

## ADDITIONAL PAY FORM: HARVARD MEDICAL SCHOOL WORK INSTRUCTION

The Additional Pay (Add Pay) process is used to pay income to an employee outside of/in addition to their routine payroll amount. An Add Pay request can result in an extra amount in the employee's paycheck for reasons such as work done outside of one's regular job assignment or reimbursement for relocation. Or, the request can result in only a record of income (no check required) for tax reporting purposes in situations when the income was already paid, such as in the form of a gift or payment of a moving company's invoice on the employee's behalf.

This instruction highlights basic steps for preparing and submitting the *ADDITIONAL PAY FORM: REQUEST FOR ONE-TIME OR RECURRING PAYMENT TO HARVARD EMPLOYEE*. If you have questions, contact your HR Transactions Coordinator found at <http://hms.harvard.edu/humanresources/your-hr-office-new> or e-mail [human\\_resources@hms.harvard.edu](mailto:human_resources@hms.harvard.edu).

For questions on travel and expense related payments—gifts, moving, 3<sup>rd</sup> party payments, and late reimbursements—please contact the HMS Office of Finance, Financial Operations [christine\\_jones@hms.harvard.edu](mailto:christine_jones@hms.harvard.edu).

### EMPLOYEE INFORMATION Section indicates to which job record the additional pay relates.

- The Job Code (e.g., 403134 for Coordinator I) can be found in MARS (eTad and other screens) or contact HR.
- The Employee's department may not be same department requesting the Add Pay (see *Authorizations* below)

### ADDITIONAL PAY Section provides the business reason, timing, and total amount of payment.

- Please provide brief but precise business purpose and attach supporting documentation (offer letter, paid invoices, signed expense report for LRB's, name of gift recipient, etc.).
- The Earnings Code is based on the reason for payment (for example, HOU for Housing Bonus). See *ADDITIONAL PAY FORM: EARNINGS CODES GUIDANCE* or consult with your HR Transactions Coordinator.
- When using codes GTP, GTX, MOV, MV3, MVI, MVN, complete page 2 of the form if payment to a 3<sup>rd</sup> Party needs to be arranged (simpler processes available—contact HMS Financial Operations team for guidance).
- Note that by default payment is included as part of next paycheck open for processing. An "immediate" or special payment date can be indicated in the SPECIAL PAYMENT INSTRUCTION, and this field should also be used to indicate NO CHECK REQUIRED when income was already paid by other means.
- **Complete page 2 for explanation of NO CHECK REQUIRED (including for Earning Code LRB when attached to Corporate Card Payment)**
- For recurring payments, complete the END DATE with the last day of the pay period in which payments should stop. The EARNINGS AMOUNT will be the amount per pay period while the GOAL AMOUNT will show the maximum or total amount to be paid.
- A GROSS UP payment relieves the tax impact for the employee (for example, if an employee needs exactly \$500 in hand, the income is "grossed-up" to \$587.53 so the net amount, after taxes, is \$500). The Department does not need to calculate the gross-up, but the HR Transactions Coordinator can provide the amount if needed.
- Late Reimbursement (LRB) payments can never be grossed up.

### COSTING DATA Section provides \$ amount and account coding for payment.

If the payment is allocated to more than one account string, indicate the dollar amount to be charged to each string and be sure that the total of all allocated amounts equals the "Earnings Amount" provided in the previous section.

### AUTHORIZATIONS Section provides the authorizations or approvals for the request.

The Department approver signs and submits the completed form and supporting documentation to their HR Transactions Coordinator who obtains Tub authorization as needed unless one or more of the following exceptions apply:

For Earnings Codes **GTP, GTX, LRB, MOV, MV3, MVI, MVN**, or for **any ADD PAY totaling \$50,000** or more, or for **any ADD PAY attached to an AP transaction** the Department/Local Authorizer is the Department Financial Manager and then the School/Tub Authorizer will be the Designated Signer for the Financial Dean. These particular requests should be e-mailed with the subject line "Add Pay\_LastName\_Org" to the HMS Office of Finance [christine\\_jones@hms.harvard.edu](mailto:christine_jones@hms.harvard.edu) with cc to [donna\\_cantillo@hms.harvard.edu](mailto:donna_cantillo@hms.harvard.edu).

