

# Add New Pay or Deduction Category

Last Modified on 01/18/2022 4:41 pm CST

Periodically it is necessary to add to the existing pay and/or deduction categories.

1. Consider the G/L posting implications of this new pay or deduction category. Add any G/L accounts necessary to accommodate.
2. At *Setup / Preferences* on the *Payroll* tab, add the description of the new category. For deductions, set the appropriate tax-exempt status checkboxes. Optionally select the default G/L posting account.  
**Note:** Changing the tax-deferred status of a deduction mid-year will cause inaccuracies in 941 and W-2 calculations. If a change must be made, add a new deduction category with the correct exemptions set and use it for the remainder of the payroll year.
3. Edit any employee to be affected by this new category. On the *Pay* tab, the pay category labels automatically display but for existing employees, the G/L account must manually be set at this screen. Enter the amount for the new pay category. On the *Deductions* tab, the deduction must be selected for it to be used. Verify the correct general ledger account is selected and enter the amount of the deduction. The amount entered should be the amount per paycheck to be deducted. Save any changes.
4. The new category will be reflected on any future payroll checks.