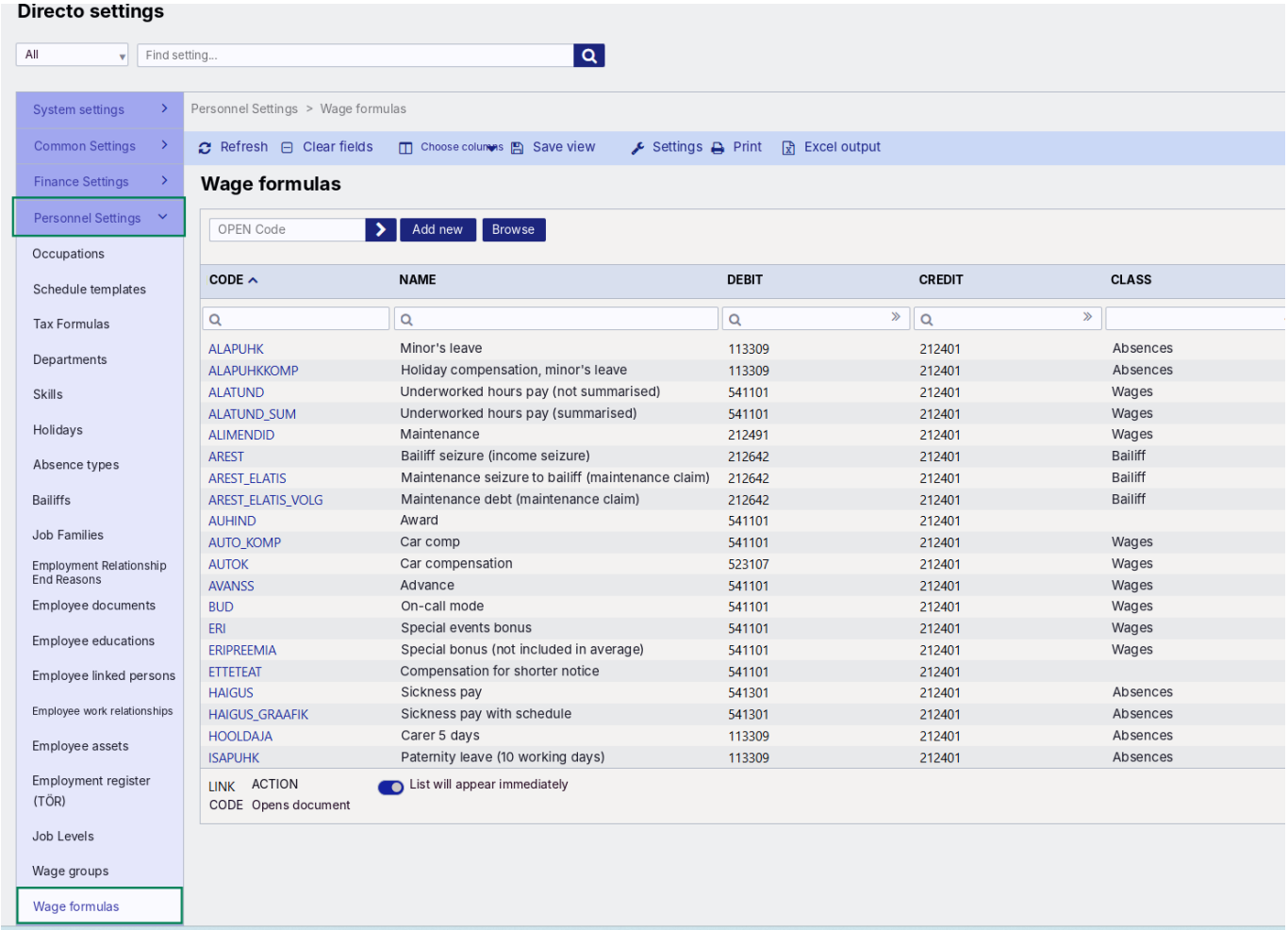
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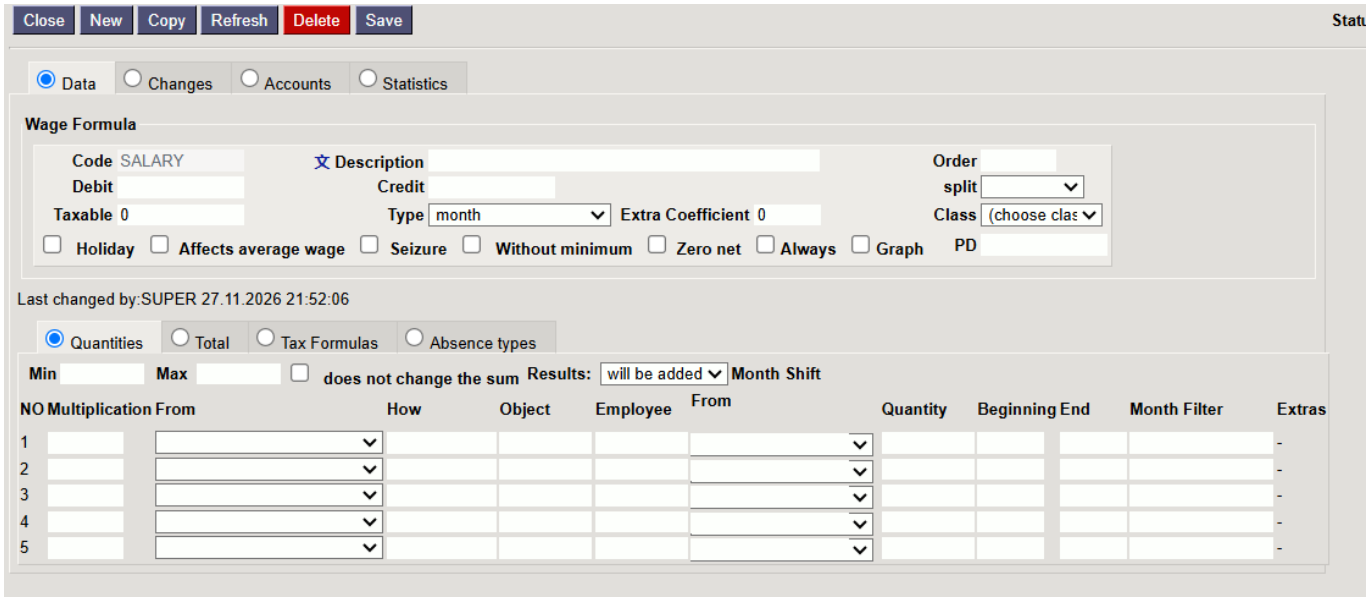
Wage formulas

With wage formulas, you define how Directo calculates wages, additional pay, absences and withholdings: in which unit (month, day, hour, piece, calendar day), where the quantities and amounts come from, which taxes are calculated and to which accounts the entry goes. When the wage formulas are set up correctly, Directo does most of the payroll calculation itself – you add the employees to the calculation and check the result.

You can find the wage formula register in the menu `Settings → Personnel Settings →` **`Wage formulas`**.



