbox"/>	\$65.34
Employee Receivables	Harriet Welsch			1	\$87.56	13200 - Employee Receival	<input type="checkbox"/>	<input type="checkbox"/>	\$87.56
> Employee Receivables	Charlie Bucket			1	\$63.21	13200 - Employee Receival	<input type="checkbox"/>	<input type="checkbox"/>	\$63.21

Pay the Supplier

More than likely you'll be issuing just one payment to the supplier, and each employee will reimburse your company separately.

- [Pay the supplier](#) for the purchase invoice total as you normally would.

Employee Reimbursement

Keep track of who pays what with journal entries.

- As each employee pays you for their portion, [record a Journal Entry](#) against the Employee Receivables GL.
Debit the bank account (or holding account) and **credit** the Employee Receivables account.

Tip Add a *Description* here now to make it easier to follow the audit trail later.

The screenshot shows the 'Add Journal Entry' window with the following details:

- Journal Number: [Empty]
- Posting Date: Aug 09, 2013
- Description: Alex paid his cell phone bill
- Source: General Ledger
- Created By: jagre User

Account	Debit	Credit	Description	Location	Project	Fixed Asset
11000 - Main Bank (RBC)	\$65.34					
> 13200 - Employee Receivables		\$65.34				
*						

Totals: Debit \$65.34, Credit \$65.34, Difference: \$0.00

Note This transaction will not appear on a [bank deposit](#). Only AR payments are listed on bank deposits but you can deposit the amount of the employee payment(s) via the [Apply Exchange](#) section.

View the GL Postings

If you want to view the postings, run the *GL Transaction Journal report* and select the *Employee Receivables* GL account.



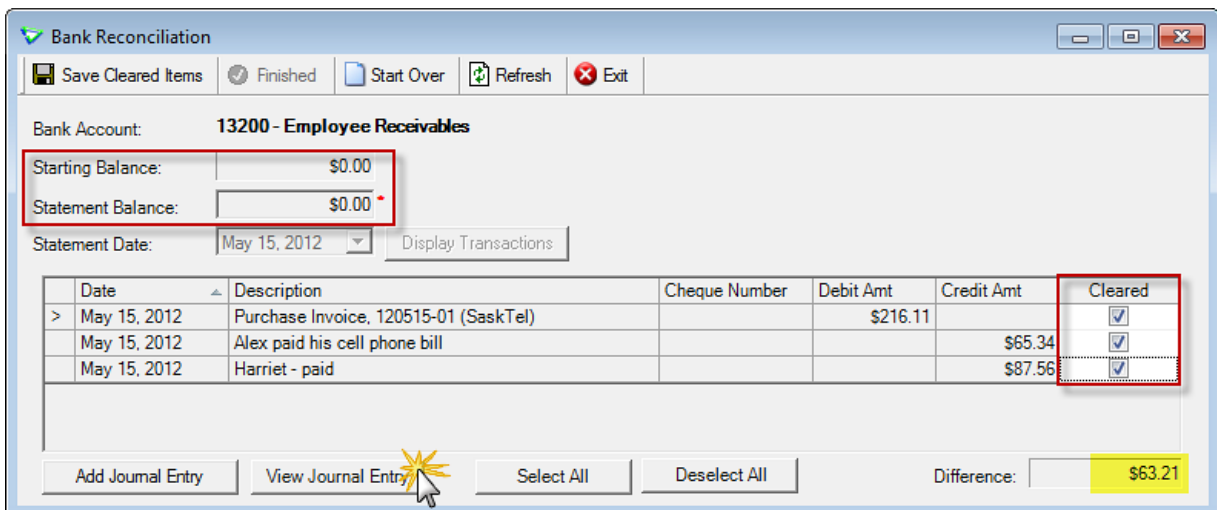
Tronia Testing Inc. Transaction Journal

Consolidated Source: All Sources Posting Dates: May 15, 2012 to May 15, 2012

Journal: J783	Posted	May 15, 2012	AP Invoice: SaskTel		purchase invoice
Source: 120515-01	Entered	May 15, 2012			
Account			DR	CR Description	
Employee Receivables (13200)		216.11			
GST Payable (22000)		34.47			
Telephone - Employee Cell Phones (64500)		723.84		Dog River	
Accounts Payable (21000)				974.42	
<hr/>					
Journal: J786	Posted	May 15, 2012	Alex paid his cell phone bill		employee payment
Source:	Entered	May 15, 2012			
Account			DR	CR Description	
Clearing Account (11111)		65.34			
Employee Receivables (13200)				65.34	

Reconcile the Employee Receivables GL Account

- **Reconcile** the account the same way you'd do a bank reconciliation, except choose the **Employee Receivables GL account** instead of a bank account.
- The opening and closing balances should always be \$0.
Because everybody pays their share every month, the account should always zero out.
- Once all items are checked as cleared, the difference should be \$0.
- If it's not \$0, somebody isn't paid up.



Who Hasn't Paid?

- Select the purchase invoice row and click **View Journal Entry**.
The **Journal Entry Detail** window opens.
- Click the **Reference** link (it's the only blue text on the report).
The **Purchase Invoice report** opens.
- Compare the list of employee expenses against the list of payments.

Tip

If there's only one payment missing, it'll be easy to find. Scan the **Line Amount** column for the amount of the **Difference**.