Setting Up Primary and Secondary Fringe Rules for SmartAccounting

Fringe benefits, or fringes, are in addition to an employee's compensation. They could include payroll taxes, pension, health, and welfare contributions the employer makes on behalf of the employee, or daily charges for a given resource. They might also include allowances for holiday or sick leave funds.

Before You Start

Before setting up secondary fringe rules, it is important to note for both primary and secondary fringe rules:

- **Primary**
    - Setting up primary fringes starts with your production work order.
        - Secondary fringe rules are not a part of this process.
        - When copying fringes over from existing production, check with your local state to determine current taxing rules.
    - Individual fringe rules are processed numerically as listed in the Priority order column.
        - Vacation and Holiday Accrual accounts populated under the Payroll Defaults section will supersede individual fringe rules.
    - The From column fields define the starting range for the respective Chart of Accounts column header. Leave blank to capture all data.
    - The To column fields define the end of the selected range. Enter "Z" to capture everything.
    - The Destination Detail column fields tell SmartAccounting where to put the respective fringes.
    - The "&" symbol copies the character used on the labor line.

- **Secondary**
    - Define your primary fringes first before applying secondary fringes. These rules are subtle, targeted changes to the primary fringe rules.
    - Keep secondary fringe rules simple — target only applicable fields.
    - Confirm your state's current taxation rules.
    - Secondary fringe rules must be verified when you receive your forthcoming payroll invoices. They are not automatically verified in SmartAccounting when saved.
        - Setting up secondary fringes won't automatically apply to existing payroll invoices.
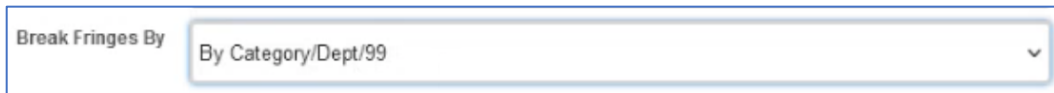
- ▪ Secondary fringes will only automatically apply when you bring in a new invoice.
  - o Keep documentation of secondary fringe rules. When the project closes, there is no record of what has been done in the past.
  - o Secondary fringe rule incentives are generally tracked in the free fields. For example, Free1Result corresponds to the F1 Rule tab with an NQ rule.

Primary Fringe Rules

Payroll defaults and standard fringe rules are defined in the Payroll Setup module. Default settings may be applied based on your production work order. You can review, set, and change rules here. Learn more about payroll default values in Payroll Defaults Entry.

Fringe Rules Entry

Setting up primary fringes starts with your production work order. For example, select By Category/Dept/99 from the **Break Fringes By** section in your General Ledger Account Configuration form. This means the EP setup team will enter four fringe rules by default. These display under the **Fringe Rules** tab.

Break Fringes By	By Category/Dept/99 ⌄

Figure 1: Break Fringes By, General Ledger Account Configuration form

To apply primary fringe rules:

1. On the **Start** menu, select **Payroll**.
2. Select **Payroll Setup**.
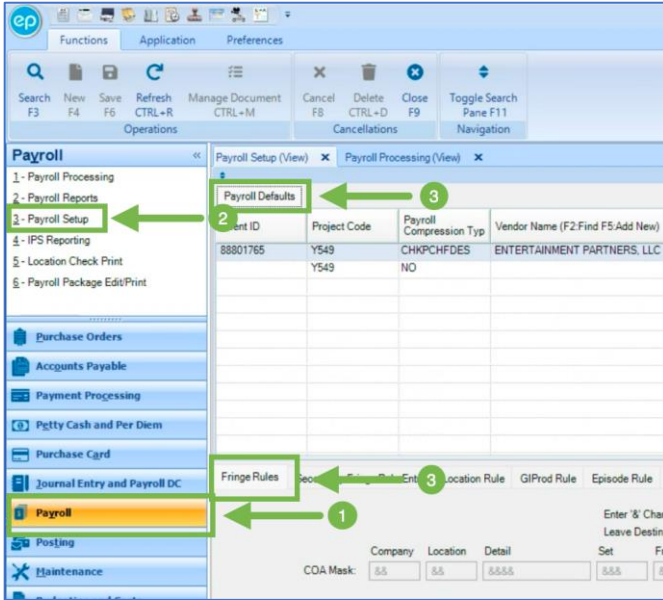3. A **Payroll Defaults** and **Fringe Rules** entry screen opens under the **Payroll Setup (View)** tab.

Figure 2: Payroll Defaults and Fringe Rules

4. Under the **Fringe Rules** tab, choose the **Fringe Type** from the drop-down list. Tab through to enter the appropriate fringe rules. You can add, review, or modify.

- **Priority** — This field establishes the order in which fringe rules are applied.
- **Fringe Type** — This field describes the fringe type.
- **From** fields — These fields define the starting range for the respective column header. Leave this field blank to capture all data.
- **To** fields — These fields define the ending of the selected range.
- **Destination** fields — These fields tell SmartAccounting where to put the fringes.

   Note: Learn more about the From, To, and Destination fields in Fringe Rules.

5. Click **Save** in the ribbon or key **F6**.

6. The **Priority** number in the **Priority** column updates after the record is saved.

- SmartAccounting processes individual fringes numerically.
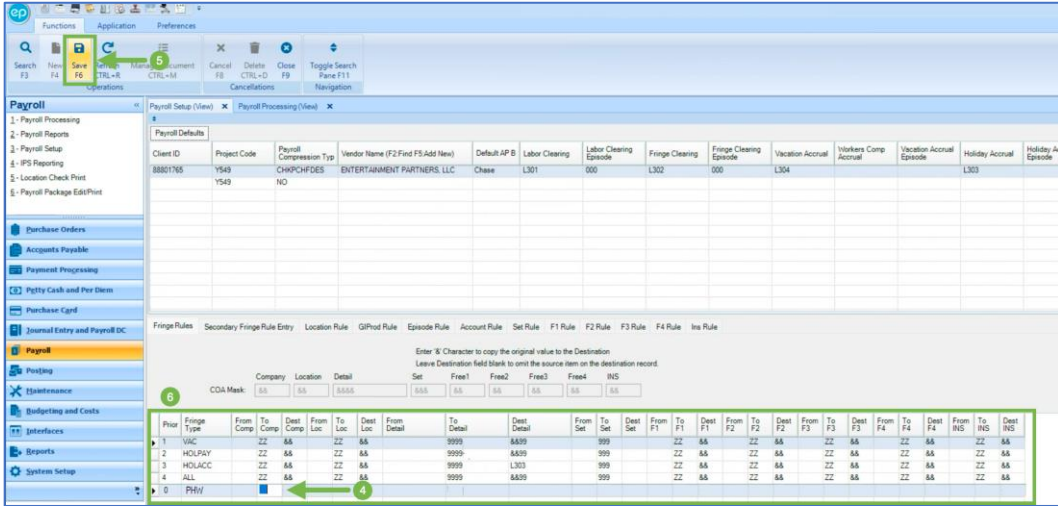- Drag and drop an individual fringe line to change the order. Click **Save** to update.

Figure 3: Payroll Defaults and Fringe Rules entry screen

Learn more about primary fringe rules in [Fringe Rules](#).

Secondary Fringe Rule Entry

Secondary fringe rules are subtle, targeted changes to the primary fringe rules. For example, you might create a change rule so that when your handling fees come in, they go to a specific account instead of the default account. Consider taking advantage of special state tax incentives when working in a particular location.

> **Note**: By default, secondary fringe rules are not enabled in SmartAccounting. Contact EP Support if this option is not available.

