8. If appropriate, cancel an unposted request using its ID. A posted request must not be deleted to conceal an actual deduction; seek a controlled correction with retained evidence.

A shortfall display is not authority to deduct. No automatic employer recovery policy is supplied. Do not also enter the recovery in Other Deductions or the employee loan list.

17. BIR withholding and annual reconciliation

Taxable compensation and tax due are different: income may remain taxable even when its annual total falls within a zero-tax band. MWE statutory compensation and qualifying premiums can be exempt while commissions are taxable. For an MWE, a rest-day premium on an ordinary day is treated as taxable unless your professional directs otherwise. The combined qualifying benefits exemption is not an unlimited exemption for all bonuses; classify benefits with the payroll professional. Incentives marked Bonus share the same yearly ₱90,000 limit with the 13th month and other benefits, counting earlier payrolls in the year; incentives marked Taxable pay are always taxable compensation. The year-end reconciliation, the 2316 and the 1601-C preparation count Bonus incentives in the same ₱90,000 limit.

Monthly/semi-monthly mixed-MWE supplemental earnings use cumulative-average withholding when complete, verified payroll history is available. The application checks the hire period and the prior groups. Missing prior periods must be reviewed, not fabricated as zero-pay entries. Payroll calculated by 3.9.99, 3.9.100, 3.9.101, 3.9.102, 3.9.103, 3.9.105, 3.9.106, 3.9.107, 3.9.108, 3.9.109, 3.9.110, 3.9.111 or 3.9.112 is accepted for year-end figures; older records need the one-time review in chapter 16. Previous/concurrent employers, PERA and other special facts are not solved by checking a single-employer box.

1. At year end, reconcile finalized payroll and actual withholding across the year. Include benefits and any required prior-employer information through the supported professional process.
2. Open Reports → More Reports → Year-End Tax Adjustment & Reconciliation, select the Tax Year and click Show Report.
3. Review Annual Taxable Compensation, Annual Tax Due, Tax Withheld Before Adjustment, Additional to Withhold and Refund/Credit. A current, incomplete year or incomplete tax facts cannot be finalized automatically.
4. Finalize Year-End Tax Adjustment only after the target is reviewed. This stores a reconciliation target; it does not refund money or collect additional tax.
5. Make the actual refund or collection through your normal authorized payment process. Keep the bank/cash receipt and payroll approval. Do not also record the same tax adjustment as an ordinary deduction.
6. Expand Record actual year-end refund / collection. Choose the employee and transaction type, then enter the actual amount, actual date, a unique reference, the reviewer and the payment/receipt evidence. Click Record actual settlement and review the confirmation.