The wage formula card has the tabs **Data**, **Changes** (change history), **Accounts** and **Statistics**. The lower part of the **Data** tab has the tabs **Quantities**, **Amounts**, **Tax formulas** and **Absence types**.



Wage formula header

Code - the code of the wage formula.
Name - the name of the wage formula.
Order - the order in which Directo adds the formulas to the calculation and payment. The formulas are in the same order in the pivot table of the Wage Report. Directo calculates the tax-free income first on the formula with the lower order number.
Debit - the expense account.
Credit - the liability account (payables to employees in the balance sheet).
Spread - if the wage source data comes from resources (for example via an interface) and has an object, a project or both, Directo spreads the calculation rows by object or project. The options are empty, **object**, **project** and **both**.
Taxable - the amount from which the pay is taxed.
Formula type - the unit in which Directo calculates with this formula:

- **month** - monthly wage, the quantity on the calculation is 1;
- **day** - monthly wage in days, the quantity is the number of working days worked. Also select **day** for absences whose quantity must be in working days;
- **hour** - hourly wage, the hours come from resources or the Day table;
- **piece** - one-off payments and additional pay;
- **calendar day** - absences and sickness, the quantity is the number of calendar days of absence.

Extra coefficient - an additional multiplier for the amount. You can use it if the amount of the formula comes from the **Amounts** tab. The field is visible if the setting `Wage formula has an extra coefficient` is **Yes**.
Class - for grouping formulas when adding them to the calculation and in reports. You define the classes in the setting `System settings > Wage Formula Classes`.
TSD - the payment type code of the Tax and Customs Board (for example 10 wages, 33 redundancy compensation).


You cannot use the **Spread** option on month and day type formulas or on the overtime formula. Spread works only if there is something to spread – for example the resource has an item and

different objects. We recommend keeping the general spreading setting at **No** and defining spreading on the formula.

Checkboxes

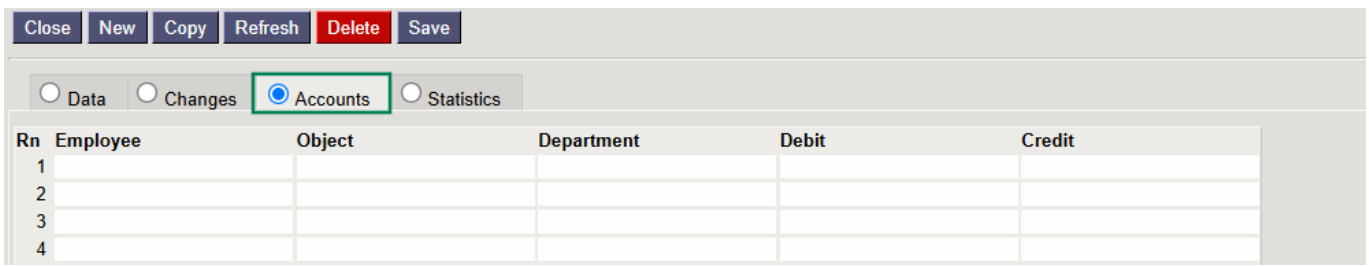
Holiday - select on the annual holiday formula. It also affects which account goes into the entry (setting `Wage calculation takes the expense account of the holiday tax formula`).
Average wage calculation - select if the amount of the formula must be included in the basis for calculating the average wage (for example base pay, additional pay). Leave it unselected on absence and sickness formulas.
Withholding - withholding formulas (for example meals, phone, bailiff seizure, maintenance). A withholding always reduces the net amount; on the calculation, net and gross are equal.
No minimum - Directo does not apply the social tax minimum for this formula. Select it on holiday pay formulas and on one-off payments paid in addition to the wage (for example a bonus, funeral benefit).
Zero net - the net pay is always zero. Rarely used in Estonia.
Always - the formula is added to the calculation even if the quantity is 0. We recommend selecting it on the base formula (monthly or hourly wage) so that the social tax minimum is added to the calculation even if the employee was absent for the whole month.
Schedule - on hourly formulas, so that Directo takes into account the shortened working day hours of employees working by schedule (setting `Shortened working hours are taken by entered working hours`). The `Wages and salaries and labour force` report also takes into account the hours of formulas with this checkbox.

One formula cannot have both **Holiday** and **Average wage calculation** selected.

Accounts tab

On the **Accounts** tab, you can define exceptions: other debit and credit accounts by employee, object or department. For example, rows with the production object go to account 10650 and rows with the installation object to account 10640.

Fill in only one field on each row: **Employee**, **Object** or **Department**. If you fill in several fields on the same row, the exception does not work. If you need an exception, for example, both by employee and by object, add them on separate rows.

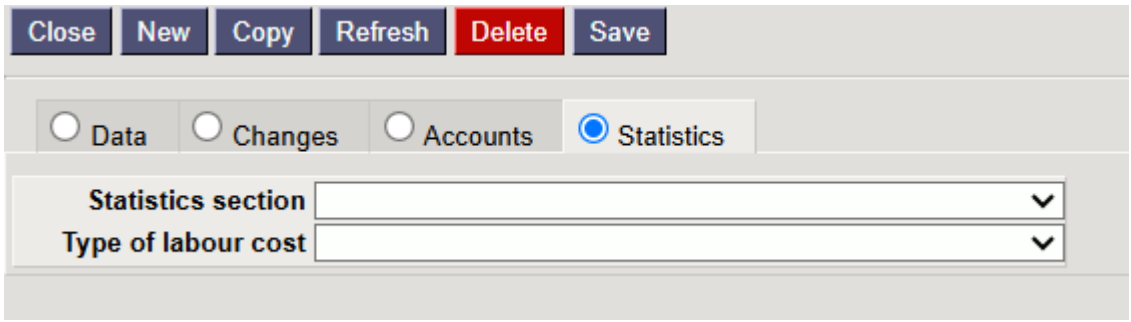


The setting `Wage and tax formula account object filter` defines where Directo takes the object for the entry. For the Accounts tab to work, something other than **No** must be selected in the setting `Financial entries from personnel module as rows`. Read more in the guide

Personnel Settings.

Statistics tab

On the **Statistics** tab, you define how Directo takes the amount of this formula into account in Statistics Estonia reports. This way, you do not need to add up the amounts for the report manually.

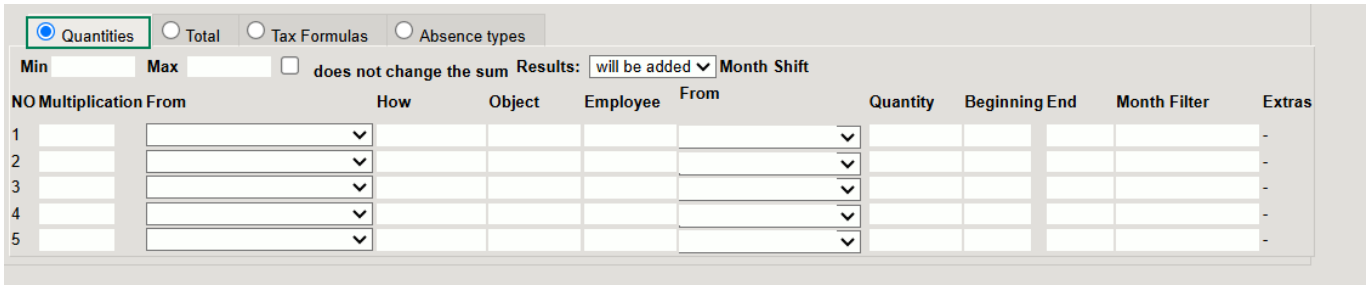


Statistics section - the part of the `Wages and salaries and labour force` report where the amount of the formula goes (for example gross wages or employer benefits).
Type of labour cost - the labour cost type under which the amount of the formula goes in Statistics Estonia reporting.