To apply secondary fringe rules:
1. On the **Start** menu, select **Payroll**.
2. Select **Payroll Setup**.
3. Click on the **Secondary Fringe Rule Entry** tab.
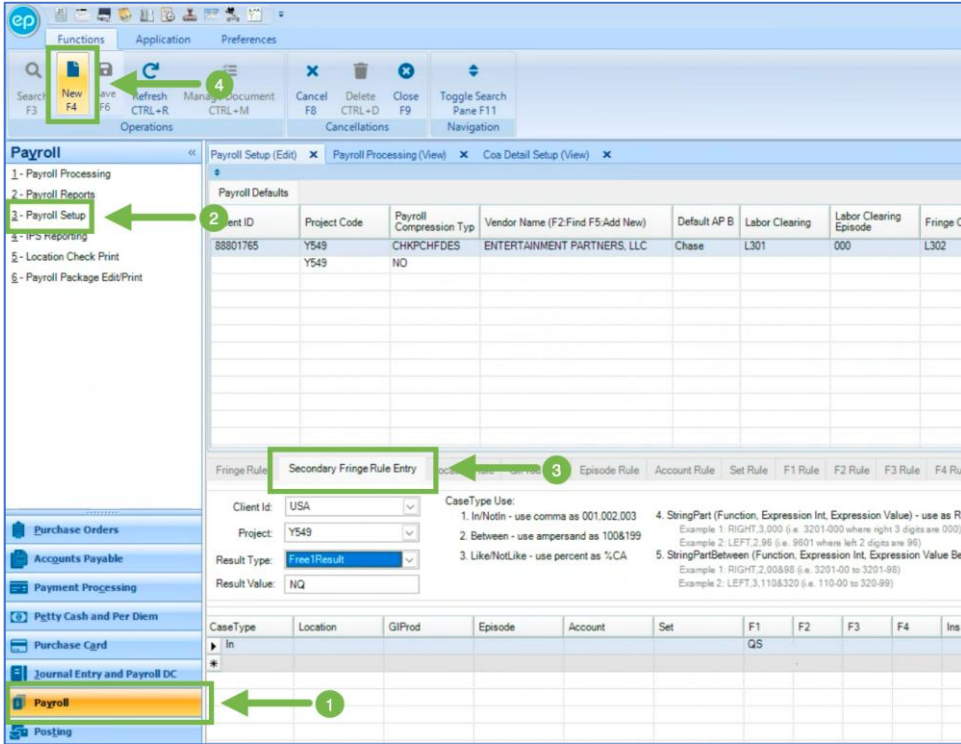4. Click **New** in the ribbon or key **F4** to create a new secondary fringe rule.

Figure 4: Creating a new secondary fringe rule

5. A **Secondary Fringe Rule Entry** screen opens under the **Payroll Setup (New)** tab. Enter your secondary fringe rule parameters here.

   a. **Client Id** — Select the Client Id from the drop-down list.

   b. **Project** — Select the Project from the drop-down list.

   c. **Result Type** — Select the Result Type from the drop-down list.

   > **Note**: The Result Type codes listed in the drop-down correspond to each tab next to the Secondary Fringe Rule Entry tab. For example, Free1Result corresponds to the F1 Rule tab.

   d. **Result Value** — Enter the result value (i.e., NQ, QR).

   e. **Case Type** — Select the Case Type from the drop-down list.
   - **In** — The In operator filters results from a list of values. It checks if a column's value matches any value in the specified list. For example, CA, NY, FL.
     > **Note**: To separate the values in a list, use a comma instead of a space.
   - **NotIn** — By using the Not keyword before the In operator, all records that are not any of the values in the list are returned.

- **Between** — The Between operator selects values within a given range, including the beginning and end values. Use the ampersand symbol, &, in your criteria. For example, 100&103 returns 100, 101, 102, and 103.
- **Like** — The Like operator matches similar values rather than exact ones. Use the percent symbol, %, as a wildcard. For example, %CA for values ending in "CA" or CA% for values beginning with "CA".
- **NotLike** — By using the Not keyword before the Like operator, all records that are not any of the like values in the list are returned.
- **StringPart** — The partition (PART) function searches a string and returns a specified value. There are three parts to this method:
  - Part 1: RIGHT or LEFT
  - Part 2: The number of values to return
  - Part 3: The defined part
    - For example, enter RIGHT,3,000 to target accounts ending in "000" or enter RIGHT,3,000 for AccountCode 3201-000 because the right three numbers are 000.
    - For example, enter LEFT,2,96 in AccountCode 9601. The result returns 96 because the two left numbers are 96
- **StringPartBetween** — The Between function selects values within a given range, including the beginning and end values.

6. Enter the appropriate secondary fringe rules. Use the [Examples of Secondary Fringe Rules](#) section to get help with setting up your rules.

   Note: You can add to an existing rule only if the Result Value is the same. Generally, it is best to create a new rule for all secondary fringe rules.
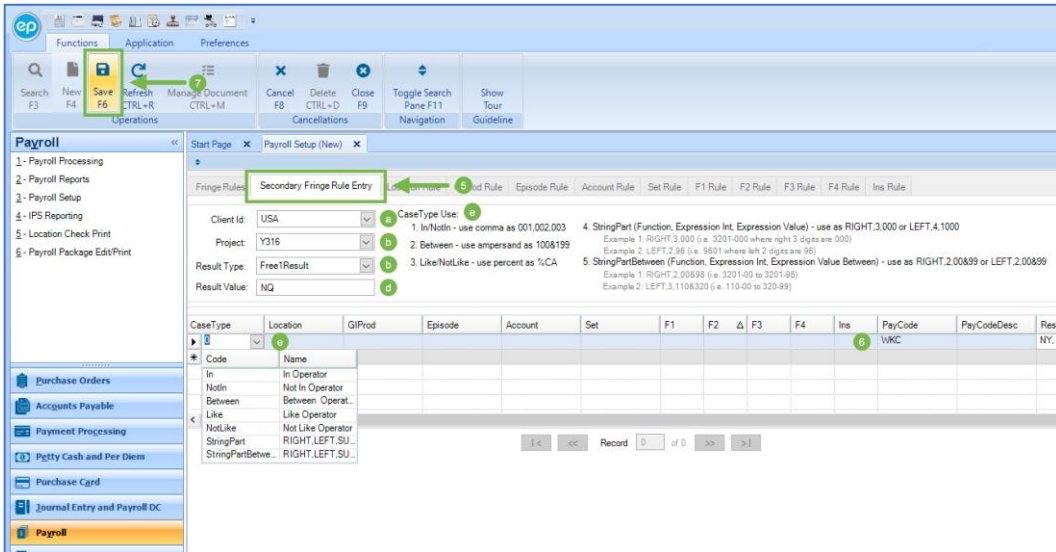
7. Click **Save** in the ribbon or key **F6**.

Figure 5: Secondary Fringe Rule Entry values

Verifying Secondary Fringe Rules Before Posting

Secondary fringe rules are not verified in SmartAccounting when saved. You must verify the saved rules when you receive your payroll invoices. Other options include choosing the Payroll Load Status feature from Payroll Processing. You can also run the Payroll Setup Listing report, review multiple Result Type records, and check for overlaps between primary and secondary fringes.

Multiple Result Type Records

When you enter multiple Result Types, the navigation buttons display the record count. The Result Type rules are listed under a corresponding tab. For example, Result Type: Free1Result corresponds to the F1 Rule tab.

