

# Harmony P - Bonus Pay Run - How to Set Up & Process

## Table of Contents

- [Table of Contents](#)
- [Description](#)
- [Prerequisites](#)
- [Setting Up for a Bonus Pay Run](#)
  - [Creating the Bonus Payroll Category \(Temporary or Variable Earning\)](#)
- [Processing a Bonus Pay Run](#)
  - [Step 1: Select Your Pay Period](#)
  - [Step 2: Process Payroll & Create Paycards](#)
- [Case Study: Impact on Taxes](#)
  - [A. Running the bonus in the same payroll run with regular wages](#)
  - [B. Running the bonus after regular payroll run was completed OR into a pay period that was already posted](#)
  - [C. Running the bonus before the regular payroll run](#)
- [Frequently-Asked Questions \(FAQs\)](#)
  - [I have a payroll category that is a temporary earning, but no taxes are being deducted from the employee. Why?](#)
  - [I have a payroll category that is a temporary earning, but the taxes being deducted from the employee are way too high. Why?](#)

## Description

You want to process a bonus pay run in Harmony Payroll.

## Prerequisites

- Set up your employees' and company's basic information
- Activated & set up your employees for payroll
- Know how much your employees should receive for the bonus
- Know how to run a regular pay run

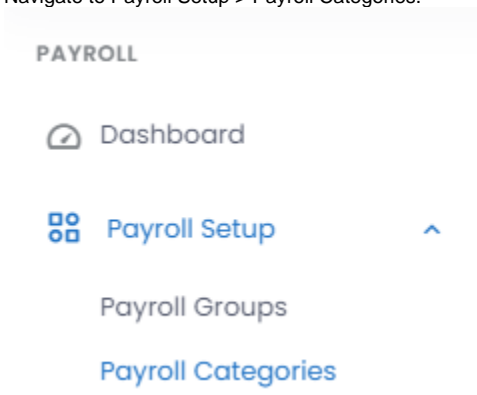
## Setting Up for a Bonus Pay Run

If you have already set everything up for your bonus pay run, you can skip this section and go directly to the *Processing a Bonus Pay Run* section.

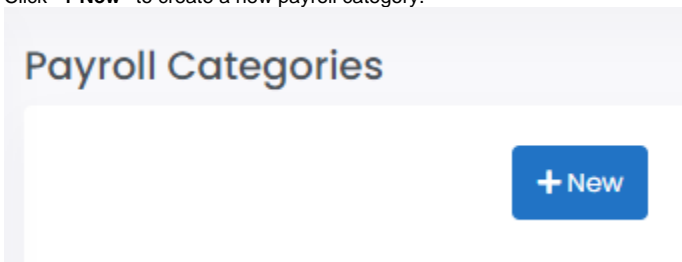
## Creating the Bonus Payroll Category (Temporary or Variable Earning)

For more information on what a temporary payroll category means, please refer to [this article](#).

1. Navigate to Payroll Setup > Payroll Categories.














2. Click "+ New" to create a new payroll category.



3. Select **Temporary Earning** as the type.

Classification ← Back to category list

 Permanent Earning Permanent	 Permanent Deduction Permanent	 Basic Salary Permanent	 Permanent Benefit Permanent
 Accrual Permanent	 Tax Permanent	 Temporary Earning Temporary	 Temporary Deduction Temporary
 Temporary Benefit Temporary	 Scheduled Deduction Temporary	 Statutory Holiday Pay Temporary	

4. Enter all required fields.
5. Select all applicable taxes on the right side.

Subject to:  Q ☐ All


301	Federal income tax	<input type="checkbox"/>
302	Federal extra income tax	<input type="checkbox"/>
303	Provincial income tax	<input type="checkbox"/>
304	Provincial extra income tax	<input type="checkbox"/>
305	WSIB	<input type="checkbox"/>
701	Employment insurance	<input type="checkbox"/>

6. Click the save button to save your new payroll category.
7. The system will ask you if you want to assign this new payroll category to all active employees. If you click **"Yes"**, it will assign this payroll category to all active employees. If you click **"No"**, you will need to manually assign this payroll category to all applicable employees.