You do not need to fill in these fields on formulas for VÕS contracts and management board members, because these payments do not go to the `Wages and salaries and labour force` report.

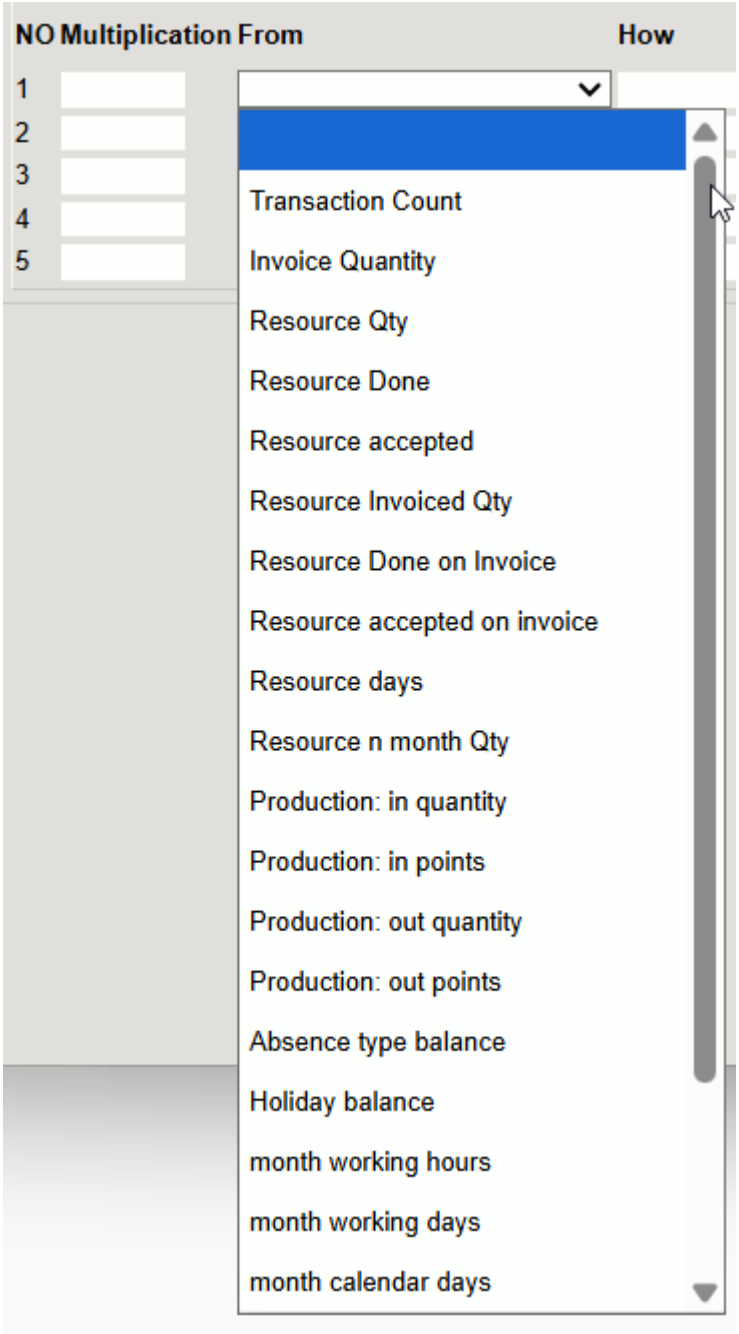
Quantities tab

On the **Quantities** tab, you define where Directo takes the quantity of the formula from. If a piece type formula has no source for the quantity, enter 1 in the **Quantity** field – then the formula is added to the calculation together with the employee.

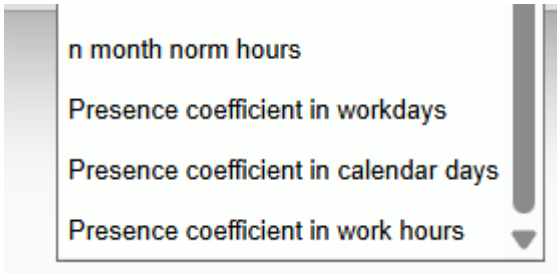


Min and **Max** - the minimum and maximum quantity.
Does not change amount - Directo takes both the quantity and the amount from the data source (for example from resources), and the quantity does not multiply the amount.
Results - how Directo combines the results of the rows: **added** (all rows together), **smallest** or **largest** row.
Multiplier - the number by which Directo multiplies the quantity from the **Source** field. Default 1.
Source - the data source from which Directo takes the quantity (see below).
How - a restriction on the selected data source. For resources, always the item class – for example,

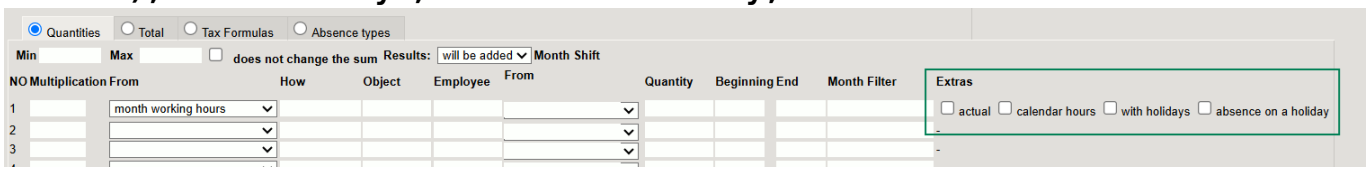
the formula TUND must have the item TUND with the class TUND.
Object - Directo takes only rows with this object.
Employee - a user-based restriction (on invoices the sales agent).
From - the quantity from which Directo starts counting quantities. Used for hours, days, calendar days and summarised working time.
Quantity - the default quantity of the formula. Does not require other fields to be filled in.
Start and **End** - how many months back Directo counts quantities. For example, for redundancy compensation, **Start** is -6 and **End is -1 – the average number of working days of the last 6 months.**
Month filter - months separated by commas for whose calculation the formula is used (for example 2,4 – February and April).
Extras - additional checkboxes that appear for day, hour or resource type



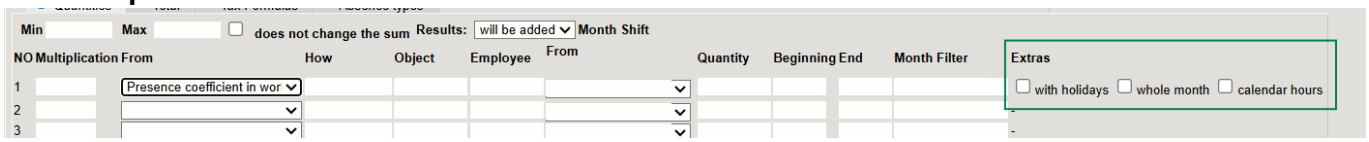
Source options.