NOTE! If the employee works for a different Tub, work with that Tub HR. If the employee works for a different HMS Department, inform that department's Financial Manager of the Add Pay and include their acknowledgement in the supporting documents.

***Use a password protected electronic signature or hand sign and scan form***

***E-mail request materials to HR or to OOF as indicated by the Earnings Code***

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## ADDITIONAL PAY: EARNING CODE GUIDANCE for Harvard Employee Payments Outside Regular Payroll

The Earning Code selected for Additional Pay will identify the reason for the payment, determine the object code charged, and also trigger tax withholding and reporting when required. There may also be FLSA and pension implications. Below is a [sampling of Earning Codes](#) a department might choose when completing an ADDITIONAL PAY FORM: REQUEST FOR ONE TIME OR RECURRING PAYMENT TO HARVARD EMPLOYEE. Note the Earning Codes that receive additional scrutiny by the University's Central Payroll or Tax Services Offices.

Please consult with an HR/Payroll expert to confirm correct Earning Code. Also see the University Financial Policies--*Travel Policy, Business Expense Reimbursements Policy, and Employee Gifts and Celebratory Events Policy* in particular, at <http://policies.fad.harvard.edu/pages/policies> as well as the University Tax Service Guidance--*Moving, Recruiting, and Related Expenses* in particular--at <http://oc.finance.harvard.edu/services/taxes>.

| Earning Code  | Description               | Business Definition  | Tax Method Fed Tax Rate Only | Object code(s)   |
|---|---------------------------|--|------------------------------|------------------|
| BSN   | Bonus Sign On             | Condition of employment and not associated with hours worked. Sign-on bonus if paid during first pay cycle.  | Supplemental -currently 25%  | 6200, 6201       |
| BUN   | Bonus Unexpected/Spot     | This is an unexpected bonus and is not a promise to pay.   | Supplemental -currently 25%  | 6200, 6201       |
| CON   | Consulting                | Compensation for consulting  | Supplemental -currently 25%  | 6200             |
| DCE   | Continuing Ed             | Teaching in DCU during academic year.  | Supplemental -currently 25%  | 6140, 6190, 6200 |
| DEV   | Course Development        | Compensation for course development  | Supplemental -currently 25%  | 6140, 6190, 6200 |
| EDT   | Editing                   | Compensation for editing   | Supplemental -currently 25%  | 6140, 6190, 6200 |
| HON   | Honorarium                | Honorarium   | Supplemental -currently 25%  | 6200             |
| HOU   | Housing Allowance         | Housing Allowance  | Supplemental -currently 25%  | 6200             |
| NPA   | Non-Pensionable Addl Comp | Additional compensation that does not fall into any other category.  | Supplemental -currently 25%  | 6200             |
| <b>THE FOLLOWING EARNINGS CODES ALL REQUIRE REVIEW BY HARVARD UNIVERSITY PAYROLL OFFICE</b> |                           |  |                              |                  |
| GTP   | Gifts Third Party         | For reimbursements to employees who purchase gifts for other employees where the value of the gift should be taxable to the gift recipient, but reimbursed to another employee | Supplemental -currently 25%  | 6200             |
| GTX   | Gift Taxable              | Gifts of tangible personal property valued at \$75 or more.  | Supplemental -currently 25%  | 6200             |
| MOV   | Qual Mov pd to EE         | See Tax Service website for guidance on moving expenses. These codes are pre-audited by Tax Services.  | not taxed                    | 6200             |
| MV3   | Nn-qual moving to 3P      | See Tax Service website for guidance on moving expenses. These codes are pre-audited by Tax Services.  | Supplemental -currently 25%  | 6200             |
| MVI   | Qual Move pd to 3P        |  |                              | 6200             |
| MVN   | Nn-qual Mov to ee         |  | Supplemental -currently 25%  | 6200             |
| LRB *   | Late Reimb over 90 days   | Reimbursement for expenses that become taxable after 90 days.  | Supplemental -currently 25%  | 6204             |

\*LRB code may have unique processing in your school due to local Travel & Reimbursement policy