#### **Assigning the Bonus Payroll Category to Applicable Employees**

1. Navigate to Payroll Employees > Assign Payroll Category.
2. In the center dropdown field, select the employee you want to assign your bonus payroll category to.
3. Click **"+ Add"** to assign a new payroll category to the selected employee's master paycard.

### Assign Payroll Categories to Employees



4. Select your bonus payroll category in the **"Payroll Category"** field.
5. Enter the correct **"Amount"** that will be added to your employee's pay. You can also enter "0" for now if you want to manually adjust it later during your pay run.

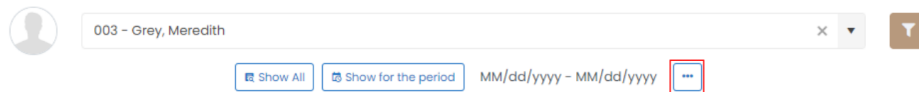
Rate

Units

 Save

 Cancel

6. Click the "..." button and select the pay periods that this bonus will apply to.



The screenshot shows a user interface for selecting an employee and a date range. At the top, there is a search bar with a person icon on the left and a dropdown arrow on the right. Below the search bar, there are two buttons: "Show All" and "Show for the period". To the right of these buttons is a date range selector showing "MM/dd/yyyy - MM/dd/yyyy". A red box highlights the "..." button next to the date range selector.

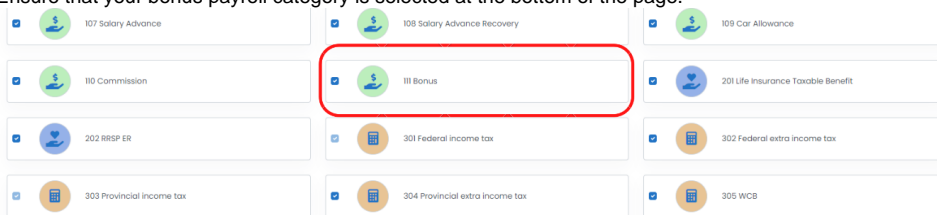
7. Click "Save" to save the selected pay periods.
8. Click "Save" to save your changes to this employee's paycard.
9. Repeat steps 2 through 8 for each employee.

## Processing a Bonus Pay Run

Now that everything is set up properly, you can run your bonus pay run! There are only two (2) steps of the payroll wizard that you need to pay special attention to. You can go through all other steps as normal.

### Step 1: Select Your Pay Period

1. Navigate to Processing > Payroll Wizard.
2. Select the correct "Payroll Group".
3. Select the correct "Payroll Process Period".
4. Double-check to ensure that your "Payment Date" is correct.
5. Ensure that your bonus payroll category is selected at the bottom of the page.

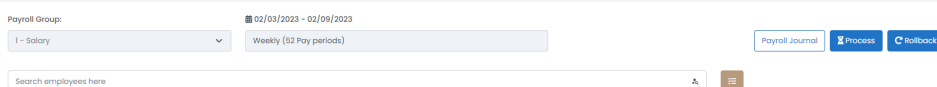


The screenshot shows a grid of payroll categories. Each category has a checkbox on the left and a description on the right. The categories are: 107 Salary Advance, 108 Salary Advance Recovery, 109 Car Allowance, 110 Commission, 111 Bonus, 120 Life Insurance Taxable Benefit, 202 RRSP ER, 301 Federal income tax, 302 Federal extra income tax, 303 Provincial income tax, 304 Provincial extra income tax, and 305 WCB. The '111 Bonus' category is highlighted with a red box.

6. Click the save button to save the step in the payroll wizard.
7. Click "Complete" at the top-right of the wizard to confirm that you've completed this step.

### Step 2: Process Payroll & Create Paycards


1. Select the employees you want to create a paycard for using the checkboxes.
2. Click "Process" to create paycards for the selected employees.