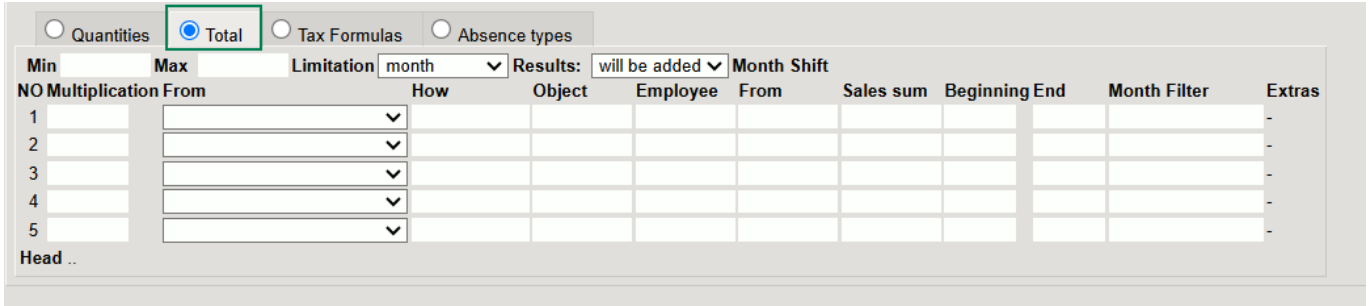
Source options: * Number of entries - the number of financial entries; * Invoice quantity - the quantity of items on sales invoices (item class in the How field); * Resource quantity, Resource done, Resource accepted - the quantity, done quantity or accepted quantity of resource documents (item class in the How field). With the holidays only checkbox for resource quantity, Directo takes only the hours falling on public holidays; * Resource quantity on invoice, Resource done on invoice, Resource accepted on invoice - the same, but only resource rows that have been invoiced; * Resource days - the number of days on which the employee has resource rows; * Resource n month quantity - the resource quantity for several months (you define the months in the Start and End fields); * Production in quantity, Production in points, Production out quantity, Production out points - from production documents (item class in the How field); * Absence type balance - the balance of extra holidays (minor, reduced work ability, length of service), absence type code in the How field. Used for extra holiday compensation; * Holiday balance - the annual holiday balance. Used for holiday compensation; * month working hours, month working days, month calendar days - extras: actual (takes into account the workload and validity of the work relationship), calendar (does not take absences into account), with holidays, absence on holiday;



*** n month standard hours - standard hours for several months (for example for summarised working time); * Presence coefficient in working days, Presence coefficient in calendar days, Presence coefficient in working hours - the employee's attendance in the month by working days, calendar days or working hours (time actually worked divided by the norm). Default quantity 1. Extras: with holidays, whole month, calendar hours. Used, for example, for bonuses that depend on the time worked.**

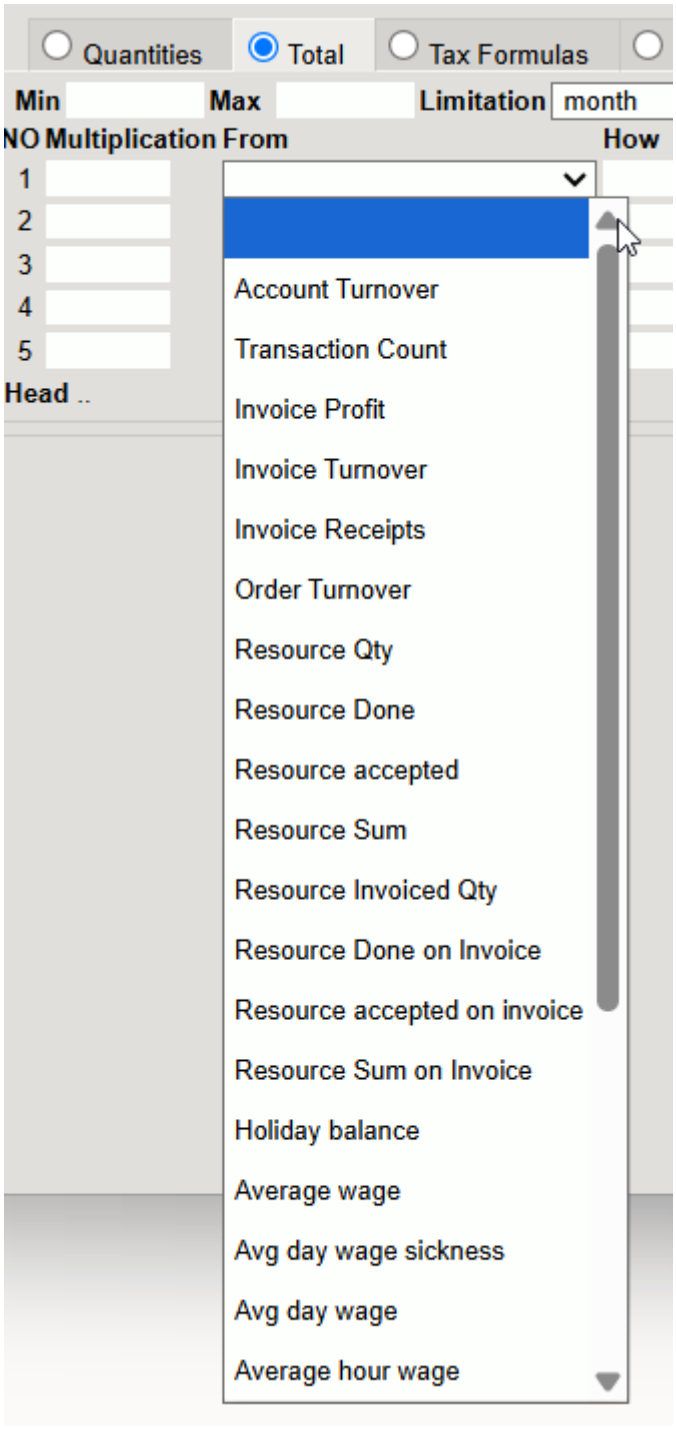


===== Total tab ===== On the Amounts tab, you define where Directo takes the amount of the formula from.