To review multiple Result Types:

1. Choose the **Result Type** from the drop-down list.
2. Select the **left or right arrow navigation buttons** to display the record count.
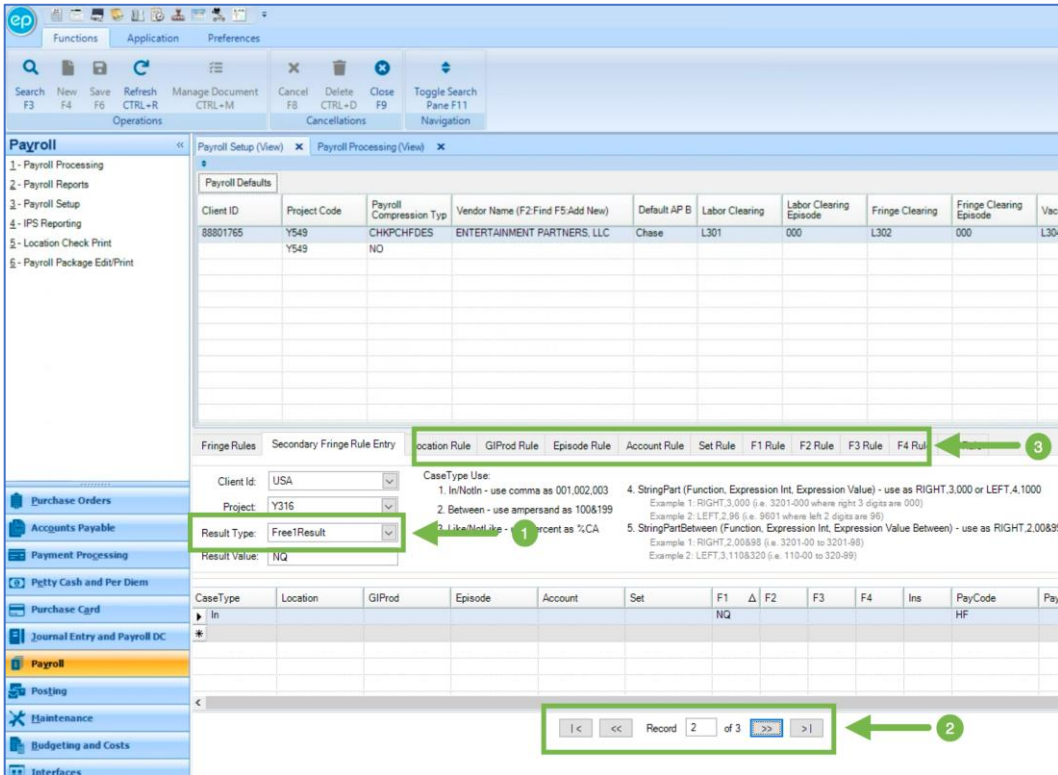3. Click on the corresponding rule tab to view the list.

Figure 6: Navigation buttons display the record count

4. Note the **Case No**. order and **Result Value**.
5. Locate the last **Case No** listed on the rule tab to delete the lowest priority.
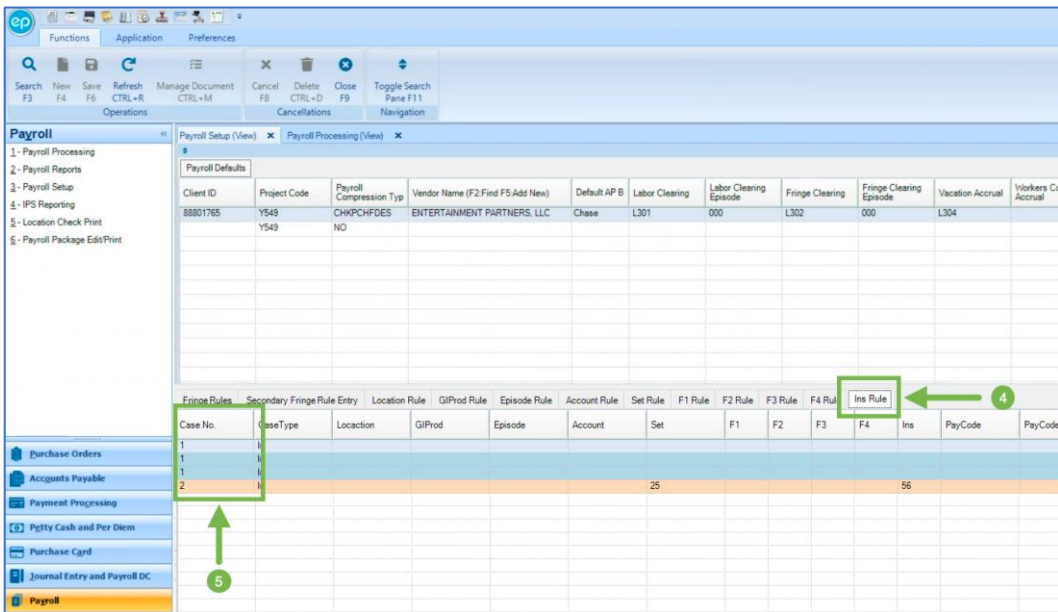

Figure 7: Lowest priority Case No

6. Click on the **Secondary Fringe Rule Entry** tab.

7. Choose the **Result Type** from the drop-down list.
8. Select the **left or right arrow navigation buttons** to display the record.
9. Select the record to delete.
10. Click **Delete** in the ribbon or key **CTRL+D**.
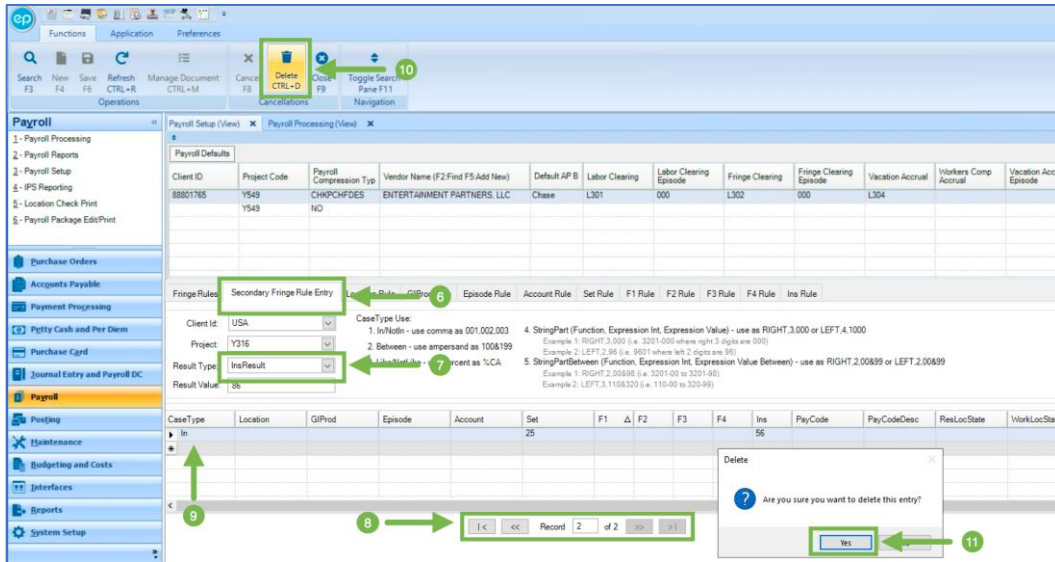11. Confirmation messaging displays. Click **Yes**.

Figure 8: Deleting the lowest priority secondary fringe rule

Payroll Load Status Errors

Applying a result value not set up in payroll processing may result in an invalid code. This will lead to a payroll load error when validating through Payroll Load Status. When payroll is released, SmartAccounting will auto-load it.