The screenshot shows the payroll wizard interface. At the top, there is a dropdown menu for "Payroll Group" with "1 - Salary" selected. To the right of the dropdown is a date range selector showing "02/03/2023 - 02/09/2023". Below the date range selector is a button labeled "Weekly (52 Pay periods)". To the right of these elements are three buttons: "Payroll Journal", "Process", and "Rollback". The "Process" button is highlighted with a red box.

3. Click the document icon next to an employee that you want to enter a bonus for. If you did not set up an amount in the master paycard in the earlier sections, you will need to edit the paycard, since the default value will be \$0.00.

4. Click **Edit** at the bottom of the paycard to edit it.



006 - Arryn, Lysa

 02/27/2021 - 03/12/2021


Tax province: Ontario


Quick View

Current

Salary	0.00
Hrly wages	765.00
OT 1.5	0.00
OT 2	0.00
Vac. paid	0.00
Sick paid	0.00
Salary Advance	0.00
Bonus	0.00
Salary Advance Recovery	0.00
Gross Salary	765.00
Fed. inc. tax	-20.87
Fed. ext. tax	0.00
Prov. inc. tax	-11.00
Prov. ext. tax	0.00
CPP/QPP	-34.36
EI	-12.09
Net Salary	686.68
CPP/QPP [Company]	34.36
EI [Company]	16.93
Reg. EI hrs	0.00
Vac Accrue	0.00
Sick pay	0.00

5. Change the value for your bonus payroll category to the correct amount.



**006 - Arryn, Lysa**  
 02/27/2021 - 03/12/2021  
Tax province: Ontario  
Memo to employee

		Units	Rate	Amount
101 Salary				0.00
102 Hrly wages	Hours	45.00	17.00	765.00
103 OT 1.5	Hours	0.00	25.50	0.00
104 OT 2	Hours	0.00	34.00	0.00
105 Vac. paid	Hours	0.00	0.00	0.00
106 Sick paid				0.00
107 Salary Advance				0.00
110 Bonus				200.00
401 Salary Advance Recovery				0.00

☐ Overwrite

6. Click **“Process”** and verify that the employee’s paycard is accurate.  
7. Exit the paycard to return to the payroll wizard.  
8. Verify that the change in the employee’s paycard was saved by reopening the paycard.  
9. Repeat steps 3 through 8 for each employee that you want to pay a bonus to.

## **Case Study: Impact on Taxes**

There are three (3) ways to run a bonus run, all of which will impact the calculations of your taxes differently.

### **A. Running the bonus in the same payroll run with regular wages**

You can include the bonus payroll category in the same pay run as your regular wages. This means you will only have one pay run for the selected pay period.

Quick View	
	006 - Arryn, Lysa
	02/27/2021 - 03/12/2021
	Tax province: Ontario
	Current
Salary	0.00
Hrly wages	765.00
OT 1.5	0.00
OT 2	0.00
Vac. paid	0.00
Sick paid	0.00
Salary Advance	0.00
Bonus	200.00
Salary Advance Recovery	0.00
<b>Gross Salary</b>	<b>965.00</b>
Fed. inc. tax	-48.76
Fed. ext. tax	0.00
Prov. inc. tax	-35.18
Prov. ext. tax	0.00
CPP/QPP	-45.26
EI	-15.25
<b>Net Salary</b>	<b>820.55</b>
CPP/QPP [Company]	45.26
EI [Company]	21.35
Reg. EI hrs	0.00
Vac Accrue	0.00
Sick pay	0.00

**B. Running the bonus after regular payroll run was completed OR into a pay period that was already posted**

You can include the bonus payroll category in a second pay run, after your regular wages pay run was completed, or any previously posted pay period. This means you will have two pay runs for the selected pay period.