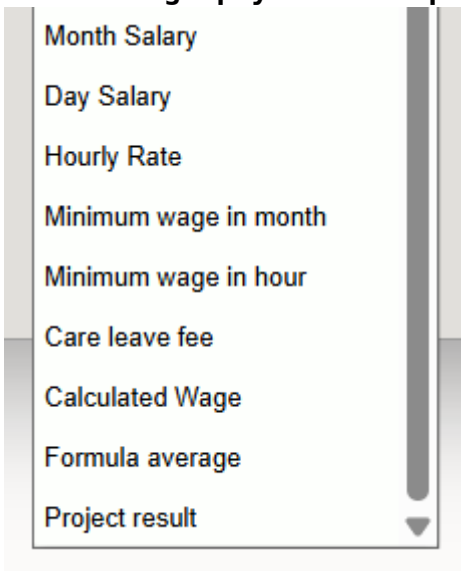


Min and Max - the minimum and maximum amount. Directo keeps the amount of the

formula between them.
Limit - what Min and Max apply to: year, month (default) or day.
Results - added, smallest, largest or operation. With operation, you can calculate with the rows. Directo performs the operations from top to bottom and does not follow the order of operations (multiplication before addition) – put the rows in the correct order yourself.
Multiplier - the number by which Directo multiplies the amount from the Source field.
Source - the data source from which Directo takes the amount (see below).
How - a restriction: for accounts and entries an account or account range (account1:account2), for invoices an item class or class range.
Object and Employee - narrow down finding the amount.
From - the amount from which Directo applies the multiplier.
Amount - if Source is empty, Directo takes this amount. If Source is selected, Directo checks whether multiplier × result is greater than From; if it is, the result is multiplier × result – from + amount. To get a range, From and Amount must be the same.
Start and End - how many months back Directo counts amounts.
Month filter - months separated by commas for whose calculation the formula is used.
Extras - additional checkboxes that appear for day, hour and resource type

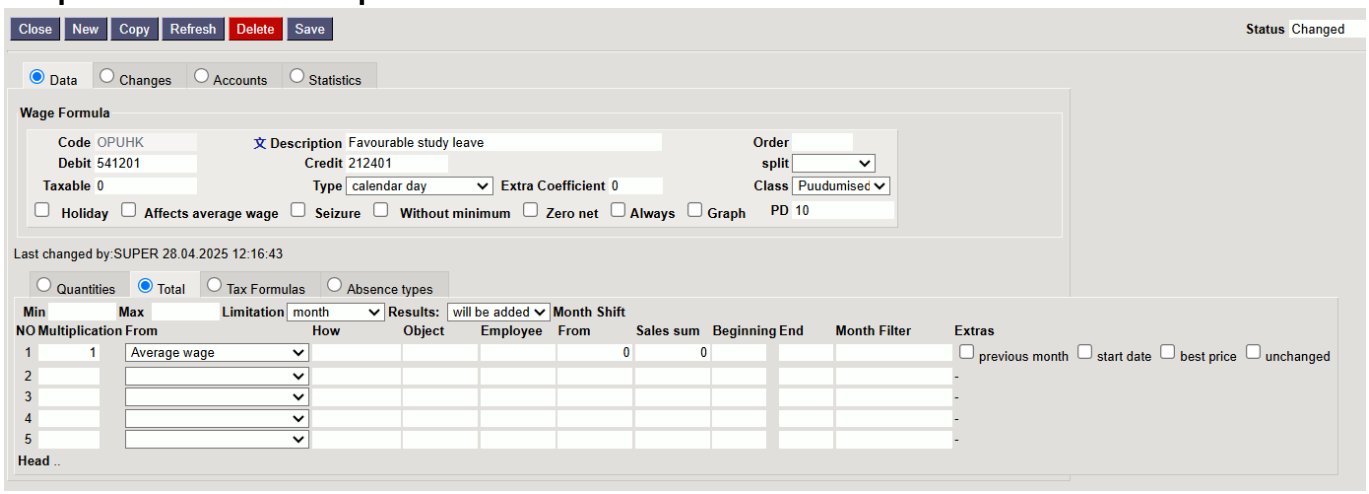


and average pay Source options.

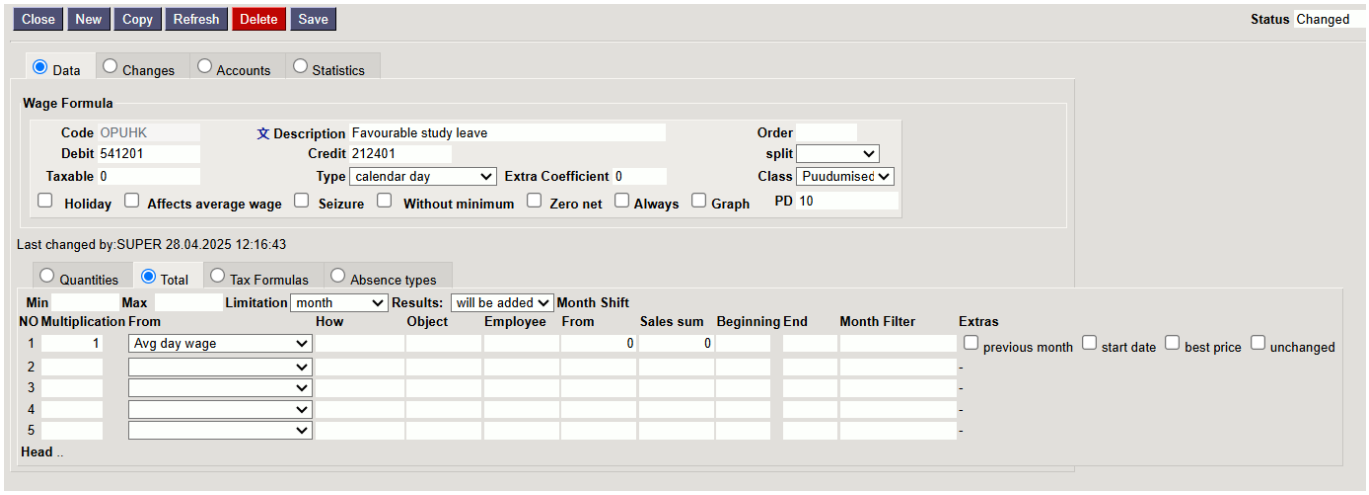


Source options: * Account turnover - the turnover

of accounts in the period (for example for calculating a sales bonus). Enter the multiplier with a sign and the accounts in the How field separated by commas or as a range; * Number of entries - the number of financial entries; * Invoice margin, Invoice turnover - the margin or turnover of sales invoices (item class in the How field, sales agent in the Employee field); * Invoice receipts - amounts received for invoices; * Order turnover - the turnover of sales orders; * Resource quantity, Resource done, Resource accepted, Resource amount - from resource documents (item class in the How field); * Resource quantity on invoice, Resource done on invoice, Resource accepted on invoice, Resource amount on invoice - the same, but only resource rows that have been invoiced; * Holiday balance - the annual holiday balance; * Average wage, Avg. daily pay sickness, Average daily pay, Average hourly pay - average wage options (see below). Average hourly pay is the average working day pay divided by the hours of a working day (for example pay for training or for not providing work in hours); * Monthly wage, Daily wage, Hourly wage - the employee's valid monthly, daily or hourly wage. In the How field, the formula by which Directo calculates the wage; * Minimum wage per month, Minimum wage per hour - the minimum wage set by the state; * Care leave - for calculating care leave pay; * Calculated wage - the wage already calculated for this month, for example for correcting cent differences. Extras: net – net wage, employer tax – gross including employer taxes; * Project result - the difference between the income and expense accounts of the project. Directo takes into account projects that are closed and whose end date falls within the period. ==== Average wage options ==== Average wage - the average working day pay, public holidays not included. Used, for example, for redundancy compensation and compensation for shorter notice.