To pre-empt failure on autoload:

1. On the **Start** menu, select **Payroll**.
2. Select **Payroll Processing**.
3. Click **Payroll Load Status** in the ribbon or key **CTRL+P**.
4. Identify any errors listed in the **Status** column and contact EP Product Support.
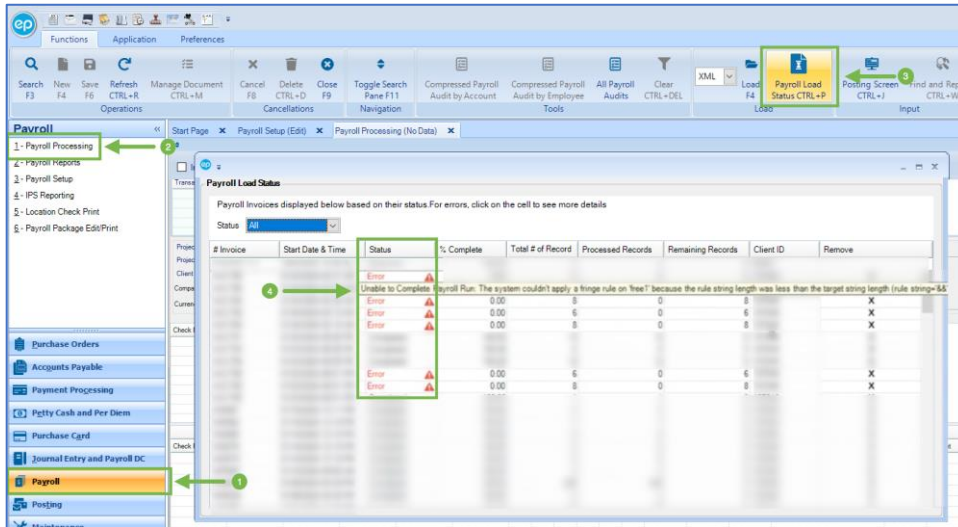
Figure 9: Payroll Load Status error results

Payroll Setup Listing Report

To run the report:

1. On the **Start** menu, select **Payroll**.
2. Select **Payroll Reports**.
3. Select **Payroll** from the **Report Group** drop-down list.
4. Select **Payroll Setup Listing** from the **Report** drop-down list.
5. Select a **Payroll Date** from the drop-down calendar.
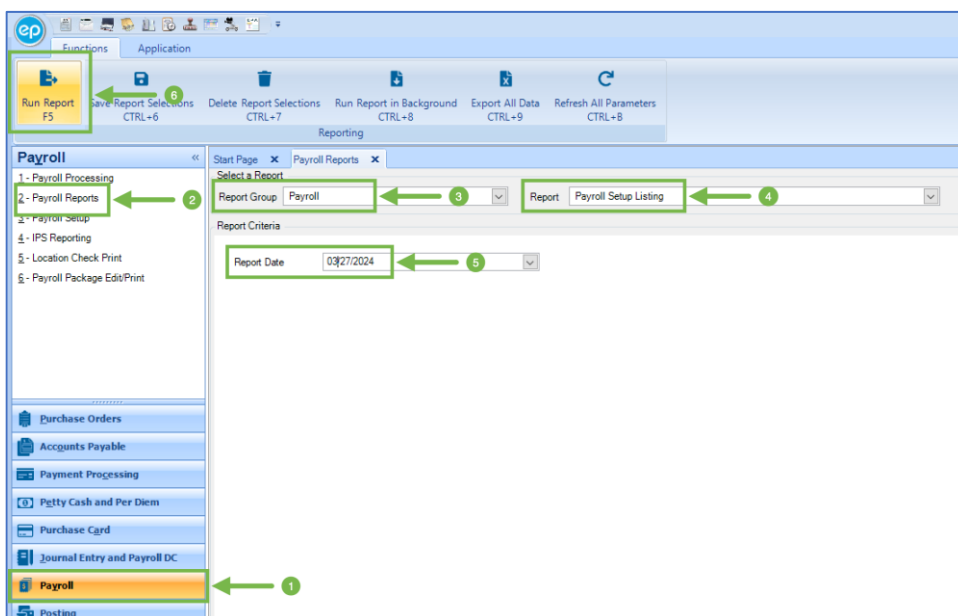6. Click **Run** in the ribbon or key **F5**.

Figure 10: Payroll Setup Listing report selection

7. The report generates and opens. Use this report to validate saved fringes.

Figure 11: Payroll Setup Listing report sample, pages 1 and 2

Overlap Between Primary and Secondary

In the example below, the Vacation Accrual rule is from the primary fringe rules. It targets an account range. This rule's condition removes the Destination Set code. Note that it's missing ampersands.

Adding a second fringe rule to fill Set codes for Vacation Accrual creates a conflict. Its conditions may lead to miscoding.

Figure 12: Conditional rule, Destination Set code

Adjusting Columns

You can adjust column sizes or create a different view to display columns.

- **Adjust Columns** — Hover your cursor between column headers; the cursor will change to a right-left arrow shape. Adjust columns to the desired display.

- **Move Columns** — Click on a column header and hold while you drag and drop it to the desired location. Top and bottom arrows display to indicate the new location.
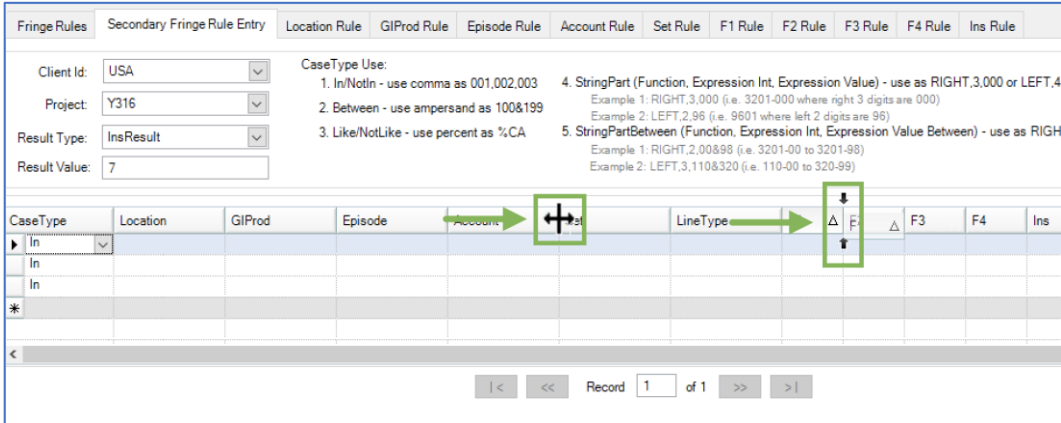

Figure 13: Adjusting columns and creating new views

Examples of Secondary Fringe Rules

Example 1: California Tax Incentive #1

Scenario: The California Tax Credit program is standard. California requires anyone applying for this incentive to use the same codes and tag fringes the same way. In this example, tag the invoice with "NQ" when payroll comes in with a Line Type of TAX.

The pay code is "FUI" for federal unemployment or "SUI" for state unemployment, yet anything associated with standard federal taxes has a line type of TAX.

