

Processing CERS Refunds in EERP

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Overview

To resolve adjustments on the START monthly invoice and ensure proper W-2 reporting, the refund amounts for employee and employer contributions must be processed through Enterprise ERP payroll. Enterprise ERP (EERP) offers the ability to refund deductions and penny payrolls are no longer required nor encouraged by EERP. For more information on the EERP refund process, please download the [Refunding Deductions Within Payroll Version 10 and up](#) document from the Tyler Support website. This document can also be found using Tyler Search on the Tyler Support website. This process can be applied to refunding any deduction within payroll, not just CERS refunds.

The below guide will highlight items that must be considered when processing CERS Refunds.

Pay Types for Processing Adjustments

Refund Pay types are needed for processing refunds.

Note: *The pay type numbers used in the examples are for demonstration purposes only. The numbers you assign to each pay type may differ from the examples. Vendor numbers shown may also differ from the ones shown.*

Pay Type for CERS Refund Before CY 2017

Employees who made contributions to CERS before the calendar year 2017 did not have Medicare or FICA deducted from their pay because retirement contributions were sheltered from these taxes. When processing the refund, Medicare and FICA will need to be deducted. This is best done by utilizing a Pay Type set up specifically for these refunds.

In the Pay Master program, create a new pay type. In this example, we used pay type 915 with the description 'CERS Refund Prior to CY 2017'.

The Default Org/Object is left blank.

Pay *	Start Date	End Date	Short Desc *	Long Description *	Abbr *
915	01/01/1900	12/31/9999	CERS RFND	CERS REFUND PRIOR TO CY 2017	DED RE

Main		Paycheck/Cycles	Impact Accruals	Notes
W2 Code				
1099-R Dist Code				
Tax Method	T - TAX TABLE			
Category *	6 - MISC/OTHER PAY			
Calc Code	60 - FLAT AMOUNT - LUMP SUM			
Non-Cash	N - PAID EARNINGS (NOT NON-CASH)			
Units				
Rate/Amount	0.0000			
Factor	1.0000			
Comp Factor	1.0000			
Bill Rate	0.0000			
Reference				
Escrow				
Extra Serv				
Longevity	0			
Allocation	N - NONE			
Paid Status	0.00			
FLSA/OT	N - NOT FLSA			
Default Org				
Default Object				
Default Days/Yr	0.00			
ESS Time Entry	N - NO ACCESS			
TE Rollup	A - ALWAYS			
<input type="checkbox"/>	Add to Base			
<input type="checkbox"/>	Subtract from Base			
<input type="checkbox"/>	Verify Accrual Balance			
<input type="checkbox"/>	Encumber Remaining Pay			
<input type="checkbox"/>	Seasonal Wages			
<input type="checkbox"/>	Generate Labor			
<input type="checkbox"/>	Hours Entry			
<input type="checkbox"/>	Include in PAF File			
<input type="checkbox"/>	Include in Position FTE Calculation			
<input type="checkbox"/>	Secondary Check			
<input type="checkbox"/>	Worker's Compensation			
<input type="checkbox"/>	Use Index Step			

Pay Type for CERS Refund After CY 2016

Employees who made contributions to CERS after the calendar year 2016, starting January 1, 2017, had Medicare and FICA deducted from their pay because retirement deductions are no longer sheltered from these taxes. When processing the refund, Medicare and FICA should NOT be deducted as it has already been collected.

In the Pay Master program, create a new pay type. In this example, we used pay type 916 with the description 'CERS Refund AFTER CY 2016'.

The Default Org/Object is left blank.

Pay *	Start Date	End Date	Short Desc *	Long Description *	Abbr *
916	01/01/1900	12/31/9999	CERS RFND	CERS REFUND FOR CY 2017+	DED RE

Main		Paycheck/Cycles	Impact Accruals	Notes
W2 Code				
1099-R Dist Code				
Tax Method	T - TAX TABLE			
Category *	6 - MISC/OTHER PAY			
Calc Code	60 - FLAT AMOUNT - LUMP SUM			
Non-Cash	N - PAID EARNINGS (NOT NON-CASH)			
Units				
Rate/Amount	0.0000			
Factor	1.0000			
Comp Factor	1.0000			
Bill Rate	0.0000			
Reference				
Escrow				
Extra Serv				
Longevity	0			
Allocation	N - NONE			
Paid Status	0.00			
FLSA/OT	N - NOT FLSA			
Default Org				
Default Object				
Default Days/Yr	0.00			
ESS Time Entry	N - NO ACCESS			
TE Rollup	A - ALWAYS			
<input type="checkbox"/>	Add to Base			
<input type="checkbox"/>	Subtract from Base			
<input type="checkbox"/>	Verify Accrual Balance			
<input type="checkbox"/>	Encumber Remaining Pay			
<input type="checkbox"/>	Seasonal Wages			
<input type="checkbox"/>	Generate Labor			
<input type="checkbox"/>	Hours Entry			
<input type="checkbox"/>	Include in PAF File			
<input type="checkbox"/>	Include in Position FTE Calculation			
<input type="checkbox"/>	Secondary Check			
<input type="checkbox"/>	Worker's Compensation			
<input type="checkbox"/>	Use Index Step			