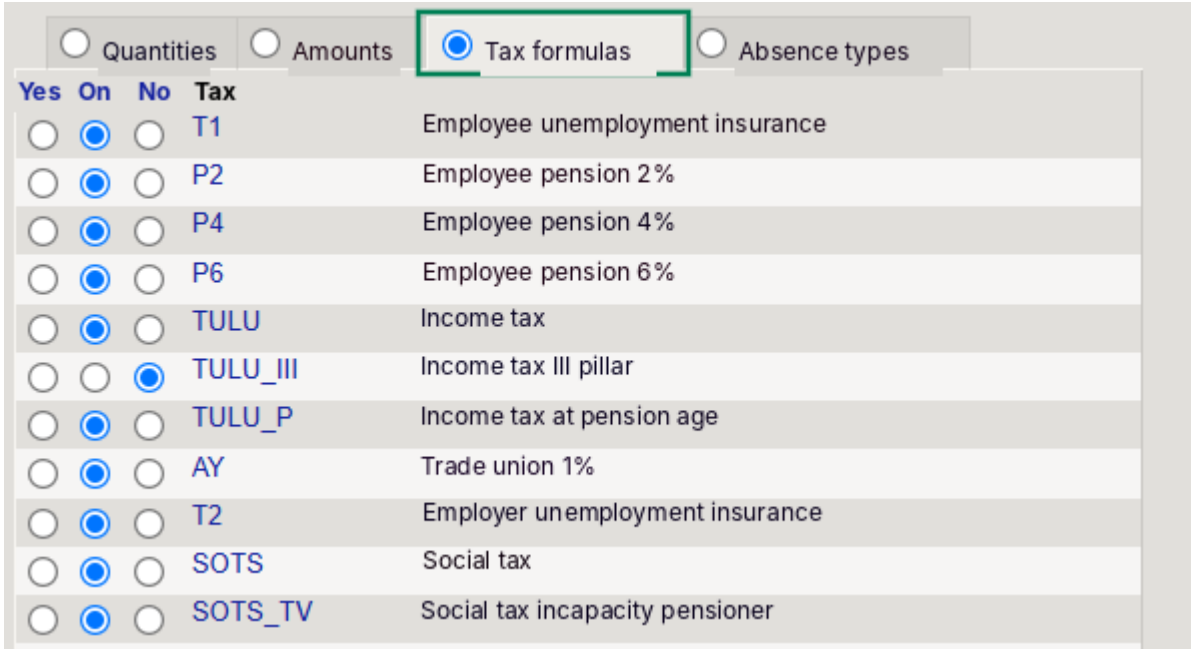


Average day wage - the average calendar day pay (holiday pay, study leave). Avg. day wage sickness - the average calendar day pay for sickness benefit, also includes public holidays. Otherwise the same as average daily pay.



Extras for average wage and average daily pay: * previous month - Directo always starts counting the 6 months back from the month before the start of the absence; * start date - Directo starts counting from the start date of the absence, depending on whether the wage has become claimable by that date; * favourable - Directo compares the 6-month average and the 6-month retained wage and takes the one more favourable to the employee; * unchanged - Directo compares the 6-month average, the 6-month retained wage and the currently

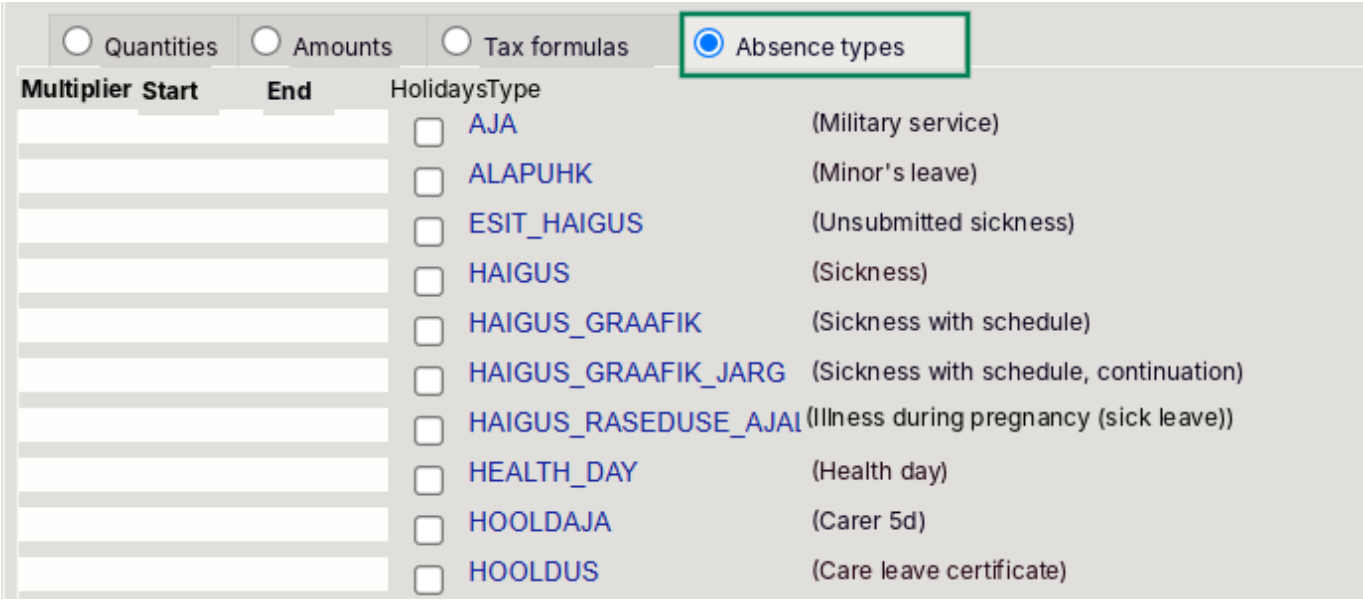
valid wage and takes the one most favourable to the employee. Directo calculates the unchanged (retained) wage in working days and the average wage in calendar days. Read more in the guide Absences report. ===== Tax formulas tab ===== On the Tax formulas tab, you define for each tax whether Directo calculates it for this formula.



Yes - Directo always calculates this tax for this formula.
On - Directo checks the setting on the employee card and calculates the tax accordingly.