Setup:

1. Select **Free2Result** from the **Result Type** drop-down list.
2. Enter **NQ** in the **Result Value** field.
3. Select **In** from the **CaseType** drop-down list.
4. Enter **TAX** in the **LineType** column.
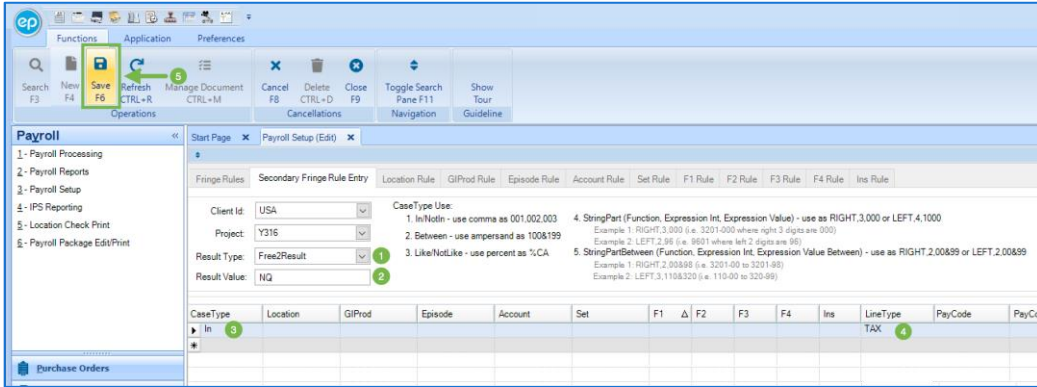5. Click **Save** in the ribbon or key **F6**.

Figure 14: California Tax Incentive #1 example

Note: When entering Line Type or Pay Codes in the Secondary Fringe Rule Entry screen, the codes must match the format in the Payroll Processing module. Incorrect entries will not display error messaging.
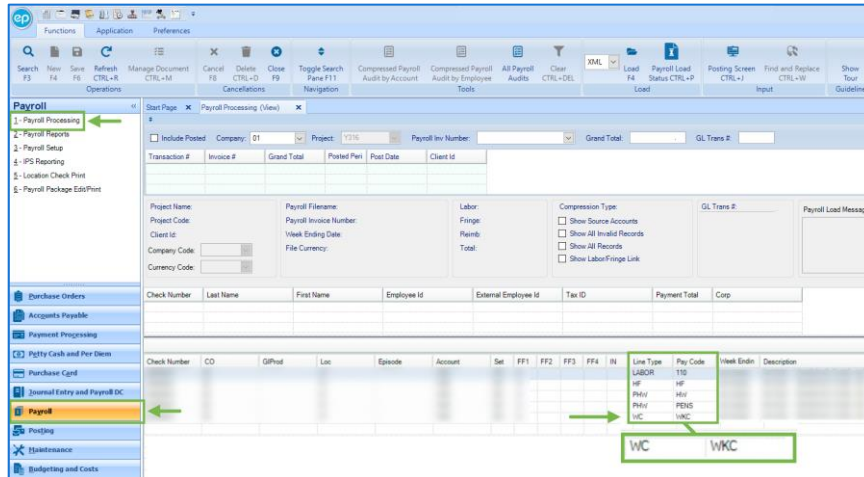

Figure 15: Payroll Processing Line Type and Pay Code entries

Example 2: California Tax Incentive #2

Scenario: In this example, California Labor enters your system with QW (since it's following California-qualified wage tagging). QW on the labor line automatically carries down to your fringe. The system tags anything with a Line Type of TAX as QW and changes it to NQ.

Setup:
1. Select **Free2Result** from the **Result Type** drop-down list.
2. Enter **NQ** in the **Result Value** field.
3. Select **In** from the **CaseType** drop-down list.

4. Enter **TAX** in the **LineType** column.
5. Enter **QW** in the **F2** column.
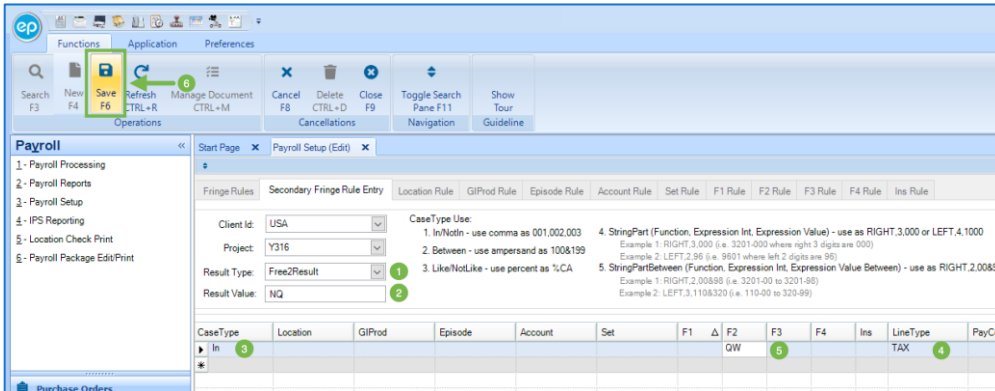6. Click **Save** in the ribbon or key **F6**.

Figure 16: California Tax Incentive #2 example

Example 3: California Tax Incentive #3
Scenario: Building on the above scenarios, this example targets SUI.

Setup:
1. Select **Free2Result** from the **Result Type** drop-down list.
2. Enter **NQ** in the **Result Value** field.
3. Select **In** from the **CaseType** drop-down list.
4. Enter **TAX** in the **LineType** column.
5. Enter **QW** in the **F2** column.
6. Enter **SUI** in the **PayCode** column.
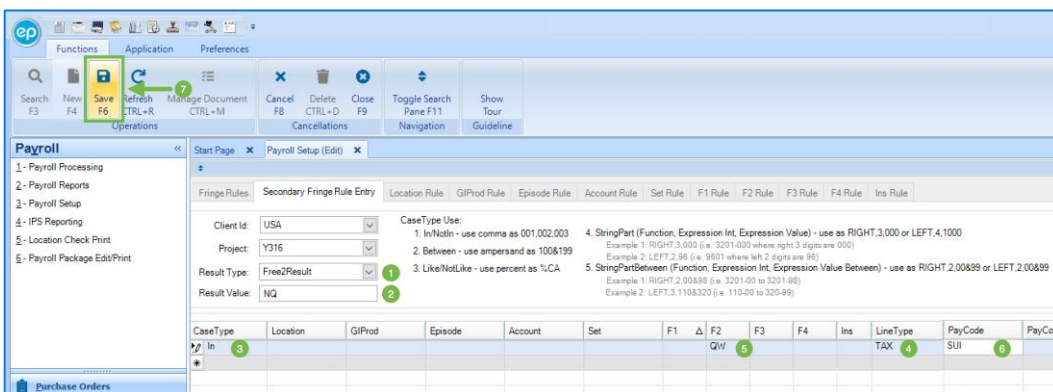7. Click **Save** in the ribbon or key **F6**.

Figure 17: California Tax Incentive #3 example

Example 4: Free Field Result Based on Non-qualified Spend using In Case Type

Scenario: You are filming in Georgia and paying workers whose local resident state is New York, California, or Florida. Their workers' comp is non-qualified, and any compensation received is tagged with NQ.

Setup:
1. Select **Free1Result** from the **Result Type** drop-down list.
2. Enter **NQ** in the **Result Value** field.
3. Select **In** from the **CaseType** drop-down list.
4. Enter **WKC** in the **PayCode** column.
5. Enter **NY, CA, FL** in the **ResLocState** column.
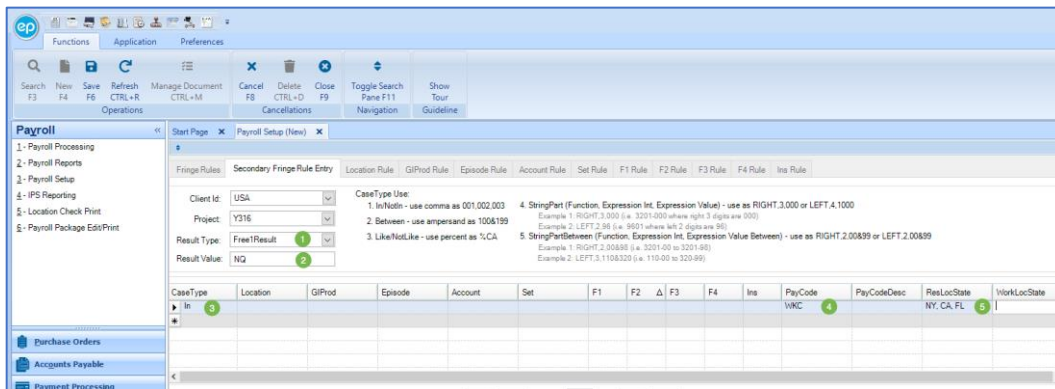6. Click **Save** in the ribbon or key **F6**.

