



deduction_code

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Type a three-digit code identifying the deduction being recorded for an employee, or click  to select one from the list. This code must exist in the Deduction Code table.

Notes:

Deduction code 001 should only be used for extra withholding.

If a 457 deduction refund is necessary, the deduction code associated with the D2 type deduction should be used so that a flat amount can be refunded. If a D1 type deduction is used, the system does not use the amount entered but calculates the amount based on the salary being paid. If you do not have a D2 type deduction, navigate to the Tables > Tax/Deductions > Deduction Code tab to establish a D2 type deduction, and then select that type of deduction on the tab.

When a deduction with a D1 abbreviation code (see Deduction Code table) is added to the employee's master deduction record, the system calculates the amount to withhold based on the employee's pay and the percentage in the 457 Deferred Compensation table. The amount is populated automatically in the **Net Amount** field in the employee's master deduction record each time a payroll is processed for the employee. If the employee's pay changes with each payroll processed, the net amount is also changed.

When a deduction with a D2 abbreviation code (see Deduction Code table) is added to the employee's master deduction record, the amount entered in the **Net Amount** field is the amount that the system deducts from the employee's pay each time a payroll is processed. It is your responsibility to determine the net amount, and enter it into the employee's master deduction record. The amount is not updated automatically if the employee's pay changes and a payroll is processed.

When a deduction with a DC (Dependent Care) abbreviation code is added to the employee's master deduction record, the **Cafe 125** field must be selected. When total dependent care (employee and/or employer) exceeds \$5,000 for the calendar year, an additional deduction line is displayed on the check and on the reports to separate the taxable and nontaxable parts for that deduction.

When a deduction with an AN abbreviation code (see Deduction Code table) is added to the employee's master deduction record, the **Cafe 125** field cannot be selected.

When a deduction with an R2 abbreviation code (see Deduction Code table) is added to the employee's master deduction record, the **Cafe 125** field cannot be selected.