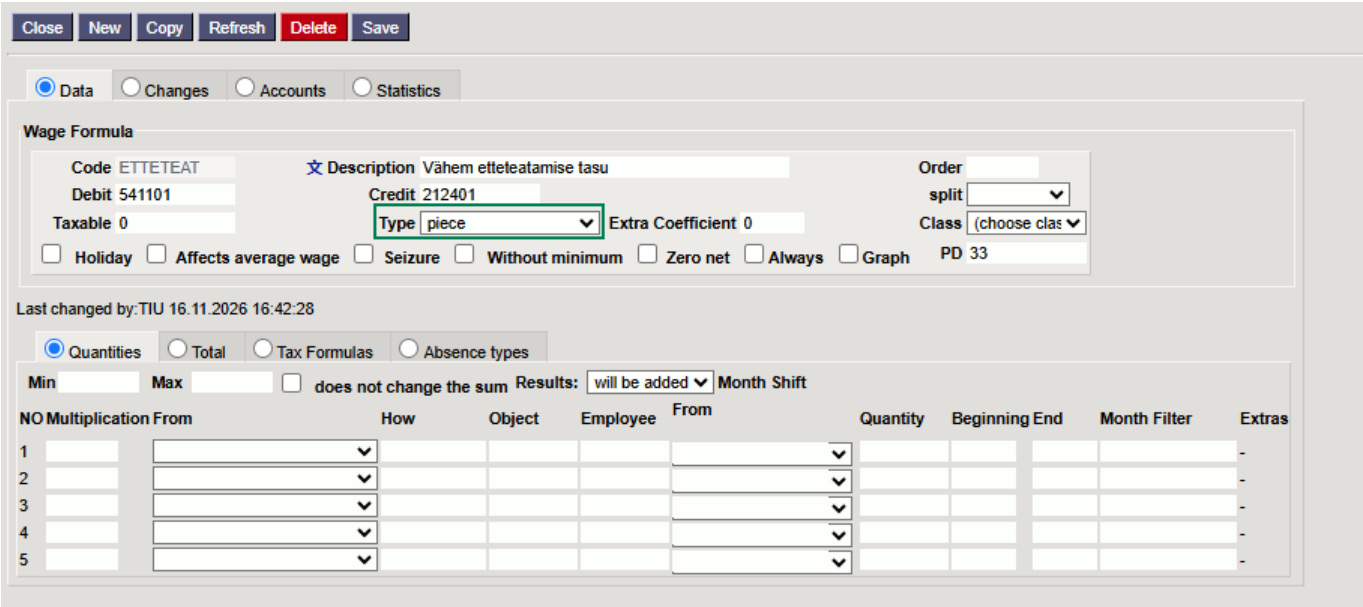
No - Directo does not calculate this tax. An employee must not have several tax formulas with the same TSD code valid at the same time (for example TULU and TM_ROOTSI). If both are On on the formula, Directo shows the message *redundant tax with the same TSD* on the calculation and the tax

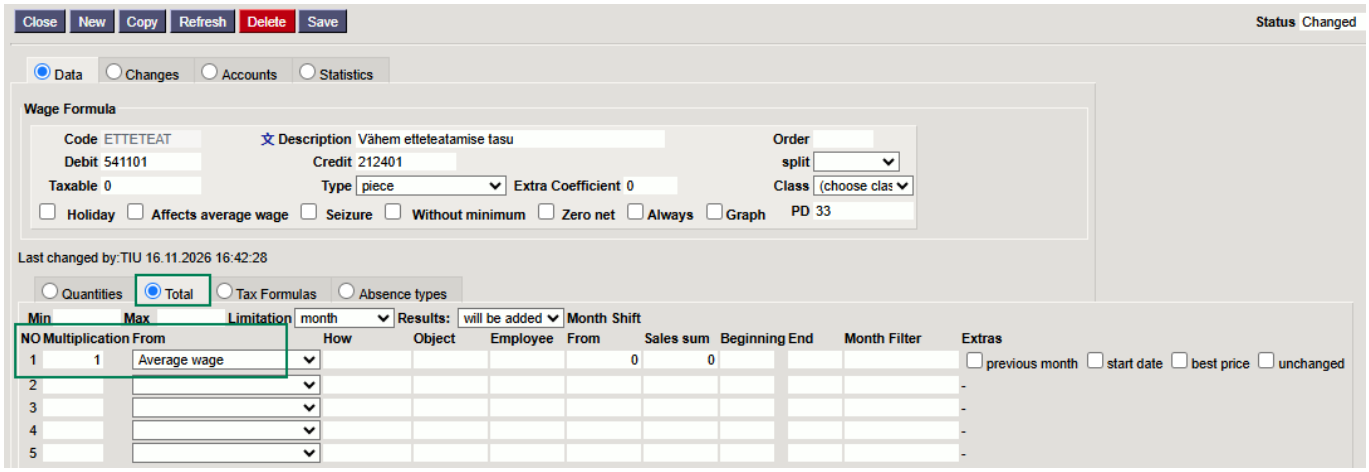
may not be calculated. Select No for the redundant tax and click Calculate taxes on the calculation. ===== Absence types tab ===== On the Absence types tab, you define which absences affect this formula.



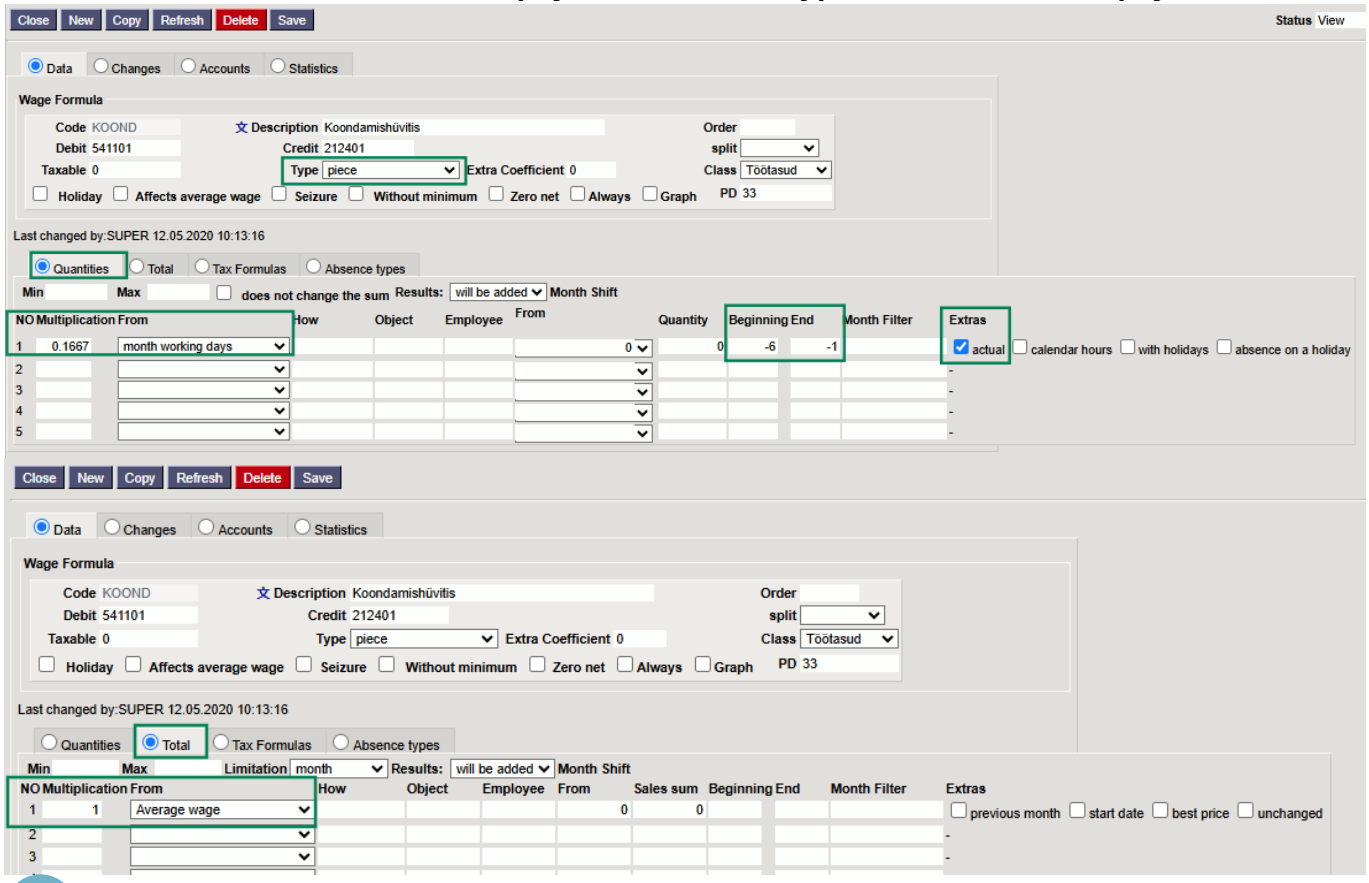
Multiplier - 1 or -1. On an absence formula (for example holiday pay, sickness benefit), it is 1 – the absence gives the formula its quantity. On a wage formula, it is -1 for absences that reduce the wage by the days of absence.
Start and End - fill in if the formula applies only to some of the days of absence. For example, 4 and 8 for sickness benefit (the employer pays for days 4–8).
Holidays - select if the formula must also take public holidays into account.