Figure 18: Free Field Result Based on Non-qualified Spend using In Case Type example

> **Note:** Resident state is determined from the worker's startcard and their timecard determines work location.

Example 5: Free Field Result Based on Qualified Spend using In Case Type

Scenario: You are filming in Georgia and paying workers whose local resident state is New Mexico. Their workers' comp is a qualified spend because this incentive is required in New Mexico.

Setup:
1. Select **Free1Result** from the **Result Type** drop-down list.
2. Enter **QS** in the **Result Value** field.
3. Select **In** from the **CaseType** drop-down list.
4. Enter **WKC** in the **PayCode** column.
5. Enter **NM** in the **ResLocState** column.
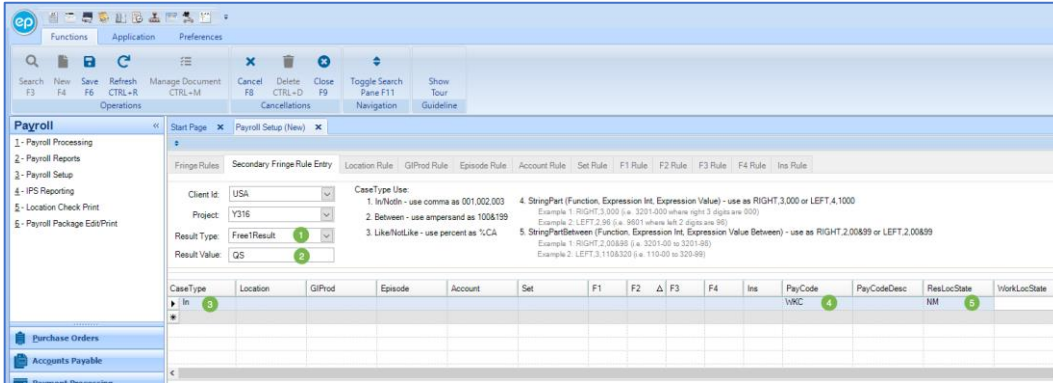6. Click **Save** in the ribbon or key **F6**.

Figure 19: Free Field Result Based on Qualified Spend using In Case Type example

Note: Check with your local state to determine current taxing rules.

Example 6: Account Result using Between Case Type
Scenario: In this example, account numbers are targeted. Anything that has 1). an Account between 7001 and 7099, 2). PayCode 450, and 3). LineType LABOR: change the account code to 3500.

Setup:
1. Select **AcctResult** from the **Result Type** drop-down list.
2. Enter **3500** in the **Result Value** field.
3. Select **Between** from the **CaseType** drop-down list.
4. Enter **7000&7099** in the **Account** column.
5. Enter **450** in the **PayCode** column.
6. Enter **LABOR** in the **LineType** column.
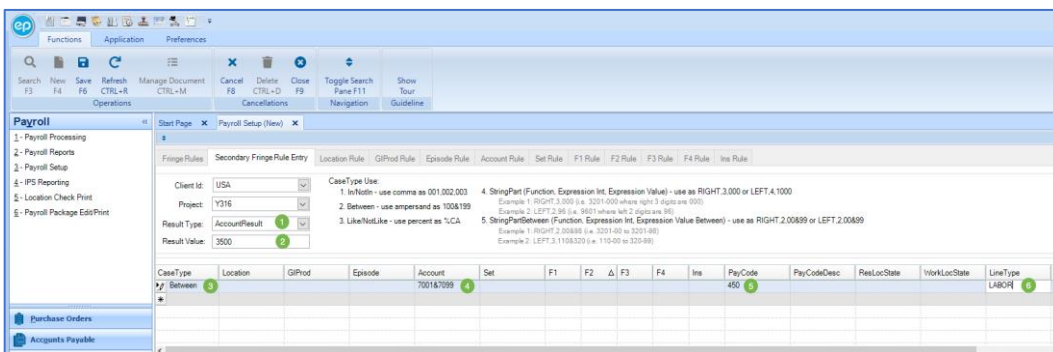7. Click **Save** in the ribbon or key **F6**.

Figure 20: Account Result using Between Case Type example

Example 7: Setting up a Free Field Result in System Code Management
Scenario: In this example, you will need to set up free field values in **System Code Management** and the **Secondary Fringe Rule Entry** tab simultaneously.

To apply a free field:

1. On the **Start** menu, select **Payroll**.
2. Select **Payroll Setup**.
3. Select the **Client ID**.
4. Click on the **Secondary Fringe Rule Entry** tab.
5. Select **Free1Result** from the **Result Type** drop-down list.
6. Enter **NQ** in the **Result Value** field.
7. Select **In** from the **CaseType** drop-down list.
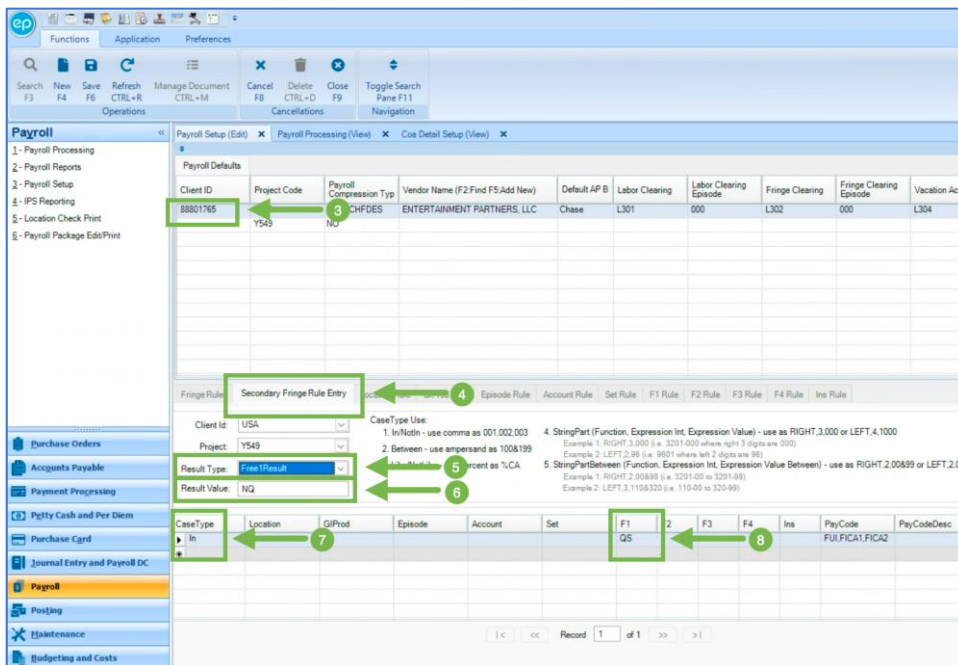8. Enter **QS** in the **F1** column.