Verify Exceptions Tables

After the new pay codes have been created, review the exceptions tables, and make updates if needed. From the Deduction and Benefit Master screen, select the **Exceptions** option found in the menu ribbon. You can also gain access by following the path below:

Human Capital Management > Payroll > Payroll Administration > Payroll Exceptions

Social Security and Medicare Exceptions

Find deduction 1000|1001 and review the information. Add the new pay types to the exceptions for deduction 1000|1001 or make updates as needed. Repeat the process for all Social Security and Medicare deductions. **As of January 1, 2017, retirement deductions, including adjustments, are no longer exempt from FICA and Medicare Taxes unless the adjustments were previously taxed.**

Enter the pay type (916) created for CERS Refund After CY 2016 since FICA and Medicare have already been withheld and should not be deducted again.

An example is seen below. District settings may be different.

Payroll Exceptions [KDE | TEST | 02/03]

Deduction Code * 1001 SOCIAL SECURITY

Processing Code * 1 - ALL PAY TYPES ARE INCLUDED EXCEPT

GL Segment 0

Apply Pay Exceptions when Adding/Subtracting

Exclusion Ranges

From	To	Exclude Exp Only
100	199	<input type="checkbox"/>
300	300	<input type="checkbox"/>
804	804	<input type="checkbox"/>
916	916	<input type="checkbox"/>

Payroll Exceptions [KDE | TEST | 02/03]

Deduction Code * ... MEDICARE TAX

Processing Code *

GL Segment

Apply Pay Exceptions when Adding/Subtracting

Exclusion Ranges

From	To	Exclude Exp Only
100	199	<input type="checkbox"/>
916	916	<input type="checkbox"/>

Federal and State Exceptions

Retirement deductions are exempt from Federal and State taxes. Now that the retirement deductions are being refunded and no longer sheltered from tax, they are now taxable income.

The ‘deduction refund’ process uses the pre/post-tax setup of the deduction that is being refunded to calculate taxes. If Payroll Exception entries are not added for the refund pay code, then the system will double tax the refunded deduction.

An example is seen below. District settings may be different.

Payroll Exceptions [KDE | TEST | 02/03]

Deduction Code * ... FEDERAL TAX

Processing Code *

GL Segment

Apply Pay Exceptions when Adding/Subtracting

Exclusion Ranges

From	To	Exclude Exp Only
915	916	<input type="checkbox"/>

Payroll Exceptions [KDE | TEST | 02/03]

Deduction Code * 4000 KENTUCKY STATE TAX

Processing Code * 1 - ALL PAY TYPES ARE INCLUDED EXCEPT

GL Segment 0

Apply Pay Exceptions when Adding/Subtracting

Exclusion Ranges

From	To	Exclude Exp Only
915	916	<input type="checkbox"/>

Federal and State tax would be added as a line to the employee’s withholding when processing the refund, but unless the refund is large enough, neither will likely have a dollar amount deducted.

Other Exceptions

Review other deduction codes and repeat as necessary as payroll setup and taxing authorities vary by district.

Entering CERS Adjustments into Payroll

Employees listed on the invoice may have a status of Inactive in the Employee Master or the Employee Terminated Master. Temporarily, mark the record as Active so it pulls into a payroll properly.

Follow the Deduction Refund Process starting on page 4 of the [Refunding Deductions Within Payroll](#) document found using Tyler Search.

Start Monthly Report

Refunds should not be reported on the Start Monthly Report. Because of this, the Refund Pay Types will **NOT** be added to the Generate screen of the EERP CERS START Monthly Report and will not be reflected in the report.

The adjustments will be reflected on the check total that is processed for KPPA. When submitting to Start, the summary is first submitted and then invoices are paid from the adjustments processed. The total amount of the two should match the check.