If the employer also pays for sickness on days 1–3, create separate formulas for day 1, days 2–3 and days 4–8. ====== Formula examples ====== ===== Compensation for shorter notice ===== Add this formula to the wage calculation yourself and enter the correct quantity (working days of shorter notice). * Formula type: piece. * Quantities tab: leave empty. * Amounts tab: Multiplier 1, Source Average wage. * Tax formulas tab: the taxes calculated on this pay. * Absence types tab: leave empty.



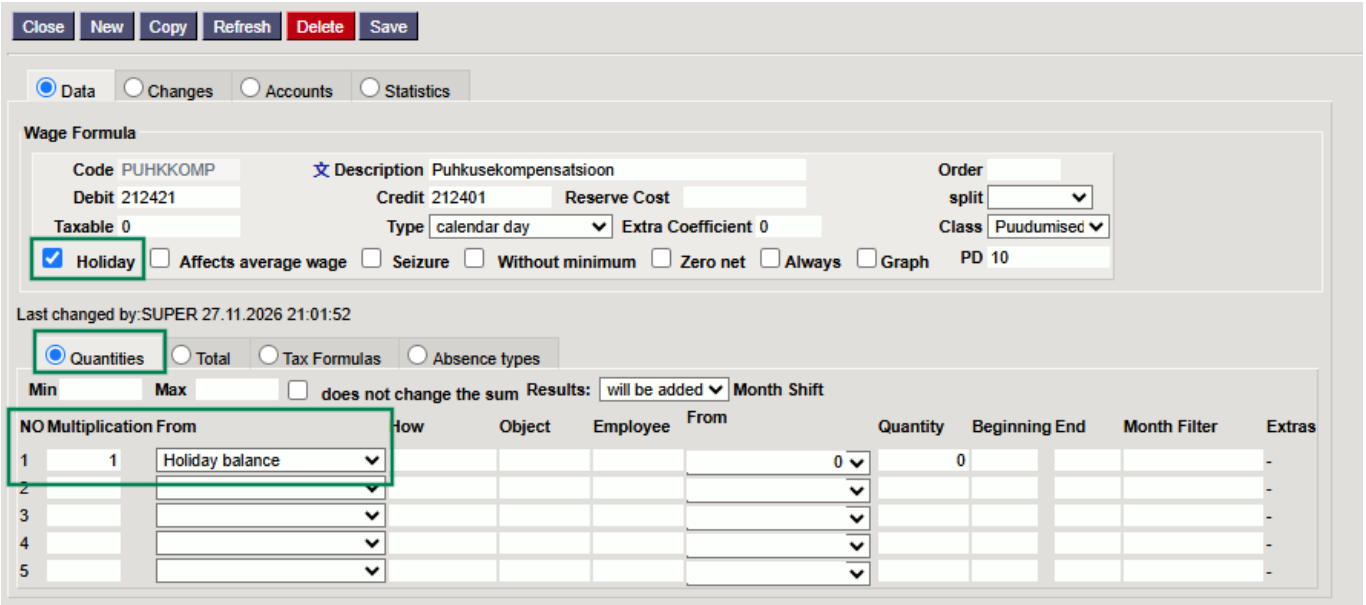


===== Redundancy compensation ===== Add this formula to the wage calculation yourself. * Formula type: piece. * Quantities tab: Multiplier 0.1667 (1/6), Source month working days, Start -6, End -1 and the actual checkbox. This way, Directo gets the average number of working days per month of the last 6 months. * Amounts tab: Multiplier 1, Source Average wage. * Tax formulas tab: the taxes calculated on this pay. * Absence types tab: leave empty.



Add the redundancy compensation formula to the Relationship End Extra Formulas field of the end reason – then Directo adds it to the final settlement itself. ===== Holiday compensation ===== You use holiday compensation formulas in the final settlement for unused holiday days. * Debit - the holiday reserve liability account if you use a holiday reserve; otherwise the expense account. Credit - payables to employees. * Formula type: calendar day. The Holiday checkbox, which also defines the calculation entry (setting Wage calculation takes the expense account of the holiday tax formula). * Quantities tab: * annual holiday - Source Holiday balance, How empty; * extra days of an employee with reduced work ability - Source Absence

type balance, How the code of this absence type (for example TVPPUHKUS); * extra days of a minor employee - Source Absence type balance, How the code of this absence type (for example ALAPUHK).



Add the compensation formulas to the Relationship End Extra Formulas field of the end reasons. If the setting Wage Calculation confirming adds holiday balance to the Employee Card is Yes, Directo adds the balance to the employee card when the final settlement is confirmed. ====== Frequently asked questions ====== The formula is not added to the calculation - check the Assumption view of the Wage Report. If the formula does not appear there, it is not added to the calculation either. Add to the employee card all formulas that calculate the quantity or amount based on the employee's hourly wage (with pay 0). If the result comes from resources, also select the object and employee on the employee card. The amounts of the formula are not added to the calculation - check that the setting Quantity and amount from the wage formula are swapped'' is No. Cent roundings occur **- the** Amounts **tab of the formula has an operation that causes rounding (for example, the monthly wage is converted to an hourly wage and multiplied by the month's standard hours). You can see the calculation via the** Open calculation **link in the** Assumption** view of the Wage Report or on the calculation document.

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Permanent link:
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