Figure 21: Applying a free field in Secondary Fringe Rule Entry

Navigate to **System Setup**, then **Codes**. Confirm the free fields (F1, F2, F3, and F4) values are set up under the **System Code Management (View)** tab.

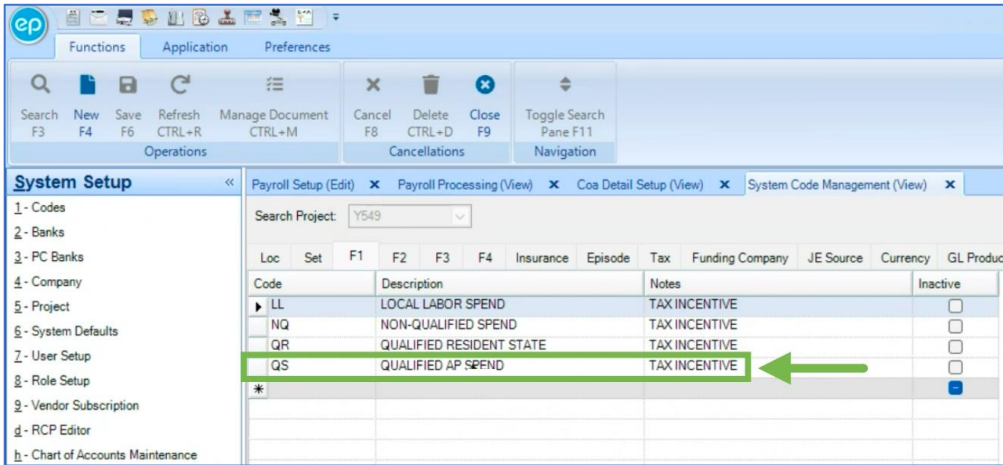Figure 22: System Code Management, F1 tab

9. Confirm and apply the secondary fringe in the **Payroll Processing** module.
10. On the **Start** menu, select **Payroll,** then **Payroll Processing**.
11. Select **QS** from the **F1** drop-down list under the **Payroll Processing (View)** tab.
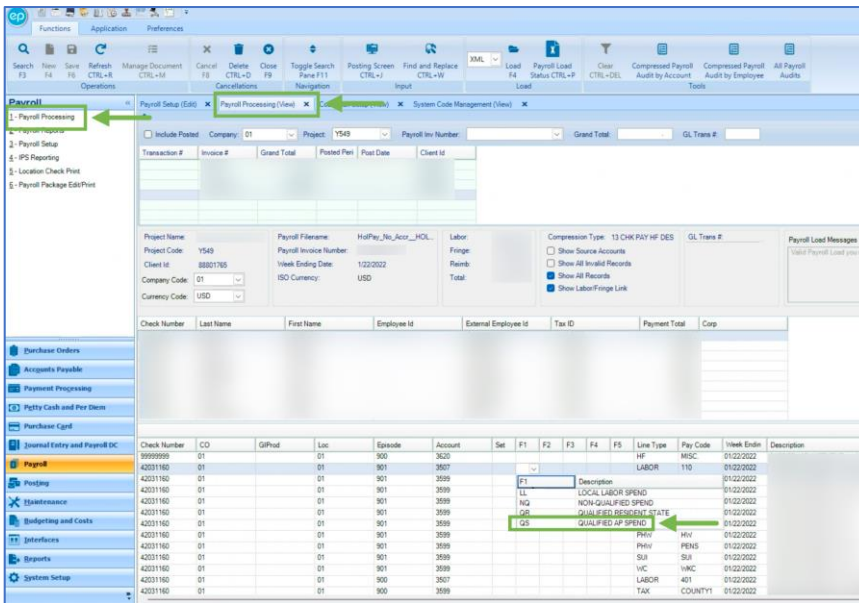

Figure 23: Payroll Processing, applying the secondary fringe

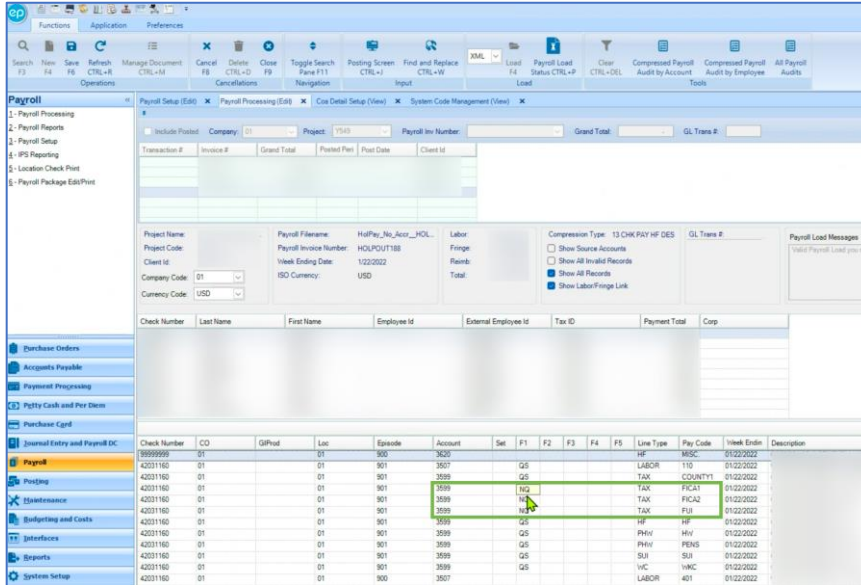12. The rule is applied, and the results display.

Figure 24: Displayed results

Example 8: Line Type: Labor, Pay Code: 450
Scenario: For best practice, establish a Vacation Accrual account for all projects, regardless of whether they accrue. The Vacation Accrual balance sheet account functions as a clearing account for vacation payouts.

In this example, Vacation is coded to the standard fringe account **2899**. A Vacation Accrual account is set up and offset to **7021**.

Account	Set	F1	F2	F3	F4	IN	Line Type	Pay Code	Amount
2899		QW	ZW			RV	VAC	VAC	33.17
7021							VAC ACC	VAC	-33.17

Figure 25: Offset Vacation Accrual account

When paying out the Vacation account **2899** under Pay Code 450, it is debited to the Vacation Accrual account **7021**, bringing the balance to $0. The balance on the Vacation Accrual account will always be $0. It never truly accrues.

Account	Set	F1	F2	F3	F4	IN	Line Type	Pay Code	Amount
7021							LABOR	450	33.17

Figure 26: Debit to the Vacation Accrual account

Setting up a Vacation Accrual account helps distinguish the vacation payout from the standard fringe account Tracking down any remaining balance is easier than grouping it all under fringe account 2899.

Payroll Defaults

The Payroll Setup module provides a single point of entry. It is for setting default values for the system to process payroll. In this module, you enter values for your payroll files. Smart Accounting loads and processes them. These values are established by Client ID.

For each Client ID, default values are established for Payroll Compression Type, Payroll Service Vendor, Default AP Bank, Labor and Fringe Clearing Accounts, Labor and Clearing Production Codes (Location and Episode), Vacation and Holiday Accrual Accounts and Production Codes, and unique Primary and Secondary fringe rules.

