

Payroll – Bonus Checks Updated 12/12/25

Bonuses should NOT be handled as standard hourly wages because that would cause unnecessarily high taxes to be deducted (the computer 'thinks' the employee is getting paid the bonus amount every pay period and calculates from a different tax table).

The StockBoy system has complete coverage for bonus check runs. The bonus runs are handled in a separate payroll run from regular checks so as to generate a bonus check rather than just an increase in amount to a regular payroll run. As a practical matter, following these instructions means you do NOT have to manually change employee master files from payroll direct deposit to printed check, you do NOT have to zero out automatic posting codes for regular hours, and you do NOT need to adjust tax tables or any employee's payroll periods. All you need to do is post 1 unit at \$xxx in time cards to your BONUS posting code for each employee.

1. Create a payroll posting code for the bonus amounts {5-6-3}. Most customers call it “BON”. Define it as an “E” Earning subject to all five taxes, federal, FICA, state, Federal unemployment insurance, and state unemployment insurance. Make sure all five taxes are marked “YES” (this doesn't necessarily mean that these taxes will be taken out, (no UI are ever withheld), but it does mean that the bonus wages will be included in the proper totals on the W2's. The bonus posting code should use the same GL account and WC number as your regular hours code. On one of the last screens be certain to answer “YES” to the Bonus-Type code question. This code MUST be marked as a special BONUS code, and no other payroll codes should have this “YES” setting.
2. Post your payroll (payroll option #3) for each employee with the “BON” posting code along with the correct units and amount. The extension of the BON line equals the total bonus.
3. After posting each employee's bonus amount, go to option #4 to Compute Payroll. Edit the line (1-6) that represents your normal payroll period. Before you type in the payroll date as you normally would, notice that there is a prompt at the bottom that shows “B” = bonus run. Press “B” then <ENTER>. This tells the system that you are doing a bonus run and that the payroll system will ONLY examine bonus-type codes during this computation run. Next you'll be asked to input the payroll date, followed by all the familiar confirmation prompts from normal payroll runs.
4. On Bonus Runs you will be asked to input a percentage for Federal Tax and for State Tax. Some companies are required to deduct a specific percentage of bonus amounts from the checks, others just deduct FICA. This gives you the opportunity to put in a % for all employees on this bonus run. The computer will accept zero, so that you can skip deductions for federal or state taxes. The percentage you input will apply to all employees on the bonus run. IRS has specific guidelines for withholding on bonus checks – consult with your CPA.
5. Gross Earnings or Check Amount is the next question. The system is capable of generating a bonus check for the specific amount you want (Check Amount) or using the bonus amount as gross earnings subject to taxation. For example if you want the employees to receive a check in the amount of the bonus (let's say you want to give a \$500.00 bonus and you want the check to be \$500.00) the computer will automatically calculate the gross payroll amount so that the check equals \$500.00 after all the deductions are taken ... this is the Check Amount option. If you want to let the system deduct taxes from the \$500.00 then choose the Gross Earnings option.
6. Next, you confirm all this information and the payroll computation gets underway. Remember that only the payroll posting codes marked “YES” for bonus-type will be used in the Bonus Run calculations.