The first pay run (regular wages):	The second pay run (bonus):

Quick View			
		006 - Arryn, Lysa 02/27/2021 - 03/12/2021 Tax province: Ontario	
		Current	
Salary		0.00	Salary
Hrly wages		765.00	Hrly wages
OT 1.5		0.00	OT 1.5
OT 2		0.00	OT 2
Vac. paid		0.00	Vac. paid
Sick paid		0.00	Sick paid
Salary Advance		0.00	Salary Advance
Bonus			Bonus
Salary Advance Recovery		0.00	Salary Advance Recovery
<b>Gross Salary</b>		<b>765.00</b>	<b>Gross Salary</b>
Fed. inc. tax		-20.87	Fed. inc. tax
Fed. ext. tax		0.00	Fed. ext. tax
Prov. inc. tax		-11.00	Prov. inc. tax
Prov. ext. tax		0.00	Prov. ext. tax
CPP/QPP		-34.36	CPP/QPP
EI		-12.09	EI
<b>Net Salary</b>		<b>686.68</b>	<b>Net Salary</b>
CPP/QPP [Company]		34.36	CPP/QPP [Company]
EI [Company]		16.93	EI [Company]
Reg. EI hrs		0.00	Reg. EI hrs
Vac Accrue		0.00	Vac Accrue
Sick pay		0.00	Sick pay

### C. Running the bonus before the regular payroll run

You can include the bonus payroll category in the first pay run, before you run your regular wages pay run. This means you will have two pay runs for the selected pay period.

**Warning:** Taxes calculated in this method may not be calculated at all or may be higher.

The first pay run (bonus):	The second pay run (regular wages):

Quick View			
	006 - Amyn, Lysa		006 - .
	02/27/2021 - 03/12/2021		0
	Tax province: Ontario		Tax pi
		Current	
Salary	0.00	Salary	
Hrly wages	0.00	Hrly wages	
OT 1.5	0.00	OT 1.5	
OT 2	0.00	OT 2	
Vac. paid	0.00	Vac. paid	
Sick paid	0.00	Sick paid	
Salary Advance	0.00	Salary Advance	
Bonus	200.00	Bonus	
Salary Advance Recovery	0.00	Salary Advance Recovery	
<b>Gross Salary</b>	<b>200.00</b>	<b>Gross Salary</b>	
Fed. inc. tax	0.00	Fed. inc. tax	
Fed. ext. tax	0.00	Fed. ext. tax	
Prov. inc. tax	0.00	Prov. inc. tax	
Prov. ext. tax	0.00	Prov. ext. tax	
CPP/QPP	-3.56	CPP/QPP	
EI	-3.16	EI	
<b>Net Salary</b>	<b>193.28</b>	<b>Net Salary</b>	
CPP/QPP [Company]	3.56	CPP/QPP [Company]	
EI [Company]	4.42	EI [Company]	
Reg. EI hrs	0.00	Reg. EI hrs	
Vac Accrue	0.00	Vac Accrue	
Sick pay	0.00	Sick pay	

## Frequently-Asked Questions (FAQs)

### I have a payroll category that is a temporary earning, but no taxes are being deducted from the employee. Why?

If the bonus is entered into a pay period where there are no regular pays present, then Harmony doesn't have any regular wages to use in the calculation of the bonus. Therefore, the annual tax is being calculated **ONLY** on the bonus amount. **Don't forget: 99% of the time, your bonus payments will likely be BELOW the employees' annual tax credits, so Harmony will see this as the employee owing no taxes.**

Bonus payments must be made to a pay period where a) the regular wages have already been paid to the employee, OR b) regular wages are also being paid at the same time as the bonus payment.

### I have a payroll category that is a temporary earning, but the taxes being deducted from the employee are way too high. Why?



Similar to the previous question, however, because the employee has no regular wage payroll categories included in the payroll you've chosen to process (e.g. you normally pay the employee *Salary* but have removed it from the 'active payroll categories' in the first step of the payroll wizard), then the system has no details on the regular payroll. Harmony will assume you've made an error and treat the bonus payroll category as a 'regular' payment type - so it ignores the 'tax as bonus' nature of the payroll category.