The following is an overview of the fields in the setup module. To navigate to the Payroll Defaults:

1. On the **Start** menu, select **Payroll**.
2. Select **Payroll Setup**.
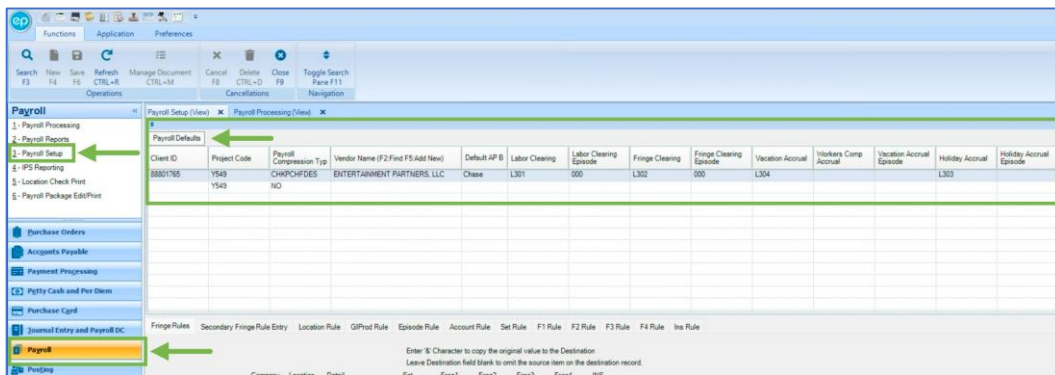3. Tab through to enter or edit the appropriate fringe rules.

Figure 27: Payroll Setup, Payroll Defaults

Client ID — Entertainment Partners establishes Client IDs for payroll purposes and makes them available in your database. If more than one Client ID is established in your production, there are multiple entry lines, one for each established client ID. This is the case if your production is filming in the United States and Canada.

> **Note**: Contact Account Management to establish a Client ID.

Project Code — This read-only reference field displays the License number established for your production.

Payroll Compression Type — Payroll contains detailed Labor and Fringe records. It's a best practice to pick a compression method for each of the Client IDs used

for your production. One exclusion to this recommendation is payroll files generated by EP Canada. Canadian incentive reporting does not allow using compression for these files.

Payroll compression involves combining similar records into a single record. Each compression type considers different variables when compressing records but usually combines records using values. These include Check Numbers, Accounts, Production and Memo codes, Line Types, and Paycodes.

The type of payroll compression chosen depends on incentive reporting needs. These are for the state(s) or country where filming occurs. Check with EP's Incentive department for their recommendation.

Vendor Name — If you create AP Invoices to pay for your payroll, you can select the Vendor for those Invoices here. This is only a default. It fills the Vendor field on the Payroll Posting screen. You can change it at the time of posting.

Default AP Bank — Similar to Vendor Name, you can select the Vendor for those Invoices here if you create AP Invoices to pay for your payroll. This is only a default. It fills the Vendor field on the Payroll Posting screen. You can change it at the time of posting.

Labor Clearing — This field applies to Labor Clearing account (a liability account) entries. This account is offset and cleared when an invoice is created for Entertainment Partners.

Labor Clearing Episode — This field applies to Episodic productions only. If you want Labor Clearing entries to use a particular episode code, you can select it here. Otherwise, the system uses episodic codes. Labor distribution lines within the invoice contain them. If labor lines have many episodic codes, the system will create a clearing line for each episode.

Fringe Clearing — This field applies to Fringe Clearing account entries. This account is offset and cleared when an invoice is created for Entertainment Partners.

Fringe Clearing Episode — This field applies to Episodic productions only. If you want Fringe Clearing entries to use a particular episode code, you can select it here. Otherwise, the system uses episodic codes. Fringe distribution lines within the invoice contain them. If labor lines have many episodic codes, the system will create a clearing line for each episode.

Vacation Accrual — This field applies to Vacation Accrual account entries.

Workers Comp Accrual — Your production doesn't use EP for workers' compensation. Your parent studio or company provides the policy. You can set up a Workers' Compensation Accrual here.

Vacation Accrual Episode — This field applies to Episodic productions only. Select it here if you want Vacation Accrual entries to use a particular episode code. Otherwise, the system uses episodic codes. Vacation Accrual distribution lines within the invoice contain them. If Vacation Accrual lines have many episodic codes, the system will make a clearing line for each episode.

Holiday Accrual — This field applies to Holiday Accrual account entries.

Holiday Accrual Episode — This field applies only to episodic productions. If you want Holiday Accrual entries to use a particular episode code, you can select it here. Otherwise, the system uses episodic codes. Holiday Accrual distribution lines within the invoice contain them. If Holiday Accrual lines have many episodic codes, the system will make a clearing line for each episode.

Fringe Rules

Fringe rules for your production start with your production work order in the General Ledger Account Configuration form. In SmartAccounting, you can add, review, or modify the fringe rules. As best practice, all primary fringe rules should follow the standard fringe rule setup.

The following is an overview of the fields in the primary fringe tab. To navigate to this section:

1. On the **Start** menu, select **Payroll**.
2. Select **Payroll Setup**.
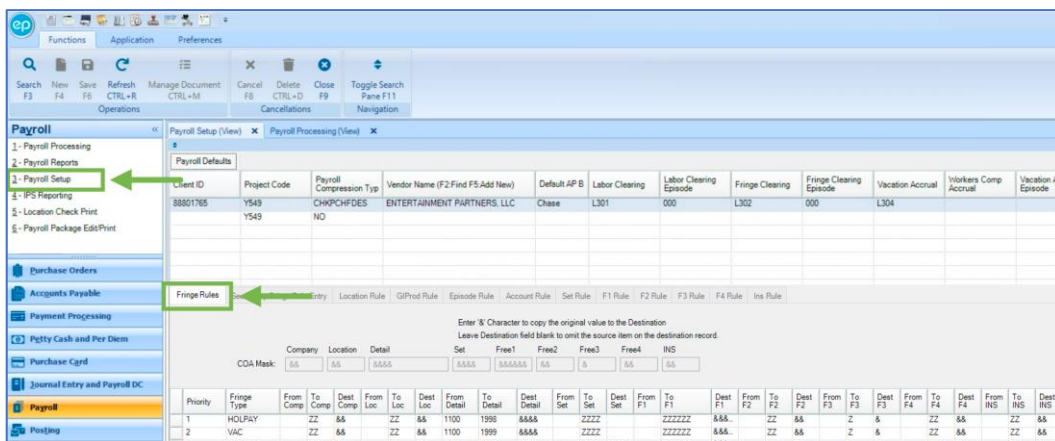3. Enter or edit the appropriate fringe rules under the **Fringe Rules** tab.

Figure 28: Payroll Setup, Fringe Rules

COA Mask

These masked chart of accounts fields are read-only. Use these fields for reference and to verify the length of each field (character count) and the type of characters accepted in the field (& - Any Character, @ - Any Alpha Character, # - Any Numeric Character).

Z, &, and Blank Field Entries

Z — Enter "Z "for all entries in Company, Location, Set, etc.
& — The **&** symbol copies the character used on the labor line (from Payroll Processing).
Blank — Leave a field blank to capture all data.

From, To, and Destination Fields

From — These columns define the starting range for the respective Chart of Accounts column header. Leave blank to capture all data.
To — The To column fields define the end of the selected range. Enter "Z" to capture everything.
Destination — The Destination column fields tell SmartAccounting where to put the respective fringes.

Columns

Priority — Establishes the order in which fringe rules are applied
Fringe Type — Fringe type such as VAC, HOLPAY
Company — Company code
Location — Location code
Detail — Account description
Set — Set code
F1 — Free Field code 1
F2 — Free Field code 2
F3 — Free Field code 3
F4 — Free Field code 4
INS — Insurance code

Support

Need Help? Contact EP Product Support at:

Monday, 12 a.m. to Friday, 8 p.m. PT

Saturday/Sunday, 7 a.m. to 7 p.m.

818-955-6300

AccountingSupport@ep.com

After Hours:

818-955-6300